

2021 Regular Session

HOUSE BILL NO. 36

BY REPRESENTATIVE DEVILLIER

TAX CREDITS: Reduces the annual cap on the amount of motion picture production tax credits awarded, the cap on the amount of credits claimed on tax returns, and reduces the per project cap

1 AN ACT

2 To amend and reenact R.S. 47:6007(J)(1)(b), (2)(a), and 3(a), relative to motion picture

3 production income tax credits; to provide for the maximum amount of credits

4 granted via final certification letters; to provide for the maximum amount of credits

5 claimed on income tax returns; to provide for the maximum amount of credits

6 granted per project; to provide for an effective date; and to provide for related

7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6007(J)(1)(b), (2)(a), and 3(a) are hereby amended and reenacted  
10 to read as follows:

11 §6007. Motion picture production tax credit

12 \* \* \*

13 J. Credit caps, structured pay outs, and project size limitations.

14 (1) Department of Economic Development program issuance cap.

15 \* \* \*

16 (b)(i) For applications for state-certified productions and qualified

17 entertainment companies submitted on or after July 1, 2017, through June 30, 2021,

18 the total amount of all tax credits granted in a final certification letter by the

19 department in any fiscal year shall not exceed one hundred fifty million dollars.

1 Twenty percent of the annual program cap shall be reserved as follows: five percent  
2 for qualified entertainment companies, five percent for Louisiana screenplay  
3 productions, and ten percent for independent film productions. If the total amount  
4 of credits applied for in any particular year exceeds the aggregate amount of tax  
5 credits allowed for that year, the excess shall be treated as having been applied for  
6 on the first day of the subsequent year.

7 (ii) For applications for state-certified productions and qualified  
8 entertainment companies submitted on or after July 1, 2021, the total amount of all  
9 tax credits granted in a final certification letter by the department in any fiscal year  
10 shall not exceed seventy-five million dollars. Twenty percent of the annual program  
11 cap shall be reserved as follows: five percent for qualified entertainment companies,  
12 five percent for Louisiana screenplay productions, and ten percent for independent  
13 film productions. If the total amount of credits applied for in any particular year  
14 exceeds the aggregate amount of tax credits allowed for that year, the excess shall  
15 be treated as having been applied for on the first day of the subsequent year.

16 \* \* \*

17 (2) Department of Revenue taxpayer claim cap.

18 (a)(i) Beginning July 1, 2017, through June 30, 2021, claims against state  
19 income tax allowed on returns for tax credits or transfers of such tax credits,  
20 including legacy credits, to the Department of Revenue as provided for in Paragraph  
21 (C)(4) of this Section shall be limited to an aggregate total of one hundred eighty  
22 million dollars each fiscal year. If less than one hundred eighty million dollars of  
23 such tax credits and transfers are allowed in a fiscal year, the remaining amount, plus  
24 any amounts remaining from previous fiscal years, shall be added to the one hundred  
25 eighty million dollar limit of subsequent fiscal years until that amount of tax credits  
26 or tax credit transfers to the Department of Revenue are claimed and allowed.

27 (ii) Beginning July 1, 2021, claims against state income tax allowed on  
28 returns for tax credits or transfers of such tax credits, including legacy credits, to the  
29 Department of Revenue as provided for in Paragraph (C)(4) of this Section shall be

1 limited to an aggregate total of eighty million dollars each fiscal year. If less than  
2 eighty million dollars of such tax credits and transfers are allowed in a fiscal year,  
3 the remaining amount, plus any amounts remaining from previous fiscal years, shall  
4 be added to the eighty million dollar limit of subsequent fiscal years until that  
5 amount of tax credits or tax credit transfers to the Department of Revenue are  
6 claimed and allowed.

7 \* \* \*

8 (3) Department of Economic Development individual project issuance cap.

9 (a) Project-based production tax credit. (i) For applications for  
10 state-certified productions submitted on or after July 1, 2017, through June 30, 2021,  
11 the maximum amount of credits that may be granted for a single state-certified  
12 production shall not exceed twenty million dollars, except for state-certified  
13 productions for scripted episodic content that may be granted up to twenty-five  
14 million dollars per season.

15 (ii) For applications for state-certified productions submitted on or after July  
16 1, 2021, the maximum amount of credits that may be granted for a single  
17 state-certified production shall not exceed ten million dollars, except for state-  
18 certified productions for scripted episodic content that may be granted up to twelve  
19 million five hundred thousand dollars per season.

20 \* \* \*

21 Section 2. This Act shall become effective upon signature by the governor or, if not  
22 signed by the governor, upon expiration of the time for bills to become law without signature  
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
25 effective on the day following such approval.

## 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 36 Original

2021 Regular Session

DeVillier

**Abstract:** Reduces the annual cap on motion picture production tax credits (tax credits) awarded in final certification letters by the Dept. of Economic Development (DED) from \$150M to \$75M per fiscal year, reduces the annual cap on the amount of tax credits that may be claimed on tax returns from \$180M to \$80M each fiscal year, and reduces the per project cap on motion picture productions from \$20M to \$10M and from \$25M to \$12.5M for scripted episodic content productions.

Present law provides for a cap of \$150M in any fiscal year on tax credits that may be granted in a final certification letter by DED for state-certified productions and qualified entertainment companies submitted on or after July 1, 2017. If the total amount of credits applied for in a year exceeds the aggregate amount of tax credits allowed for that year, the excess shall be treated as having been applied for on the first day of the subsequent year.

Present law reserves 20% of the annual program cap as follows: 5% for qualified entertainment companies, 5% for La. screenplay productions, and 10% for independent film productions.

Proposed law retains present law as it pertains to the reservation of annual tax credits but reduces the annual cap on tax credits granted by DED in final certification letters for state-certified productions and qualified entertainment companies submitted on or after July 1, 2021, from \$150M each fiscal year to \$75M for each fiscal year.

Present law provides for a cap of \$180M on the aggregate total amount of tax credit claims that the Dept. of Revenue (DOR) may allow on tax returns in any fiscal year. If less than \$180M of tax credits and transfers are allowed in a fiscal year, the remaining amount, plus any amounts remaining from previous fiscal years, shall be added to the \$180M cap of subsequent fiscal years until that amount of tax credits or tax credit transfers to the DOR are claimed and allowed.

Proposed law reduces the annual cap on tax credits claims allowed by DOR beginning July 1, 2021, from \$180M per fiscal year to \$80M per fiscal year. Further changes present law to reduce the amount of tax credit claims that may be allowed in subsequent years if the total annual cap is not claimed to match the reduction in the annual cap contained in proposed law.

Present law caps the amount of tax credits that may be granted to a single state-certified production at \$20M. However, the cap for state-certified productions for scripted episodic content is capped at \$25M per season.

Proposed law reduces the cap on single state-certified productions beginning July 1, 2021, from \$20M per production to \$10M per production. Further reduces the cap on state-certified productions for scripted episodic content from \$25M per season to \$12.5M per season.

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

(Amends R.S. 47:6007(J)(1)(b), (2)(a), and 3(a))