

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 562** HLS 23RS 391

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 26, 2023	2:10 PM	<b>Author:</b> SCHEXNAYDER
<b>Dept./Agy.:</b> Department of Economic Development		<b>Analyst:</b> Noah O'Dell
<b>Subject:</b> Motion Picture Production Tax Credit		

TAX CREDITS EG 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 removes the division of tax credits toward specified production types in current law. Proposed law retains the annual total issuance cap of \$150 M and annual taxpayer claim cap of \$180 M in present law. Proposed law extends the sunset date by 10 years to July 1, 2035 for the Motion Picture Production Tax Credit.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	DECREASE	DECREASE	DECREASE	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>				<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Economic Development (LED) 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 for the initial certification letter issued 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 claim credits throughout the fiscal note horizon. Proposed law extends the sunset of applications for the program from July 1, 2025 to July 1, 2035, decreasing SGF revenues as issued credits are claimed through FY 35 and beyond.

SGF begins to decrease in FY 26 and subsequent years as new credits are issued and claimed under the extended program. Each year a total of \$180 M in tax credits are redeemable against state income tax. If the total amount of credits applied for in any particular year exceeds the aggregate amount of tax credits allowed for that year, the excess shall be applied toward the subsequent year.

Proposed law 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  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  


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**Evan Brasseaux**  
**Interim Deputy Fiscal Officer**