

## HOUSE SUMMARY OF SENATE AMENDMENTS

HB 748

2015 Regular Session

Stokes

TAX CREDITS: Provides relative to the motion picture investor tax credit and the motion picture infrastructure investor tax credit

### Synopsis of Senate Amendments

1. Add "marketing expenditures" to the definition of production expenditures.
2. Change the timing of the earning of the tax credit from when the tax credit is certified by the Dept. of Economic Development to when the taxpayer meets all requirements of law necessary to earn the tax credit.
3. Add authorization for the use of the tax credit against a prior year's tax liability.
4. Delete certain provisions regarding recourse by the Dept. of Revenue against a tax credit transferor in certain circumstances.
5. Add authorization for the certification of additional supplemental expenditures related to post-production activities in La. under certain circumstances.
6. Add authorization for a bank or other lender to be named as an irrevocable designee in an initial tax credit certification.
7. Delete certain provisions regarding recapture of credits by the Dept. of Revenue.

### Digest of Bill as Finally Passed by Senate

Present law authorizes a tax credit against state income tax based on motion picture 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 provides 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 for productions granted initial certification on or after Jan. 1, 2016, makes several changes regarding the procedures and time periods involved with initial certification of expenditures.

Proposed law changes the present law definition for motion picture to include eligibility for motion pictures developed for viewing online, changes present law definition for production expenditures to include marketing expenses, and adds a definition for "taxpayer".

Present law provides that the tax credit is earned when production expenditures are "certified" by the office of entertainment industry development within the Dept. of Economic Development (DED). Expenditures may be certified no more than twice during the duration of a state-certified production, unless the motion picture production company agrees to reimburse DED for the cost of additional certifications.

Proposed law retains present law but changes provisions governing the timing of the earning of the tax credit from when the expenditures are made to when the taxpayer meets all requirements of law necessary to earn the tax credit.

Proposed law further changes present law by reducing the number of times expenditures can be certified and changes the timing of certifications for expenditures from twice during the production to once after the project is completed.

Proposed law provides that if at the time of application for initial certification, the production company notifies the DED that post-production activities will occur in Louisiana, a supplemental request for certification of expenditures may be submitted for consideration and the cost of any verification will be paid by the production company.

Proposed law specifies that the initial certification shall be effective for qualifying expenditures made within 12 months before and 24 months after the date of initial certification.

Proposed law authorizes a motion picture production company to name a bank or other lender as an irrevocable designee in the initial certification under certain circumstances.

Proposed law authorizes uses of the credit against a prior year's tax liability.

Proposed law adds a requirement that no later than six months after the expiration of the initial certification period for the applicable state-certified production, a taxpayer is required to submit to the office all requests and required documentation for final certification of all tax credits or the claims to such tax credits shall be deemed waived.

Proposed law adds requirements regarding submission and consideration of audit reports for final certification of state-certified expenditures for the motion picture *infrastructure* investor tax credits.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6007(B)(5), (10)-(16), (C)(1)(intro. para.), (a)(iii) and (b)(iii), (2), and (4)(f), and (D)(2)(d)(i); Adds R.S. 47:6007(17) and (18), (C)(1)(c)(iii) , (D)(1)(d)(iv) and (2)(d)(iii), (G), and (H))