

2023 Regular Session

HOUSE BILL NO. 562

BY REPRESENTATIVE SCHEXNAYDER

TAX CREDITS: Provides relative to the Motion Picture Production Tax Credit

1 AN ACT

2 To amend and reenact R.S. 47:6007(B)(11), (C)(1)(a)(iv) and (4)(h)(iii)(bb), (D)(2)(c)(i) and

3 (d)(i), and (J)(1) and to repeal R.S. 47:6007(I), relative to the motion picture

4 production tax credit; to provide relative to Louisiana promotional graphics

5 requirements for productions; to provide relative to uses of the Louisiana

6 Entertainment Development Dedicated Fund Account; to provide relative to

7 expenditure data collection; to provide relative to claims caps; to repeal the sunset

8 of the tax credit; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6007(B)(11), (C)(1)(a)(iv) and (4)(h)(iii)(bb), (D)(2)(c)(i) and

11 (d)(i), and (J)(1) are hereby amended and reenacted to read as follows:

12 §6007. Motion picture production tax credit

13 B. Definitions. For the purposes of this Section:

14 * * *

15 (11) "Louisiana promotional graphic" means a graphical brand or logo for

16 promotion of the state which has been approved by the office: for a production and

17 consists of either of the following:

18 (a) A five-second long static or animated graphic that promotes Louisiana

19 in the end credits before the below-the-line crew crawl for the life of the production

1 and a link to the Louisiana Entertainment website on the production's website and
2 online promotions.

3 (b) An embedded five-second long static or animated graphic that promotes
4 Louisiana during each broadcast worldwide, in the end credits before the below-the-
5 line crew crawl for the life of the production and a link to the Louisiana
6 Entertainment website on the production's website and online promotions.

7 * * *

8 C. Production tax credit; specific productions and projects.

9 (1)

10 * * *

11 (a) Project-based production tax credit. For applications for state-certified
12 productions on or after July 1, 2017:

13 * * *

14 (iv)(aa) For applications submitted on or after July 1, 2017, but prior to July
15 1, 2023, as ~~As~~ a condition of receiving tax credits pursuant to this Section,
16 state-certified productions shall be required to acknowledge the financial assistance
17 of the state of Louisiana, either through the inclusion of a Louisiana promotional
18 graphic, or an alternative marketing option, including a donation to a Louisiana
19 nonprofit film grant program as approved by the office.

20 (bb) For applications submitted on or after July 1, 2023, as a condition of
21 receiving tax credits pursuant to this Section, state-certified productions shall be
22 required to acknowledge the financial assistance of the state of Louisiana through the
23 inclusion of a Louisiana promotional graphic.

24 * * *

25 (4) Transferability of the credit. Except as provided for in Subparagraph (g)
26 of this Paragraph, motion picture tax credits not previously claimed by any taxpayer
27 against its income tax may be transferred or sold to another Louisiana taxpayer or
28 to the Department of Revenue, subject to the following conditions:

29 * * *

1 (h)

2 * * *

3 (iii) The money in the account shall be appropriated by the legislature as
4 follows:

5 * * *

6 (bb) Seventy-five percent to the Department of Economic Development;
7 ~~office for motion picture and television~~ education development initiatives, matching
8 grants for Louisiana filmmakers, ~~a loan guarantee program, and a deal closing fund.~~
9 Louisiana workforce development programs, and other motion picture and television
10 related programs as determined by rule.

11 * * *

12 D. Certification and administration.

13 * * *

14 (2)

15 * * *

16 (c)(i) In order to protect the integrity of the motion picture investor tax credit
17 program by ensuring that tax credits are certified only for eligible expenditures and
18 to provide for uniformity in expenditure verification reporting, the department shall
19 directly engage and assign an independent certified public accountant, hereinafter
20 referred to as "CPA", to prepare, for the department, the required production
21 expenditure verification report on a tax credit applicant's cost report of expenditures
22 or claims. The applicant shall be responsible for and assessed any production
23 expenditure verification report fee that may be required by law, including any
24 up-front deposit of the fee. For purposes of the report, the applicant shall make all
25 records related to the tax credit application available to the CPA. For applications
26 received on or after July 1, 2023, these records shall include a listing of all Louisiana
27 expenditures detailing the date of the expenditure, the vendor's address including the
28 zip code, and the amount of the expenditure.

29 * * *

1 (d)(i) Project-based production tax credit. After application review and
 2 consideration of all discretionary factors, the office and the secretary shall submit
 3 their initial certification or written denial of a project as a state-certified production
 4 to investors and to the secretary of the Department of Revenue indicating the total
 5 base investment which shall be expended in the state on the state-certified production
 6 within sixty days of their receipt of all required information. The initial certification
 7 shall include a unique identifying number for each state-certified production ~~and~~
 8 ~~shall provide for a preliminary allocation of tax credits by year.~~

9 * * *

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

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

12 (a) The department shall by rule establish ~~the method of provisionally~~
 13 ~~allocating available tax credits in initial certification letters, and the method for~~
 14 ~~granting tax credits in final tax credit certification letters, including but not limited~~
 15 ~~to a first-come, first-served system, reservation of tax credits for a specific time~~
 16 ~~period, or other method which the department, in its discretion, may find beneficial~~
 17 ~~to the program.~~

18 (b) For applications for state-certified productions and qualified
 19 entertainment companies submitted on or after July 1, 2017, but prior to July 1, 2023,
 20 the total amount of all tax credits granted in a final certification letter by the
 21 department in any fiscal year shall not exceed one hundred fifty million dollars.
 22 Twenty percent of the annual program cap shall be reserved as follows: five percent
 23 for qualified entertainment companies, five percent for Louisiana screenplay
 24 productions, and ten percent for independent film productions. If the total amount
 25 of credits applied for in any particular year exceeds the aggregate amount of tax
 26 credits allowed for that year, the excess shall be treated as having been applied for
 27 on the first day of the subsequent year.

1 ~~(e)~~(i) If the total amount of credits granted to QECs in any fiscal year is less
2 than the QEC cap, any residual amount of unused credits shall carry forward for use
3 in subsequent years and may be granted in addition to the QEC cap for each year.

4 (ii) If the total amount of credits granted in any fiscal year to screenplay
5 productions or independent film productions is less than their respective caps, any
6 residual amount may be available for issuance by the department during that fiscal
7 year as established by rule.

8 ~~(d)~~(iii) The department shall make reasonable efforts to post a listing of
9 estimated amounts available under the cap on its website.

10 (c) For applications for state-certified productions and qualified
11 entertainment companies submitted on or after July 1, 2023, tax credits shall be
12 granted in a final tax credit certification letter by the department and subject to the
13 claims cap provided for in Subparagraph (2)(a) of this Subsection.

14 * * *

15 Section 2. R.S. 47:6007(I) is hereby repealed in its entirety.

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 562 Original 2023 Regular Session Schexnayder

Abstract: Provides relative to the Motion Picture Production Tax Credit.

Present law provides for La. promotional graphics and requires productions to acknowledge the financial assistance of the state, either through the inclusion of a La. promotional graphic or an alternative marketing option approved by the office of entertainment.

Proposed law provides for specific requirements of the La. promotional graphic and removes the alternative marketing option for productions submitting an application on or after July 1, 2023.

Present law provides for the allocation of monies from the La. Entertainment Development Dedicated Fund Account.

Proposed law makes changes to the allowable uses of monies received by the Dept. of Economic Development.

Present law requires the Dept. of Economic Development to engage an independent certified public accountant to prepare a production expenditure verification report on a tax credit

applicant's cost report of expenditures or claims. Present law further requires the applicant to make all records available to the CPA.

Proposed law requires the records to include a listing of all La. expenditures detailing the date of the expenditure, the vendor's address including the zip code, and the amount of the expenditure for applications received on or after July 1, 2023.

Present law requires the Dept. of Economic Development to submit an initial certification or written denial of a project as a state certified production to investors and the secretary of the La. Dept. of Revenue within 60 days of receipt of required information.

Present law further provides that the initial certification shall include a primary allocation of tax credits by year. Proposed law repeals present law.

Present law provides for a program issuance cap of \$150 million per fiscal year for all tax credits granted in a final certification letter by the Dept. of Economic Development for applications submitted on or after July 1, 2017.

Present law further provides for a taxpayer claim cap of \$180 million per fiscal year on claims against state income tax allowed by the La. Dept. of Revenue.

Proposed law retains the taxpayer claim cap in present law and removes the issuance cap for applications submitted on or after July 1, 2023.

Present law provides that no motion picture production tax credits shall be allowed for applications received on or after July 1, 2025. Proposed law repeals present law.

(Amends R.S. 47:6007(B)(11), (C)(1)(a)(iv) and (4)(h)(iii)(bb), (D)(2)(c)(i) and (d)(i), and (J)(1); Repeals R.S. 47:6007(I))