To amend the Internal Revenue Code of 1986 to provide for an election to expense certain qualified sound recording costs otherwise chargeable to capital account.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Help Independent Tracks Succeed Act” or the “HITS Act”.

SEC. 2. TREATMENT OF CERTAIN QUALIFIED SOUND RECORDING PRODUCTIONS.

(a) Election To Treat Costs As Expenses.—
is amended by striking “qualified film or television production, and any qualified live theatrical production,” and inserting “qualified film or television production, any qualified live theatrical production, and any qualified sound recording production”.

(b) Dollar Limitation.—Section 181(a)(2) of such Code is amended by adding at the end the following new paragraph:

“(C) Qualified Sound Recording Production.—Paragraph (1) shall not apply to so much of the aggregate cost of any qualified sound recording production, or to so much of the aggregate, cumulative cost of all such qualified sound recording productions in the taxable year, as exceeds $150,000.”.

(e) No Other Deduction or Amortization Deduction Allowable.—Section 181(b) of such Code is amended by striking “qualified film or television production or any qualified live theatrical production” and inserting “qualified film or television production, any qualified live theatrical production, or any qualified sound recording production”.

(d) Election.—Section 181(c)(1) of such Code is amended by striking “qualified film or television production or any qualified live theatrical production” and insert-
ing “qualified film or television production, any qualified live theatrical production, or any qualified sound recording production”.

(e) QUALIFIED SOUND RECORDING PRODUCTION DEFINED.—Section 181 of such Code is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

“(f) QUALIFIED SOUND RECORDING PRODUCTION.—For purposes of this section, the term ‘qualified sound recording production’ means a sound recording (as defined in section 101 of title 17, United States Code) produced and recorded in the United States.”.

(f) BONUS DEPRECIATION.—

(1) QUALIFIED SOUND RECORDING PRODUCTION AS QUALIFIED PROPERTY.—Section 168(k)(2)(A)(i) of such Code is amended—

(A) by striking “or” at the end of subclause (IV), by adding “or” at the end of subclause (V), and by inserting after subclause (V) the following:

“(VI) which is a qualified sound recording production (as defined in subsection (f) of section 181) for which a deduction would have been al-
allowable under section 181 without regard to subsections (a)(2) and (h) of such section or this subsection,”; and (B) in subclauses (IV) and (V) (as amended) by striking “without regard to subsections (a)(2) and (g)” both places it appears and inserting “without regard to subsections (a)(2) and (h)”.

(2) PRODUCTION PLACED IN SERVICE.—Section 168(k)(2)(H) of such Code is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding after clause (ii) the following:

“(iii) a qualified sound recording production shall be considered to be placed in service at the time of initial release or broadcast.”.

(g) CONFORMING AMENDMENTS.—

(1) The heading for section 181 of such Code is amended to read as follows: “TREATMENT OF CERTAIN QUALIFIED PRODUCTIONS.”.

(2) The table of sections for part VI of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 181 and inserting the following new item:

“Sec. 181. Treatment of certain qualified productions.”.

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(h) **Effective Date.**—The amendments made by this section shall apply to productions commencing in taxable years ending after the date of the enactment of this Act.