
DIGEST

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HB 631 Engrossed

2017 Regular Session

Jay Morris

Abstract: Adds a *front-end* annual aggregate cap on the amount of credits that may be certified each calendar year by the office and extends the *back-end* annual aggregate amount of tax credits that can be paid each from FY 2018 to FY 2021.

Present law provides for an income tax credit for expenditures related to state-certified productions. The tax credit shall be 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.

Present law limits the amount of claims against state income tax allowed on returns for tax credits or transfers of such tax credits to the office to an aggregate total of \$180M for FY 2016, 2017, and 2018. Present law provides for the payment and claiming of credits for FY 2016, 2017, and 2018. If less than \$180M of credits and transfers are claimed in a fiscal year, the remaining amount, plus any amounts remaining from previous fiscal years, shall be added to the \$180M limit of subsequent fiscal years until that amount of tax credits or tax credit transfers to the office are claimed and allowed.

Proposed law retains present law but extends the annual aggregate cap on the amount of tax credits that may be paid each fiscal year from FY 2018 to FY 2021. Proposed law also adds a limitation on the aggregate amount of tax credits that may be *certified* by the office each calendar year. Further provides that beginning July 1, 2017, through Dec. 31, 2018, the aggregate amount of tax credits that may be *certified* by the office shall not exceed \$180M and each *calendar year* thereafter, the aggregate amount of tax credits that may be certified shall not exceed \$150M.

Present law requires claims for tax credits or transfers of tax credits to be allowed on a first-come, first-served basis. Any taxpayer whose claim for tax credits is disallowed may use the tax credits against state income tax due in a return filed in the next fiscal year or may transfer tax credits to the office the next fiscal year, and his claim or transfer shall have priority over other claims filed or transfers applied for after the date and time of his original claim or application for transfer.

Proposed law retains present law but adds that all applications receiving *final certification* on the same business day shall be treated as receiving final certification at the same time and if the aggregate amount of applications on a single business day exceed the total allotment of tax credits for that year, all tax credits received on that day shall be approved on a pro rata basis. Any taxpayer who received a pro rata reduction to a tax credit shall be given first priority for receiving the balance of his tax credit from the tax credit allotment for the subsequent year. Any application receiving final certification by the office after the total tax credit allotment for that year is exhausted shall be

treated as having received final certification on the first day of the subsequent year.

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

(Amends R.S. 47:6007(C)(1)(d)(ii); Adds R.S. 47:6007(C)(1)(d)(ii)(dd))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Extend the \$180M *back-end* annual aggregate cap on the amount of tax credits that may be paid from FY 2018 to FY 2021.
2. Reduce the amount of the *front-end* annual aggregate cap on the amount of tax credits that may be certified each calendar year from \$180M each calendar year after Jan. 1, 2019, to \$150M each calendar year.