
DIGEST

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CONFERENCE COMMITTEE REPORT DIGEST

HB 445

2021 Regular Session

Bourriaque

Keyword and oneliner of the instrument as it left the House

TAX CREDITS: Changes the sound recording investor tax credit into a refundable tax credit

Report rejects Senate amendments which would have:

1. Limited the amount of credit that may be used in any taxable year to offset the investor's tax liability and authorized a carry forward of unused credits for up to five years for applications received before July 1, 2021.
2. Converted the tax credit for Qualified Music Company applications received on or after July 1, 2021 to a refundable tax credit.
3. Required a Qualified Music Company to transfer credits to DOR for 85% of the value of the credits at the time of final certification of credits, for applications received on and after July 1, 2021.
4. Required the secretary of DOR to make payments for Qualified Music Company applications received on or after July 1, 2021 from the current income tax collections.

Report amends the bill to:

1. Require the secretary of DOR to make payments of tax credits from the current collections of the taxes collected pursuant to present law for applications submitted by Qualified Music Companies and received on or after July 1, 2021.
2. Limit tax credits earned by Qualified Music Companies from exceeding the total base investment.
3. Change the amount of the deposit required when applying for tax credits from 50% of the expenditure verification report fee to up to 50% of the expenditure verification report fee.

Digest of the bill as proposed by the Conference Committee

Present law authorizes a state income tax credit for investments made in state-certified productions until July 1, 2026. The tax credit is 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 Qualified Music Companies (QMCs).

Proposed law retains present law.

Present law prohibits the application of tax credits earned and claimed against an investor's 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.

Present law requires, after certification, DED to submit the tax credit certification letter to DOR on behalf of the investor who earned the sound recording tax credits. Upon receipt of the tax credit certification letter, the secretary of DOR shall make payment to the investor from the current collections of the taxes collected pursuant to present law.

Proposed law retains present law as it pertains to applications submitted by QMCs received prior to July 1, 2021. For applications submitted by QMCs received on or after July 1, 2021, the secretary of DOR is required to make payments of tax credits from the current collections of the taxes collected pursuant to present law.

Present law establishes a company-based QMC payroll credit for applications for QMCs received on or after July 1, 2017, or for applications for QMCs that have been submitted but that have not received final certification by July 1, 2019, to the extent that base investment is expended on payroll for Louisiana residents in connection with a QMC. The amount of the credit is dependent on the QMCs payroll for each new job created.

Proposed law retains present law.

Present law prohibits sound recording investor tax credits associated with a state-certified production from exceeding the total base investment in that production or sound recording infrastructure project.

Proposed law retains present law but extends this limitation to tax credits earned by QMCs and removes references to sound recording infrastructure projects.

Present law requires applicants for sound recording investor tax credits to submit applications for initial certification to DED. Further requires DED to directly engage and assign a certified public accountant to prepare an expenditure verification report on a sound recording production company's cost report of production expenditures. The applicant shall be responsible for payment of the expenditure verification report fee and shall make all records related to the tax credit application available to the department and the accountant.

Proposed law retains present law.

Present law requires tax credit applicants to submit a deposit in an amount equal to 50% of the expenditure verification report fee at the time of applying for the credit.

Proposed law changes the amount of the deposit required when applying for tax credits from 50% of the expenditure verification report fee to up to 50% of the expenditure verification report fee.

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

(Amends 47:6023(C)(2), (D)(2)(c)(iii), and (E); Repeals R.S. 47:6023(C)(5))