The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

## DIGEST

SB 235 Original

## 2017 Regular Session

Morrell

Present law authorizes five types of tax credits for state-certified motion picture productions:

- (1) A base investment credit of 30% for projects in excess of \$300,000.
- (2) A base investment credit of 30% for projects between \$50,000 and \$300,000, meeting certain hiring criteria.
- (3) An additional base investment credit of 15% for projects meeting certain Louisiana screenplay criteria.
- (4) An additional credit of 10% for Louisiana resident payroll expenditures.
- (5) An additional credit of 15% for certain Louisiana music expenditures.

<u>Proposed law</u> authorizes five types of tax credits for state-certified productions:

- (1) A base investment credit of 30% for projects in excess of \$300,000.
- (2) An additional base investment credit of 5% for projects filmed outside the New Orleans Metro Zone.
- (3) An additional 5% base investment credit for projects meeting certain visual effects criteria.
- (4) An additional base investment credit of 10% for projects meeting certain Louisiana screenplay criteria.
- (5) An additional credit of 10% for Louisiana resident payroll expenditures.

<u>Proposed law</u> also creates a new payroll tax credit for qualified entertainment companies. The tax credit is 10% for Tier 1 new jobs with payroll between \$45,000 and \$66,000 per year, or 20% for Tier 2 new jobs with payroll between \$66,000 and \$200,000 per year.

<u>Proposed law</u> adds numerous definitions, eligibility criteria, and procedural requirements for new qualified entertainment company payroll credit.

<u>Proposed law</u> requires all state-certified productions to participate in a career based learning and training program approved by the office.

<u>Present law</u> specifies that state-certified productions may only seek one final certification of tax credits after the expiration of the initial certification period, except for state-certified productions with Louisiana post production activities.

<u>Proposed law</u> adds an exception for state-certified productions for scripted episodic content and qualified entertainment credits, which may request final certification of tax credits more than once.

<u>Present law</u> provides that motion picture production companies may transfer credits to the Department of Revenue for 85% of the face value.

<u>Proposed law</u> retains <u>present law</u> for projects initially certified prior to July 1, 2017, and provides that projects with an application date on or after July 1, 2017, may transfer credits to the Department of Revenue for 92% of the face value.

Present law provides that a single state-certified production shall not exceed \$30 million.

<u>Proposed law</u> provides that a single state-certified production shall not exceed \$20 million, except for state-certified productions for scripted episodic content which may grant up to \$25 million per season.

<u>Present law</u> specifies that for fiscal years 2015-2018, no more than \$180 million may be claimed on returns, and that there shall be no cap beginning in Fiscal Year 2018-2019.

<u>Proposed law</u> specifies that beginning July 1, 2017, no more than \$180 million may be claimed on tax returns per year. It also establishes an annual LED issuance cap of \$165 million.

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

(Amends R.S. 47:6007(B)(8) and (21), (C)(1)(intro para), (1)(a), (b), and (c)(intro para), (4)(f)(ii), (D)(1)(a), and (2)(d); adds R.S. 47:6007(B)(28), (29), and (30), (D)(1)(d)(v), (2)(a)(ii), and (e)(iv), and (J); repeals R.S. 47:6007(C)(1)(d))