RÉSUMÉ DIGEST

ACT 411 (HB 562) **2023 Regular Session** **Schexnayder**

Existing 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.

New law retains existing law.

Existing law defines a "La. promotional graphic" as a graphical brand or logo for promotion of the state that has been approved by the office of entertainment industry development in the Dept. of Economic Development (DED), hereinafter "office".

New law expands the definition of "La. promotional graphic" to include an electronic press kit or a customized video for use by the office or an alternative asset as determined by the office *and* either of the following:

(1) Up to a five-second long static or animated graphic that promotes La. in the end credits before the below-the-line crew crawl for the life of the production.

(2) Up to a five-second long static or animated embedded graphic that promotes La. during each broadcast worldwide, in the end credits before the below-the-line crew crawl for the life of the production.

Prior law required 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.

New law removes the alternative marketing option for productions submitting an application on or after July 1, 2023, and requires productions to acknowledge the financial assistance of the state through the inclusion of a La. promotional graphic

New law provides that commercials, music videos, or other state-certified productions that are prohibited by federal law or contractual requirements from utilizing the La. promotional graphic are allowed to use an alternative marketing option approved by the office.

Existing 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 (QEC) 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.

Existing 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.

New law retains existing law with respect to the $150M DED program issuance cap but repeals the reservation of tax credits in existing law for state-certified productions and QEC applications submitted on or after July 1, 2023.

Existing law provides for establishment of the La. Entertainment Development Dedicated Fund Account for deposit of fees collected by the Dept. of Revenue (DOR) pursuant to notifications of transfer of tax credits. Existing law requires 25% of the monies in the account to be appropriated to DOR for administrative purposes and 75% of the monies to be appropriated to the office for education development initiatives, matching grants for La. filmmakers, a loan guarantee program, and a deal closing fund.

New law retains existing law but changes the use of the monies in the account appropriated to the office by eliminating the loan guarantee program and a deal closing fund and including La. workforce development programs, and other motion picture and television related programs as determined by rule.

New law prohibits credits from being earned by, certified, issued to, transferred by, or used to reduce Louisiana tax liability by a motion picture production company, irrevocable designee, taxpayer or claimant from earning a credit if there exists a delinquent federal, state, or local tax obligation. Requires the motion picture production company, irrevocable designee, taxpayer, or claimant to certify to this requirement before any credit may be certified, transferred, or sold.

Existing law requires DED 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. Existing law further requires the applicant to make all records available to the CPA.

New 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.

Existing law requires DED to submit an initial certification or written denial of a project as a state-certified production to investors and the secretary of DOR within 60 days of receipt of required information. Further requires the initial certification to include a primary allocation of tax credits by year.

New law retains existing law with respect to submission of an initial certification or written denial but repeals existing law provisions with respect to inclusion of a primary allocation of tax credits by year in an initial certification.

Prior law prohibited motion picture production tax credits from being allowed for applications received on or after July 1, 2025.

New law extends the sunset of the tax credit from July 1, 2025, to July 1, 2031.

New law requires DED to develop a new La. promotional graphic and submit it to the Joint Legislative Committee on the Budget for approval no later than Nov. 1, 2023.

Effective August 1, 2023.

(Amends R.S. 47:6007(B)(11), (C)(1)(a)(iv) and (h)(iii)(bb), (D)(2)(c)(i) and (d)(i), (I), and (J)(1); Adds R.S. 47:6007(C)(8) and (K))