HLS 17RS-1075 ENGROSSED

2017 Regular Session

1

HOUSE BILL NO. 508

BY REPRESENTATIVE JAMES AND SENATOR MORRELL

TAX CREDITS: Authorizes a fee for the transfer of film tax credits

2	To amend and reenact R.S. 47:6007(C)(4)(b) and to enact R.S. 47:6007(C)(4)(g), relative
3	to motion picture production tax credits; to authorize a fee for the transfer of a
4	motion picture production credit; to establish the Louisiana Entertainment
5	Development Fund as a special treasury fund; to provide for deposits into and uses
6	of the fund; to provide for effectiveness; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:6007(C)(4)(b) is hereby amended and reenacted and R.S.
9	47:6007(C)(4)(g) is hereby enacted to read as follows:
10	§6007. Motion picture production tax credit
11	* * *
12	C. Production tax credit; specific productions and projects.
13	* * *
14	(4) Transferability of the credit. Except as provided for in Item (f)(iii) of this
15	Paragraph, motion picture tax credits not previously claimed by any taxpayer against
16	its income tax may be transferred or sold to another Louisiana taxpayer or to the
17	office, subject to the following conditions:
18	* * *

AN ACT

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(b) Transferors and transferees shall submit to the Department of Revenue
2	in writing, a notification of any transfer or sale of tax credits within ten business days
3	after the transfer or sale of such tax credits. No transfer or sale of tax credits shall
4	be effective until recorded in the tax credit registry in accordance with R.S. 47:1524.
5	The notification shall include the transferor's tax credit balance prior to transfer, a
6	copy of any tax credit certification letter(s) issued by the office and the secretary of
7	the Department of Economic Development the transferor's remaining tax credit
8	balance after transfer, all tax identification numbers for both transferor and
9	transferee, the date of transfer, the amount transferred, a copy of the credit
10	certificate, price paid by the transferee to the transferor, in the case when the
11	transferor is a state-certified production, for the tax credits, and any other
12	information required by the office or the Department of Revenue. For the purpose
13	of reporting transfer prices, the term "transfer" shall include allocations pursuant to
14	Paragraph (2) of this Subsection as provided by rule. The tax credit transfer value
15	means the percentage as determined by the price paid by the transferee to the
16	transferor divided by the dollar value of the tax credits that were transferred in
17	return. The notification submitted to the Department of Revenue shall include a
18	processing fee of up to two hundred dollars per transferee, and any information
19	submitted by a transferor or transferee shall be treated by the office and the
20	Department of Revenue as proprietary to the entity reporting such information and
21	therefore confidential. However, this shall not prevent the publication of summary
22	data that includes no fewer than three transactions.

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(g)(i) The notification submitted to the Department of Revenue shall include a fee, for projects that apply to the office prior to July 1, 2017, of two hundred dollars per transferee, and a fee, for projects that apply to the office on or after July 1,2017, of two percent of the tax credit transfer value, which shall be deposited upon receipt in the state treasury.

1	(ii) There is hereby established in the state treasury a special treasury fund,
2	the Louisiana Entertainment Development Fund, hereinafter referred to as the
3	"fund". Out of the funds remaining in the Bond Security and Redemption Fund after
4	a sufficient amount is allocated from that fund to pay all obligations secured by the
5	full faith and credit of the state which becomes due and payable within any fiscal
6	year as required by Article VII, Section 9(B) of this constitution, the treasurer shall
7	deposit in and credit to the fund the fees deposited as provided in this Paragraph.
8	(iii)The money in the fund shall be appropriated by the legislature as follows:
9	(AA) Twenty-five percent to the Department of Revenue for administrative
10	purposes.
11	(BB) Seventy-five percent to the Department of Economic Development,
12	office for education development initiatives, matching grants for Louisiana
13	filmmakers, a loan guarantee program, and a deal closing fund.
14	(iv) The money in the fund shall be invested by the treasurer in the same
15	manner as money in the state general fund and interest earned on the investment of
16	the money shall be credited to the fund after compliance with the requirements of
17	Article VII, Section 9(B) of the Constitution of Louisiana relative to the Bond
18	Security and Redemption Fund. All unexpended and unencumbered money in the
19	fund at the end of the year shall remain in the fund.
20	(v) The office shall promulgate rules and regulations prior to issuance of any
21	awards pursuant to the provisions of this item, in accordance with the Administrative
22	Procedure Act.
23	* * *
24	Section 2. This Act shall take effect and become operative if the Act which
25	originated as Senate Bill No. 254 of this 2017 Regular Session of the Legislature is enacted
26	and becomes effective.

## **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 508 Engrossed

2017 Regular Session

James

**Abstract:** Provides for a fee for the transfer of a motion picture production tax credit. Establishes the La. Entertainment Development Fund as a special treasury fund and deposits the collections from the fee into the fund.

<u>Present law</u> authorizes the transfer of tax credits and requires that the transferor and transferee submit a notification of the transfer to the Dept. of Revenue.

<u>Present law</u> requires a processing fee of up to \$250 per transferee be submitted with the notification.

<u>Proposed law</u> changes the amount of the fee <u>from</u> up to \$250 per transferee <u>to</u> \$200 for requests to transfer filed with the office prior to July 1, 2017, and 2% of the tax credit transfer value for requests to transfer filed on or after July 1, 2017.

<u>Proposed law</u> creates the Louisiana Entertainment Development Fund and deposits into the fund the fees required in <u>proposed law</u>.

<u>Proposed law</u> requires 25% of the fund to be appropriated to the Dept. of Revenue for administrative purposes and 75% to the Dept. of Economic Development for education development initiatives, matching grants for Louisiana filmmakers, a loan guarantee program, and a deal closing fund.

Effective if and when Senate Bill No. 254 of this 2017 R.S. is enacted and becomes effective.

(Amends R.S. 47:6007(C)(4)(b); Adds R.S. 47:6007(C)(4)(g))

## Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the original bill:

- 1. Change the fee requirement for the notification of transfer <u>from</u> 2% of the tax credit transfer value <u>to</u> \$200 for projects that apply for transfer prior to July 1, 2017, and 2% of the tax credit transfer value for projects that apply for transfer on or after July 1, 2017.
- 2. Change the effective date <u>from</u> upon signature of the governor <u>to</u> conditional effectiveness if Senate Bill No. 254 from the 2017 R.S. of the Legislature is enacted and becomes effective.