HLS 21RS-73 ORIGINAL

2021 Regular Session

HOUSE BILL NO. 538

1

BY REPRESENTATIVE GLOVER

TAX CREDITS: Provides for an additional motion picture tax credit for eligible expenditures incurred on productions produced at certain facilities

AN ACT

2 reenact R.S. 47:6007(C)(1)(a)(ii)(cc) To amend and to enact R.S. 3 47:6007(C)(1)(a)(i)(cc), relative to income tax credits; to provide with respect to the 4 motion picture production tax credit; to provide for an additional credit for certain 5 state-certified film production expenditures incurred on productions at certain facilities; to increase the maximum amount of credits a production can earn; to 6 7 provide for certain requirements and limitations; to provide for an effective date; and 8 to provide for related matters. 9 Be it enacted by the Legislature of Louisiana: 10 Section 1. R.S. 47:6007(C)(1)(a)(ii)(cc) is hereby amended and reenacted and R.S. 11 47:6007(C)(1)(a)(i)(cc) is hereby enacted to read as follows: 12 §6007. Motion picture production tax credit 13 14 C. Production tax credit; specific productions and projects. 15 (1) There is hereby authorized a tax credit against state income tax for 16 Louisiana taxpayers for expenditures related to state-certified productions and 17 qualified entertainment companies. The tax credit shall be earned by a motion 18 picture production company at the time expenditures are certified by the office and 19 the secretary for a motion picture production company in a state-certified production. 20 However, credits cannot be applied against a tax or transferred until the expenditures

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are certified by the office and the secretary. For state-certified productions, expenditures shall be certified no more than once per production, after project completion. However, if at the time of application for initial certification, the office is notified that post-production activities will take place in Louisiana, a supplemental request for certification of expenditures directly related to such post-production activity may be submitted for consideration by the office. The cost of any verification or audit of such expenditures shall be borne by the motion picture production company. The tax credit shall be calculated as a percentage of the total base investment dollars certified per project, or as otherwise provided in this Paragraph.

- (a) Project-based production tax credit. For applications for state-certified productions on or after July 1, 2017:
- (i) Base investment credit. If the total base investment is greater than three hundred thousand dollars, or if a production is a Louisiana screenplay production, each investor shall be allowed a tax credit of twenty-five percent of the base investment made by the investor. Investors may receive an increased base investment credit rate by satisfying any of the following criteria:

* * *

(cc) Production expenses incurred at certain facilities. A seven percent increase in the base investment tax credit rate shall be allowed for production expenditures incurred on a state-certified production that were expended at a facility that was a state-certified motion picture infrastructure project that received tax credits pursuant to this Section. In order to be eligible for the additional tax credit provided for in this Subitem, the state-certified production shall also be eligible for the out-of-zone filming project-based production tax credit set forth in Subitem (aa) of this Item.

(ii) Additional payroll and visual effects credits.

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1 (cc) The maximum tax credit that a production can earn pursuant to this
2 Paragraph for the base investment credit, including base investment increases for
3 out-of-zone filming, production expenses incurred at certain facilities, and Louisiana
4 screenplay, and the additional payroll and visual effects credits is forty forty-seven
5 percent of base investment.
6 * * * *

7 Section 2. This Act shall become effective on July 1, 2021.

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 538 Original

2021 Regular Session

Glover

Abstract: Grants an additional 7% motion picture production tax credit for expenses incurred at a state-certified motion picture infrastructure project that is also eligible for the out-of-zone filming tax credit.

Present law authorizes the following tax credits for state-certified productions:

- (1) A 25% tax credit if the base investment is in excess of \$300,000 or if the production is a La. screenplay production.
- (2) An additional 5% base investment credit for projects filmed outside the New Orleans Metro Zone, but not including St. John the Baptist Parish.
- (3) An additional 10% base investment credit for certain expenditures equal to or greater than \$50,000 but less than \$5 million for projects meeting certain La. screenplay criteria.
- (4) A 15% credit for La. resident payroll expenditures.
- (5) A 5% credit for certain La.-based visual effects expenditures meeting certain requirements.

<u>Proposed law</u> authorizes an additional 7% base investment credit for production expenditures incurred on a state-certified production when those expenditures were made at a facility that has been deemed a state-certified motion picture infrastructure project. Further provides that in order to be eligible for this additional 7% credit, the project must also be eligible for the 5% base investment credit for projects filmed outside of the New Orleans Metro Zone.

<u>Present law</u> limits the maximum amount of tax credit that a production can earn at 40% of the base investment.

<u>Proposed law</u> increases the maximum credit available <u>from</u> 40% <u>to</u> 47% of the base investment.

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<u>Present law</u> specifies that beginning July 1, 2017, no more than \$150 million of credits can be issued per fiscal year and that no more than \$180 million of credits can be claimed on tax returns or transferred to the Dept. of Revenue per fiscal year.

Proposed law retains present law.

Effective July 1, 2021.

(Amends R.S. 47:6007(C)(1)(a)(ii)(cc); Adds 47:6007(C)(1)(a)(i)(cc))