LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 653** HLS 25RS 1338
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 1, 2025 8:59 AM
Author: DAVIS
Dept./Agy.: Louisiana Economic Development / Department of Revenue
Subject: Income Tax Rebate:Extending the Sound Recording Investor
Analyst: Noah O'Dell

TAX CREDITS OR DECREASE GF RV See Note
Extends the duration of the sound recording investor tax credit program

Current law authorizes a rebate payment to sound recording investors for 18% of the base amount of investment in project-based productions, 10-15% on Qualified Music Company (QMC) payroll depending on the salary of new jobs, and 10% increase for QMC's in the base investment for a resident copyright. QMC's are limited to $100,000 per project per year. Upon receipt of the tax credit certification letter, the Secretary of LDR shall make payment to the QMC or investor in the amount to which he is entitled. Total rebates certified by Louisiana Economic Development each year are limited to $2.16M, with 50% reserved for QMC's. Eligible businesses must be engaged directly or indirectly in the production, distribution, publishing, recording, and promotion of music. No applications shall be received on or after July 1, 2025.

Proposed law retains current law and extends the sound recording investor rebate program for five years with no applications received on or after July 1, 2030. Effective upon governor's signature.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. LED reports there are no anticipated expenditures or savings associated with extending the program.

REVENUE EXPLANATION

The bill extends applications for the Sound Recording Investor rebate program for an additional five years which is anticipated to reduce SGF revenue throughout the fiscal note horizon as additional rebate payments (effectively refundable tax credits) are expected to be issued.

The Department of Revenue's 2024-2025 Tax Exemption Budget shows the average revenue loss associated with the program has averaged $30,400 in the past three fiscal years with $22,642 rebates claimed in FY24. Given that the bill makes no change to the value of the rebate or the total amount of rebates issued, extending the program is expected to continue to decrease SGF revenue by a like amount in future years. However, the maximum exposure to the general fund is considerably larger due to the $2.16M limit on rebates that may be certified by LED each year. To the extent that activity within the program increases, revenue loss may decrease by an indeterminable amount (likely to be significantly less than $2.16M) in future years.

LED reports there are currently $162,000 in rebates in the pipeline for the program and applications may continue to be received until July 1, 2025. The exact timing of the SGF impact is complicated by the lapse of time between application and final certification. In the absence of the bill, programmatic activity will phase out over the fiscal note horizon as pipeline projects reach completion. However, the bill permits additional rebate payments to be issued each year, thereby reducing SGF revenue.

Note: A portion of the SGF impact may originate as the LDR retention of 1% of income collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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