

2017 Regular Session

SENATE BILL NO. 248

BY SENATOR MORRELL

TAX/TAXATION. Provides for an annual cap and a termination date for the musical and theatrical production income tax credit. (7/1/17)

1 AN ACT

2 To amend and reenact R.S. 47:6034(C)(1)(a)(ii)(aa) and (bb), (4), and (K) and to repeal R.S.
3 47:6034(C)(1)(a)(ii)(bb) as amended by Section 5 of Act No. 125 of the 2015
4 Regular Session of the Legislature, relative to tax credits; to provide for an annual
5 credit cap for the musical and theatrical production income tax credit; to provide for
6 a termination date; to provide for an effective date; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6034(C)(1)(a)(ii)(aa) and (bb), (4) and (K) are hereby amended
10 and reenacted to read as follows:

11 §6034. Musical and theatrical production income tax credit

12 * * *

13 C. Income tax credits for state-certified productions and state-certified
14 musical or theatrical facility infrastructure projects:

15 (1) There is hereby authorized the following types of credits against the state
16 income tax:

17 (a) * * *

1 (ii)(aa) For state-certified infrastructure projects that receive initial
2 certification on or before January 1, 2014, a base investment credit may be earned
3 for expenditures made in the state on or before January 1, 2015, for the construction,
4 repair, or renovation of a state-certified musical or theatrical facility infrastructure
5 project or for investments made by a company or a financier in such infrastructure
6 project which are, in turn, expended for such construction, repair, or renovation, not
7 to exceed ten million dollars per state-certified infrastructure project, under
8 conditions provided for in this Item. ~~No more than sixty million dollars in tax credits~~
9 ~~under this Section shall be granted for infrastructure projects per year.~~

10 (bb)(I) For state-certified higher education musical or theatrical infrastructure
11 projects that receive initial certification before July 1, 2015, a base investment credit
12 may be earned for expenditures made in the state on or before January 1, 2022, for
13 the construction, repair, or renovation of a new state-certified higher education
14 musical or theatrical facility infrastructure project, or for investments made by a
15 company or a financier in such infrastructure project that are, in turn, expended for
16 such construction, repair, or renovation. ~~No more than ten million dollars in tax~~
17 ~~credits per project or sixty million dollars total in tax credits shall be granted for~~
18 ~~state-certified higher education musical or theatrical infrastructure projects for~~
19 ~~projects that receive initial certification before July 1, 2015.~~ Twenty-five percent of
20 the total base investment provided for in the initial certification letter of a state-
21 certified higher education musical or theatrical infrastructure project must be
22 expended on or before January 1, 2020, in order for the project to earn credits for the
23 remaining estimated base investment provided for in the initial certification letter,
24 as expenditures are made in the state on or before January 1, 2022. No credits shall
25 be certified until the state-certified higher education musical or theatrical
26 infrastructure project is complete. The initial certification letter shall be effective for
27 qualified expenditures made no more than six months prior to the date of application.
28 State-certified higher education musical or theatrical infrastructure projects shall not
29 be subject to the provisions of Subitem (cc) of this Item nor shall such projects be

1 subject to the provisions of Subsection H of this Section.

2 (II) For state-certified higher education musical or theatrical infrastructure
3 projects that receive initial certification on or after July 1, 2015 **and on or before**
4 **January 1, 2018**, a base investment credit may be earned for expenditures made in
5 the state on or before January 1, 2022, for the construction, repair, or renovation of
6 a new state-certified higher education musical or theatrical facility infrastructure
7 project, or for investments made by a company or a financier in such infrastructure
8 project that are, in turn, expended for such construction, repair, or renovation. ~~No~~
9 ~~more than seven million two hundred thousand dollars in tax credits per project or~~
10 ~~forty-three million two hundred thousand dollars total in tax credits shall be granted~~
11 ~~for state-certified higher education musical or theatrical infrastructure projects that~~
12 ~~receive initial certification on or after July 1, 2015.~~ Twenty-five percent of the total
13 base investment provided for in the initial certification letter of a state-certified
14 higher education musical or theatrical infrastructure project must be expended on or
15 before January 1, 2020, in order for the project to earn credits for the remaining
16 estimated base investment provided for in the initial certification letter, as
17 expenditures are made in the state on or before January 1, 2022. No credits shall be
18 certified until the state-certified higher education musical or theatrical infrastructure
19 project is complete. The initial certification letter shall be effective for qualified
20 expenditures made no more than six months prior to the date of application. State-
21 certified higher education musical or theatrical infrastructure projects shall not be
22 subject to the provisions of Subitem (cc) of this Item nor shall such projects be
23 subject to the provisions of Subsection H of this Section.

24 * * *

25 **(4)(a) Beginning July 1, 2017, the total amount of tax credits granted by**
26 **the department in any fiscal year shall not exceed ten million dollars.**

27 **(b) For applications received on or after July 1, 2017, no more than one**
28 **million dollars in tax credits shall be granted per project.**

29 **(c) The granting of credits under this Section shall be on a first-come, first-**

1 served basis, with fifty percent of total tax credits available to be granted
 2 annually reserved for state-certified musical or theatrical productions by
 3 approved nonprofit organizations, as further provided by rules promulgated by
 4 the department. If the total amount of credits applied for in any particular year
 5 exceeds the aggregate amount of tax credits allowed for that year, the excess shall
 6 be treated as having been applied for on the first day of the subsequent year. If the
 7 total amount of credits granted in any fiscal year is less than the amount
 8 available to be granted, any residual credit remaining shall be available to be
 9 granted in subsequent fiscal years.

10 * * *

11 ~~K. Commencing no later than January 31, 2016, the House Committee on~~
 12 ~~Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall~~
 13 ~~review the credit authorized pursuant to the provisions of this Section to determine~~
 14 ~~if the economic benefit provided by such credit outweighs the loss of revenue~~
 15 ~~realized by the state as a result of awarding such credit. The House and Senate~~
 16 ~~committees shall make a specific recommendation no later than March 1, 2017, to~~
 17 ~~either continue the credit or to terminate the credit. No credit shall be granted~~
 18 ~~pursuant to this Section for applications received on or after July 1, 2021.~~

19 Section 2. R.S. 47:6034(C)(1)(a)(ii)(bb) as amended by Section 5 of Act No. 125 of
 20 the 2015 Regular Session of the Legislature is hereby repealed.

21 Section 3. This Act shall become effective on July 1, 2017.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 248 Engrossed 2017 Regular Session Morrell

Present law provides for income tax credits for state-certified productions and state-certified musical or theatrical facility infrastructure projects with annual limitations of up to \$60 million. Proposed law removes these limitations.

Proposed law institutes a \$10 million per fiscal year cap on the amount of all musical and theatrical credits that can be granted and further provides that if the available cap is not used in any fiscal year then any amount of cap remaining shall be available for use in subsequent fiscal years.

Proposed law provides for a \$1 million per project credit cap.

Proposed law reserves 50% of the annual credit cap for state-certified musical or theatrical productions by approved nonprofit organizations.

Present law required legislative review of the credit by March 1, 2017.

Proposed law removes the expired legislative review provision and terminates the program on June 30, 2021.

Effective July 1, 2017.

(Amends R.S. 47:6034(C)(1)(a)(ii)(aa) and (bb), (4), and (K); repeals R.S. 47:6034(C)(1)(a)(ii)(bb) as amended by Acts 2015, No. 125 §5)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Technical changes.