LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 562** HLS 23RS 391
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 14, 2023 10:28 AM
Author: SCHEXNAYDER
Dept./Agy.: Department of Economic Development
Subject: Motion Picture Production Tax Credit
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TAX CREDITS OR DECREASE GF RV See Note
Provides relative to the Motion Picture Production Tax Credit

Current law allows the Dept. of Economic Development (LED) to grant $150 M per year of tax credits in final certification letters for certified productions with a percentage of credits reserved for qualified entertainment companies (5%), Louisiana screenplay productions (5%), and independent film productions (10%). The Dept. of Revenue (LDR) is required to limit film tax credit claims against tax liabilities to $180 M per year. The program will not accept applications beyond July 1, 2025.

Proposed law requires specified records be included in applications received on or after July 1, 2023 and contains technical changes concerning the acknowledgment of the state's assistance. Proposed law repeals the requirement under present law of initial certification by LED to include a primary allocation of tax credits by year. Proposed law retains the taxpayer claim cap of $180 M in present law but removes the issuance cap of $150 M for applications submitted on or after July 1, 2023. Proposed law removes the sunset date of July 1, 2025 for the Motion Picture Production Tax Credit.

EXPENDITURES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**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	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	DECREASE	DECREASE	DECREASE	**$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**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Economic Development indicates that the changes to the program proposed by this bill will not require additional resources to administer.

While the proposed law repeals the requirement under present law of initial certification by LED to include a primary allocation of tax credits by year, LED has indicated they intend to continue using the current administrative process. No cost savings are anticipated to arise from the proposed law.

REVENUE EXPLANATION

The current program will not accept applications beyond July 1, 2025, though pipeline projects will continue to credit claims throughout the fiscal note horizon. Proposed law removes the sunset of the program, extending the future fiscal years impacted by the bill. SGF begins to decrease in FY 26 as new credits are issued, by allowing $180 M in tax credits to be redeemed against state income tax in perpetuity.

Proposed law removes the $150 M issuance cap for applications submitted on or after July 1, 2023, which would permit taxpayers to receive tax credits in excess of the $180 M threshold each year. In the absence of an issuance cap, a bottleneck of taxpayers seeking credits could potentially arise as new state obligations roll into ensuing fiscal years constrained by the $180 M credit cap. Historically, the $150 M issuance cap was placed in 2017 to resolve the bottleneck of credits at the time and to ensure credits could be redeemed within a reasonable time frame.

In removing the issuance cap, the proposed law also removes the division of tax credits toward specified production types in current law. In the past, these specified production types have limited the number of tax credits the LED could issue below the $150 M cap. The removal of the specified production types allows the LED to issue credits to any film-making production type.

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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