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## DIGEST

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HB 640 Engrossed

2017 Regular Session

Stokes

**Abstract:** Changes when motion picture production tax credits are earned from at the time expenditures are certified by the office to at the time expenditures are made by the motion picture production company.

Present law authorizes an income tax credit for expenditures related to state-certified productions. The amount of the credit is as follows:

- (1) A 30% tax credit if the total base investment is greater than \$300,000. However, if a state-certified production does not include a La. promotional graphic or an alternative marketing opportunity approved by the department, the amount of the credit is reduced to 25% of the base investment made by the investor.
- (2) A 30% tax credit for a base investment of greater than \$50,000 but less than \$300,000 if each applicant accepts as a condition for earning the tax credit, that at least 90% of the total amount of the applicant's expenditures for above the line services shall be expended on La. residents and that at least 90% of the total number of jobs in the production shall be jobs employing La. residents.
- (3) An additional 15% tax credit for investments of greater than \$300,000 if the state-certified production is based on a screenplay owned or optioned to own by certain La. companies that meet all requirements of present law.
- (4) An additional 15% tax credit for investments expended on music owned or copyrighted by a La. resident or La. company that meets all requirements of present law.
- (5) An additional 10% tax credit on the payroll of a production which is expended on La. residents employed in connection with a state-certified production.

Present law provides that tax credits are earned and may be applied against a tax or transferred by a motion picture production company at the time expenditures are certified by the office and the secretary.

Proposed law changes present law with respect to when tax credits are earned from at the time expenditures are *certified* by the office and the secretary to at the time expenditures are *made* by a motion picture production company in a state-certified production.

(Amends R.S. 47:6007(C)(1)(intro. para.))