
DIGEST

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Henry

HB No. 695

Abstract: Numerous changes in the motion picture investor tax credit, including the amount of tax credit which may be earned based on nonresident payroll and above-the-line talent, and special provisions relating to a "qualified production facility".

Present law authorizes a tax credit against state income tax based on production expenditures for state-certified productions. The tax credit is calculated as a percentage of the total base investment dollars certified per project.

Present law authorizes an income tax credit equal to 30% of production expenditures for all state-certified productions approved after July 1, 2009. Also provided is an additional tax credit equal to 5% of the base investment expended on payroll for La. residents employed in connection with all state-certified productions.

Proposed law retains present law with the exception of the following changes which apply to productions certified after Jan. 1, 2014.

Proposed law changes the definition of "qualified expenditures", and provides for other definitions for purposes of the tax credit program.

Proposed law changes the value of tax credits based on two types of expenditures:

- (1) Expenditures for payroll for below the line crewmembers who are not La. residents shall earn tax credits at the rate of 20%.
- (2) Expenditures for an "individual", who may be commonly referred to as "above-the-line" talent, shall earn tax credits at the rate of 30%, with the following limitations:
 - (a) No more than \$3 million in tax credits per production may be earned associated with this type of expenditure.
 - (b) If the production spends at least 10 days filming at a qualified production facility, the limit on tax credits associated with such expenditures is \$6 million per production.

Proposed law provides requirements relating to the application for initial and final certification.

Proposed law provides limits on rulemaking.

Proposed law provides that no tax credits transferred to another La. taxpayer shall be subject to recovery or recapture. Once tax credits are granted and issued, the office and Dept. of Revenue shall have no right, except in the case of possible material misrepresentation or fraud, to conduct any further or additional review, examination, or audit of the production expenditures for which such tax credits were granted. The sole and exclusive remedy of the office and Dept. of Revenue shall be to seek collection of the amount of such tax credits from the entity that committed the fraud or misrepresentation.

Effective July 1, 2013.

(Amends R.S. 47:6007(B), (C)(1)(intro. para.), (c)(intro. para.) and (d), (2)(intro. para.), (4)(f)(ii), (D)(1)(a), (2)(b)(intro. para.), (c), and (d)(intro. para.), (3), (6), (7), and (8), (E), and (F)(3); Adds R.S. 47:6007(C)(1)(e), (D)(9), and (F)(4))