DIGEST

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HB 653 Engrossed | 2025 Regular Session | Davis

Abstract: Transfers the sound recording investor tax credit program from La. Economic Development to the office of cultural development of the Dept. of Culture, Recreation and Tourism and extends the application deadline for credits available through the program from June 30, 2025, to June 30, 2030.

Present law establishes the sound recording investor tax credit program and provides for administration of the program by La. Economic Development (LED). Authorizes investors to apply for and, if approved, be granted income tax credits for investments made in state-certified sound recording productions that meet the applicable requirements of present law.

Proposed law reassigns duties for administration of the tax credit program from LED to the office of cultural development of the Dept. of Culture, Recreation and Tourism (CRT).

Proposed law increases the amount of the project-based production credit established in present law from 18% of the base investment amount to 25% of that amount. Proposed law also decreases the amount over which investments may qualify an investor for the credit from $25,000 to $10,000. Proposed law provides for a further reduction in base investment for La. resident investors and the sound recording project is for a resident copy right from $10,000 to $5,000.

Present law authorizes a payroll credit, designated as a Tier 1 credit, of 10% for each new job whose qualified music company payroll, as defined in present law, is equal to or greater than $35,000 per year, up to $66,000 per year. Proposed law increases the Tier 1 credit amount from 10% to 15%.

Present law authorizes a payroll credit, designated as a Tier 2 credit, of 15% for each new job whose qualified music company payroll, as defined in present law, is equal to or greater than $66,000 per year, up to $200,000 per year. Proposed law increases the Tier 2 credit amount from 15% to 20% and removes the payroll cap of $200,000 per year.

Present law requires the tax credit program administrator to assign a certified public accountant (CPA) to prepare an expenditure verification report on a sound recording production company's cost report of production expenditures. Proposed law changes this requirement from a mandatory requirement to an authorization for the program administrator to assign a CPA for this purpose.

Proposed law requires the secretary of CRT to submit a report on the tax credit program to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs no less than 60 days prior to the start of the 2027 R.S. and every second year thereafter.

Present law provides that no credits shall be granted for applications received on or after July 1, 2025. Proposed law extends the period in which investors may apply for credits by providing that no credits shall be granted for applications received on or after July 1, 2030.

Proposed law authorizes CRT to promulgate emergency rules for the initial implementation of proposed law.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2025.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6023(B)(1), (3), (5), and (9), (C)(1)(intro. para.), (c), and (d), (3)(a), and (4)(a)(iii), (D)(1)(intro. para.), (2)(a)(intro. para.) and (b)-(e), (3), and (4), (E)(1), (F), and (I))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Revise present law to reassign duties for administration of the sound recording investor tax credit program from La. Economic Development to the office of cultural development of the Dept. of Culture, Recreation and Tourism (CRT).

2. Increase the project-based production credit from 18% of the base investment amount to 25% of that amount.

3. Decrease the amount to which investments may qualify an investor for the project-based production credit from $25,000 to $10,000.

4. Increase the Tier 1 and Tier 2 qualified music company payroll credits from 10% and 15%, respectively, for new jobs meeting requirements provided in present law to 15% and 20%, respectively.

5. Repeal requirement that the tax credit program administrator assign a certified public accountant (CPA) to prepare certain reports on a production company's expenditures in favor of authorizing the administrator to assign a CPA for this purpose.

6. Require the secretary of CRT to submit a report on the tax credit program to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs no later than 60 days prior to the start of the 2027 R.S. and every second year thereafter.

7. Remove provisions of present law limiting the maximum fee amounts an applicant can be assessed for expenditure verification reports.

8. Authorize CRT to promulgate emergency rules for the initial implementation of proposed law.