

## RÉSUMÉ DIGEST

ACT 401 (HB 445)

2021 Regular Session

Bourriaque

Existing 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).

Existing 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.

Existing 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 La. residents in connection with a QMC. The amount of the credit is dependent on the QMC's payroll for each new job created.

Existing law requires, after certification, DED to submit the tax credit certification letter to the Dept. of Revenue (DOR) on behalf of the investor who earned the sound recording tax credits. For applications submitted by applicants other than QMCs, upon receipt of the tax credit certification letter, the secretary of DOR is required to make payment to the investor from the current collections of the taxes collected pursuant to existing law.

Existing law, for applications submitted by QMCs received prior to July 1, 2021, upon receipt of the tax credit certification letter, the secretary of DOR is required to apply the amount of the tax credit against the QMC's tax liability, and excess amounts of credit may be carried forward for up to five years to be applied against the QMC's tax liability in subsequent years.

New law, 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 existing law.

Existing 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.

New law extends this limitation to tax credits earned by QMCs and removes references to sound recording infrastructure projects.

Existing 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 is responsible for payment of the expenditure verification report fee and must make all records related to the tax credit application available to the department and the accountant.

Prior law required 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.

New 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 (June 16, 2021).

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

