SENATE FLOOR AMENDMENTS

2017 Regular Session

Amendments proposed by Senator Morrell to Engrossed Senate Bill No. 254 by Senator Morrell

- 1 AMENDMENT NO. 1
- 2 On page 1, line 6, change "47:6007(C)(4)(f)" to "47:6007(C)(4)(b) and (C)(4)(f)"
- 3 AMENDMENT NO. 2
- 4 On page 1, line 8, after "No. 144," insert "(9)(b)(i),"
- 5 AMENDMENT NO. 3
- 6 On page 1, line 9, after "(32)," and insert "(33), (34), and (C)(3)(d), (C)(4)(g),"
- 7 <u>AMENDMENT NO. 4</u>
- 8 On page 1, line 9, change "(2)(a)(ii)" to "(2)(a)(i)(gg) and (hh), (2)(a)(ii),"
- 9 AMENDMENT NO. 5
- On page 1, line 16, after "enhancements;" insert "to provide for a maximum overall credit
 rate;"
- 12 AMENDMENT NO. 6
- On page 1, line 17, after "companies;" insert "to provide for a sunset date for third-party
 credit transfers;"
- 15 AMENDMENT NO. 7
- 16 On page 2, line 1, change "provide for credit caps" to "provide for permanent credit caps"
- 17 AMENDMENT NO. 8
- 18 On page 2, line 8, change "47:6007(C)(4)(f)" to "47:6007(C)(4)(b) and (C)(4)(f)"
- 19 AMENDMENT NO. 9
- 20 On page 2, line 10, after "No. 144," insert "(9)(b)(i),"
- 21 AMENDMENT NO. 10
- 22 On page 2, line 11, after "(32)," insert "(33), (34), and (C)(3)(d), (C)(4)(g),"
- 23 AMENDMENT NO. 11
- 24 On page 2, line 12, change "(2)(a)(ii)" to "(2)(a)(i)(gg) and (hh), (ii),"
- 25 AMENDMENT NO. 12
- 26 On page 4, line 8, after "this Section." and before "The" insert:

27 "The production expenditure verification report shall contain an opinion from 28 the qualified accountant stating that any allocation of credits proposed by the 29 motion picture production company to its partners or members is not a

1disguised sale of the credits and has "substantial economic effect" as that term2is defined by 26 U.S.C.A. §704 and the federal regulations thereunder."

- 3 AMENDMENT NO. 13
- 4 On page 5, line 3, change "**incurring**" to "**incurred**"
- 5 AMENDMENT NO. 14
- 6 On page 5, line 15, after "(ATL)" delete "services"
- 7 AMENDMENT NO. 15
- 8 On page 5, between lines 28 and 29, insert:

9"(c) For all applications received on or after July 1, 2017, this term shall10not include expenditures for catering and craft services unless such11expenditures are made to a source within the state."

- 12 AMENDMENT NO. 16
- 13 On page 6, between lines 14 and 15, insert:

14"(29) "Independent film production" means a state-certified production,15with a production budget no greater than ten million dollars, produced outside16of the major film studio system, as approved by the office."

- 17 AMENDMENT NO. 17
- 18 On page 6, line 15, change "(29)" to "(30)"
- 19 AMENDMENT NO. 18
- 20 On page 6, between lines 20 and 21, insert:

21"(31) "Louisiana screenplay production" means a state-certified22production meeting the Louisiana screenplay base investment enhancement23eligibility criteria set forth in Subitem (C)(1)(a)(i)(bb) of this Section."

- 24 AMENDMENT NO. 19
- 25 On page 6, line 21, change "(30)" to "(32)"
- 26 AMENDMENT NO. 20
- 27 On page 6, line 28, change "(<u>31)</u>" to "(<u>33)</u>"
- 28 AMENDMENT NO. 21
- 29 On page 7, line 5, change "<u>(32)</u>" to "<u>(34)</u>"
- 30 AMENDMENT NO. 22
- 31 On page 7, line 22, after "project" insert the following:
- 32 ",or as otherwise provided in this Paragraph"
- 33 AMENDMENT NO. 23
- 34 On page 8, line 2, after "dollars," delete the remainder of the line and insert:

1"or if a production is a Louisiana screenplay production, each investor shall be2allowed a tax credit of twenty-five percent of"

- 3 AMENDMENT NO. 24
- 4 On page 8, line 8, after "<u>Area</u>" change the period "<u>.</u>" to a comma "<u>.</u>" and add the following:

5"as delineated by the federal Office of Management and Budget, but not6including St. John the Baptist Parish."

7 AMENDMENT NO. 25

8 On page 8, delete lines 9 through 14, and insert:

9 "(bb) Louisiana screenplay. A ten percent increase in the base investment
10 rate may be allowed for state-certified production expenditures equal to or
11 greater than fifty thousand dollars but no greater than five million dollars,
12 based upon a screenplay created by a Louisiana resident as evidenced by
13 documents such as certificate of authorship, a Writers Guild of America
14 registration certificate, the records of the United States Copyright Office, or a
15 reasonable legal opinion issued to the office."

- 16 <u>AMENDMENT NO. 26</u>
- 17 On page 8, delete lines 22 through 27, and insert:

18"(bb) Visual effects. To the extent that base investment is expended on19visual effects expenditure, each investor shall be allowed an additional tax credit20of five percent of such expenditures if at least seventy-five percent of the visual21effects budget is expended for services performed in Louisiana by an approved22QEC, or a minimum of ten million dollars in qualified visual effects23expenditures are made in Louisiana."

24 AMENDMENT NO. 27

On page 8, line 29, after "base investment credit" insert ", including base investment
 increases for out-of-zone filming and Louisiana screenplay,"

- 27 AMENDMENT NO. 28
- 28 On page 9, line 6, between "<u>of</u>" and "<u>ten</u>" insert "<u>at least</u>"
- 29 AMENDMENT NO. 29
- On page 10, line 15, after "For" delete the remainder of the line and insert "<u>applications for</u>
 <u>state-certified productions approved</u>"
- 32 AMENDMENT NO. 30
- 33 On page 10, between lines 17 and 18, insert:
- 34 35 "(3) App

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"(3) Application of the credit.

37(d) In order to prevent disguised sales of the credits, allocations of credits38through partnership and membership agreements shall not be recognized unless39they have "substantial economic effect" as that term is defined by 26 U.S.C.A.40§704 and the federal regulations thereunder."

- 41 AMENDMENT NO. 31
- 42 On page 10, line 18, delete "Item (f)(iii)(ii)" and insert "Subparagraph (g)"

1 AMENDMENT NO. 32

2 On page 10, between lines 22 and 23, insert:

3 "(b) Transferors and transferees shall submit to the Department of Revenue 4 in writing, a notification of any transfer or sale of tax credits within ten business days 5 after the transfer or sale of such tax credits. No transfer or sale of tax credits shall be effective until recorded in the tax credit registry in accordance with R.S. 47:1524. 6 7 The notification shall include the transferor's tax credit balance prior to transfer, a 8 copy of any tax credit certification letter(s) issued by the office and the secretary of 9 the Department of Economic Development the transferor's remaining tax credit 10 balance after transfer, all tax identification numbers for both transferor and transferee, the date of transfer, the amount transferred, a copy of the credit 11 12 certificate, price paid by the transferee to the transferor, in the case when the 13 transferor is a state-certified production, for the tax credits, and any other information required by the office or the Department of Revenue. For the purpose 14 of reporting transfer prices, the term "transfer" shall include allocations pursuant to 15 16 Paragraph (2)(3) of this Subsection as provided by rule. The tax credit transfer value means the percentage as determined by the price paid by the transferee to the 17 18 transferor divided by the dollar value of the tax credits that were transferred in 19 return. The notification submitted to the Department of Revenue shall include a 20 processing fee of up to two hundred dollars per transferee, and any information submitted by a transferor or transferee shall be treated by the office and the 21 22 Department of Revenue as proprietary to the entity reporting such information and therefore confidential. However, this shall not prevent the publication of summary 23 data that includes no fewer than three transactions. 24 25

26 AMENDMENT NO. 33

27 On page 12, between lines 8 and 9, insert:

"(g) Beginning January 1, 2018, except as provided for in Subparagraph (f) of this Paragraph, motion picture tax credits not previously claimed by any taxpayer against its income tax may not be transferred or sold to another taxpayer."

- 32 AMENDMENT NO. 34
- On page 13, line 1, after "Section." delete the remainder of the line and delete lines 2 through
 4
- 35 <u>AMENDMENT NO. 35</u>
- 36 On page 13, delete line 15 and insert:

37	"(i) For state-certified productions the application shall include:
38	* * *
39	(gg) The format of the project, for example whether it is a feature film
40	or television series, and whether it seeks qualification as a QEC, independent
41	<u>film project, or Louisiana screenplay project.</u>
42	(hh) A statement of which of the base credit rate enhancements or
43	additional credits for payroll or visual effects, if any, will apply to the project
44	and an estimate of expenditures in each applicable category. "

45 AMENDMENT NO. 36

46 On page 16, between lines 19 and 20, insert:

47 "(9) * * *

- (b) Tax credits certified for goods and services provided by related parties to a state-certified production shall be further limited as follows:
- (i) Qualifying production expenditures for Above the Line, or "ATL", services <u>salaries</u> provided by related parties shall be limited to twelve percent of total Louisiana production expenditures.
 - * * * *!!
- 7 AMENDMENT NO. 37

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- 8 On page 16, line 27, change "<u>2023</u>" to "<u>2025</u>"
- 9 AMENDMENT NO. 38
- 10 On page 17, lines 8 and 9, after "July 1, 2017," delete "and before July 1, 2020,"
- 11 AMENDMENT NO. 39

12 On page 17, line 11, after "<u>dollars.</u>" delete the remainder of the line, and delete lines 12 13 through 17, and insert:

14"Twenty percent of the annual program cap shall be reserved as follows: five15percent for qualified entertainment companies, five percent for Louisiana16screenplay productions, and ten percent for independent film productions. If17the total amount"

- 18 AMENDMENT NO. 40
- 19 On page 17, line 21, after "(c)" insert "(i)"
- 20 AMENDMENT NO. 41
- 21 On page 17, between lines 24 and 25, insert:

"(ii) If the total amount of credits granted in any fiscal year to screenplay productions or independent film productions is less than their respective caps, any residual amount may be available for issuance by the department during that fiscal year as established by rule."

- 26 AMENDMENT NO. 42
- 27 On page 18, line 13, change "<u>a return</u>" to "<u>an original return</u>"
- 28 AMENDMENT NO. 43
- On page 18, delete line 24, and insert "legacy credits, up to a maximum of ten million
 dollars for each subsequent fiscal year, to the Department of Revenue and his"
- 31 AMENDMENT NO. 44
- 32 On page 19, line 11, after "<u>season.</u>" delete the remainder of the line and delete line 12
- 33 AMENDMENT NO. 45
- On page 19, line 17, after "<u>Development</u>" delete the remainder of the line, delete lines 18
 through 22, and insert:

36 "individual payroll cap. 37 (a) Project-based production tax credit. For applications for 38 state-certified productions on or after July 1, 2017, the maximum amount of 39 qualifying payroll expenditures made for the services rendered by an individual, 40 whether directly to an individual, or indirectly through a loan out company,

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shall be three million dollars per person and no tax credits shall be earned for payroll expenditures in excess of three million dollars per person.

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3(b) Company-based QEC payroll tax credit. For applications for4qualified entertainment company contracts on or after July 1, 2017, the5maximum amount of qualifying QEC payroll expenditures shall be two hundred6thousand dollars per person, for each employee as reported on a Form W-2, and7no tax credits shall be earned for payroll expenditures in excess of two hundred8thousand dollars per person."