
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

Present law provides for motion picture investor tax credits for certain state-certified productions by a motion picture production company.

Proposed law defines a "qualified cost report" as a report of the production expenditures produced by a qualified accountant who is unrelated to the motion picture production company and which report is subject to an agreed-upon procedures engagement by a certified public accountant in accordance with Statement on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants. Requires that the report be addressed to the party which has engaged the qualified accountant; that it contain the qualified accountant's name, address, telephone number; that it be dated as of the date of completion of the qualified accountant's filed work; and that it contain a statement of acknowledgment by the qualified account that the state is relying on the qualified cost report in issuing the tax credit.

Present law requires the office of entertainment industry development and the secretary of the Department of Economic Development (DED) submit their initial certification of a project as a state-certified production to investors and to the secretary of the Department of Revenue indicating the total base investment which is to be expended in the state on the state-certified production. Proposed law retains these provisions but requires that the initial certification be submitted within 30 days of receipt of all required information.

Present law requires that prior to any final certification of the state-certified production, the motion picture production company submit to the office of entertainment industry development and the secretary of DED an audit of the production expenditures certified by an independent certified public accountant. Requires that the office and the secretary review the audit, the production expense details, and may require additional information needed to make a determination.

Proposed law requires a qualified cost report by a qualified accountant.

Present law requires that upon approval of the audit, that a final tax credit certification letter be sent to the investors indicating the amount of tax credits certified for the state-certified production. Proposed law requires that this letter be issued within 60 days after receipt of the qualified cost report and that it indicate the credits certified which are uncontested and if there is a contested amount, then the office and the secretary of DED are required to diligently work to resolve the outstanding issues in a timely manner.

Proposed law provides DED to request an additional qualified cost report of the expenditures submitted by the motion picture production company with the cost of the additional report paid by the motion picture production company. Authorizes the motion picture production company to

submit an amended qualified cost report if additional expenditures are incurred or discovered after the approval of the initial qualified cost report.

Proposed law provides that no motion picture investor tax credit be allowed for fees, interest, or payments of a similar nature paid to related parties and that it only be allowed if received by investors in the production who own 20% or less of the financial rewards based on sales, exploitation of the product, or the success in lining up distribution agreements. Further provides that no motion picture investor tax credit shall be allowed for any percentage of the financial awards but shall only be allowed for actually paid financing fees and interest.

Proposed law requires that when producing the qualified cost report, the qualified accountant perform certain sampling and verification procedures enumerated in proposed law.

Effective August 1, 2013.

(Amends R.S. 47:6007(B)(10), (11), (12), (13), (14), (D)(2)(a)(intro para) and (D)(2)(c) and (d); adds R.S. 47:6007(B)(15) and (16), (G) and 6007.1)