DIGEST

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HB 331 Original | 2019 Regular Session | Leger

Abstract: Authorizes an additional 10% base investment credit if the base investment is expended by a Qualified Music Company (QMC) on a sound recording production of a resident copyright and changes the credit from a non-refundable credit to a refundable tax credit.

Present law authorizes a state income tax credit for investments made in state-certified productions until July 1, 2021. The tax credit shall be earned by investors at the time expenditures are certified by the Dept. of Economic Development (DED) according to the total base investment certified for the sound recording production company per calendar year. The aggregate amount of credits that can be certified each year is limited to $2,160,000; however, 50% of the credits certified each year shall be reserved for QMCs.

Present law provides that the amount of the credit for each investor for state-certified productions received on or after July 1, 2017, is 18% of the base investment made by that investor in excess of $25,000 or, if a resident of this state, in excess of $10,000. Present law provides for the following additional tax credits for state-certified productions:

(1) QMC Tier 1 payroll credit of 10% for each new job with a salary of $35,000 through $66,000 per year.

(2) QMC Tier 2 payroll credit of 15% for each new job with a salary of $66,000 or more.

Proposed law retains present law but adds an additional 10% increase in the base investment credit if the base investment is expended by a QMC on a sound recording production of a resident copyright. Proposed law defines a "resident copyright" as a copyright of a musical composition written by a La. resident or owned by a La. domiciled music company as evidenced by documents of ownership such as registrations with the U.S. Copyright Office or performing rights organizations which denote authors and music publishing entities.

Present law sets forth criteria a company must meet in order to be eligible for the QMC payroll credit. The criteria includes that the business be engaged directly or indirectly in the production, distribution, and promotion of music, that the business create a minimum of three new jobs meeting or exceeding the Tier 1 minimum wage requirements, and that the business be a music publisher, sound recording studio, booking agent, or artist management.
Proposed law retains present law but repeals the requirement that the business be a music publisher, sound recording studio, booking agent, or artist management in order to qualify for the QMC payroll.

Present law prohibits the application of tax credits earned and claimed against an investor's income tax liability from reducing the investor's income tax liability below 50% prior to application of the credit, regardless of the amount of the credit the investor earned. Further authorizes the investor to carry forward unused tax credits for up to five years to be applied against the investor's tax liability in subsequent years.

Proposed law changes present law to delete the limitation on the amount of credit that may be used in any taxable year to offset the investor's tax liability *and* converts the tax credit from a credit that requires the carry forward of unused credits for up to five years to a refundable tax credit wherein the amount of the tax credit which exceeds the taxpayer's liability is refunded to the taxpayer. Proposed law requires the secretary of the Dept. of Revenue to make refunds from the current income and corporate franchise tax collections.

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

(Amends R.S. 47:6023(B)(6), (7), and (8) and (C)(4)(b); Adds R.S. 47:6023(B)(9) and (C)(1)(e); Repeals R.S. 47:6023(C)(4)(a)(iv) and (J))