

RÉSUMÉ DIGEST

HB 653

2025 Regular Session

Davis

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.

Present law provides that no credits shall be granted for applications received on or after July 1, 2025. Proposed law would have extended the deadline for credit applications from July 1, 2025, to July 1, 2030.

Proposed law would have reassigned duties for administration of the sound recording investor tax credit program from LED to the office of cultural development of the Dept. of Culture, Recreation and Tourism (CRT).

Proposed law would have increased 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 would have decreased the base investment amount qualifying an investor for the credit from \$25,000 to \$10,000. Proposed law would have provided for a further reduction in the base investment amount from \$10,000 to \$5,000 if the investor is a La. resident and the project is a resident copyright as defined in present law.

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 would have increased the value of the Tier 1 credit from 10% to 15% for jobs meeting the qualifications provided in present law.

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 would have increased the Tier 2 credit amount from 15% to 20% for jobs meeting the qualifications provided in present law. Proposed law also would have removed the payroll cap of \$200,000 per year for the Tier 2 credit.

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 would have changed this condition from a mandatory requirement to an authorization for the program administrator to assign a CPA for this purpose.

Proposed law would have required 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.

Proposed law would have authorized CRT to promulgate emergency rules for the initial implementation of proposed law.

Proposed law would have applied to taxable periods beginning on or after January 1, 2025.

(Proposed to amend 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))

VETO MESSAGE:

"I am notifying you that I have vetoed House Bill 653 from the 2025 Regular Session. House Bill 653 is an attempt to renew tax credits for sound recording investors who create new jobs and investments in sound recording production.

The Department originally responsible for this program did not seek to extend the program. I previously called the Legislature into a special session at the end of 2024 in order to simplify and reduce the tax code and remove carve outs for special interests. While I applaud the effort to bring jobs and investment into Louisiana and recognize that Louisiana has abundant vocal and musical talent throughout the state, the tax credits related to this program have not yielded the results initially anticipated. The annual amount of rebates available in each year was a little over \$2 million. The program has averaged only \$30,400 worth of rebates claimed over the last three years.

For these reasons, House Bill 653 will not become law. I remain committed to working with lawmakers on bringing jobs and investment into Louisiana. If the legislature identifies other industries or sources of investment interested in expanding in Louisiana, I'll be delighted to entertain avenues to bring jobs and investment to fruition."