

2017 Regular Session

HOUSE BILL NO. 640

BY REPRESENTATIVE STOKES

TAX CREDITS: Provides for when a motion picture production tax credit is earned by a motion picture production company

1 AN ACT

2 To amend and reenact R.S. 47:6007(C)(1)(introductory paragraph), relative to income tax
3 credits; to provide with respect to the motion picture production tax credit; to provide
4 for when tax credits are earned; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:6007(C)(1)(introductory paragraph) is hereby amended and
7 reenacted to read as follows:

8 §6007. Motion picture production tax credit

9 * * *

10 C. Production tax credit; specific productions and projects.

11 (1) There is hereby authorized a tax credit against state income tax for
12 Louisiana taxpayers for expenditures related to state-certified productions. The tax
13 credit shall be earned by a motion picture production company at the time
14 expenditures are ~~certified by the office and the secretary for~~ made by a motion
15 picture production company in a state-certified production. However, credits cannot
16 be applied against a tax or transferred until the expenditures are certified by the
17 office and the secretary. For state-certified productions, expenditures shall be
18 certified no more than once per production, after project completion. However, if
19 at the time of application for initial certification, the office is notified that post-
20 production activities will take place in Louisiana, a supplemental request for
21 certification of expenditures directly related to such post-production activity may be

1 submitted for consideration by the office. The cost of any verification or audit of
2 such expenditures shall be borne by the motion picture production company. The tax
3 credit shall be calculated as a percentage of the total base investment dollars certified
4 per project.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 640 Engrossed 2017 Regular Session Stokes

Abstract: Changes when motion picture production tax credits are earned from at the time expenditures are certified by the office to at the time expenditures are made by the motion picture production company.

Present law authorizes an income tax credit for expenditures related to state-certified productions. The amount of the credit is as follows:

- (1) A 30% tax credit if the total base investment is greater than \$300,000. However, if a state-certified production does not include a La. promotional graphic or an alternative marketing opportunity approved by the department, the amount of the credit is reduced to 25% of the base investment made by the investor.
- (2) A 30% tax credit for a base investment of greater than \$50,000 but less than \$300,000 if each applicant accepts as a condition for earning the tax credit, that at least 90% of the total amount of the applicant's expenditures for above the line services shall be expended on La. residents and that at least 90% of the total number of jobs in the production shall be jobs employing La. residents.
- (3) An additional 15% tax credit for investments of greater than \$300,000 if the state-certified production is based on a screenplay owned or optioned to own by certain La. companies that meet all requirements of present law.
- (4) An additional 15% tax credit for investments expended on music owned or copyrighted by a La. resident or La. company that meets all requirements of present law.
- (5) An additional 10% tax credit on the payroll of a production which is expended on La. residents employed in connection with a state-certified production.

Present law provides that tax credits are earned and may be applied against a tax or transferred by a motion picture production company at the time expenditures are certified by the office and the secretary.

Proposed law changes present law with respect to when tax credits are earned from at the time expenditures are *certified* by the office and the secretary to at the time expenditures are *made* by a motion picture production company in a state-certified production.

(Amends R.S. 47:6007(C)(1)(intro. para.))