

2025 Regular Session

HOUSE BILL NO. 653

BY REPRESENTATIVES DAVIS AND MANDIE LANDRY

TAX CREDITS: Transfers the sound recording investor tax credit program from La. Economic Development to the Dept. of Culture, Recreation and Tourism and extends the duration of the program

1 AN ACT
2 To amend and reenact R.S. 47:6023(B)(1), (3), (5), and (9), (C)(1)(introductory paragraph),
3 (c), and (d), (3)(a), and (4)(a)(iii), (D)(1)(introductory paragraph), (2)(a)(introductory
4 paragraph) and (b) through (e), (3), and (4), (E)(1), (F), and (I), relative to tax
5 credits; to provide with respect to the sound recording investor tax credit; to provide
6 for definitions; to provide for administration of the tax credit program by the office
7 of cultural development; to provide for credit amounts; to provide for requirements
8 and limitations; to extend the period in which investors may apply for the tax credit;
9 to authorize promulgation of emergency rules; to provide for applicability; to provide
10 for an effective date; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 47:6023(B)(1), (3), (5), and (9), (C)(1)(introductory paragraph), (c),
13 and (d), (3)(a), and (4)(a)(iii), (D)(1)(introductory paragraph), (2)(a)(introductory paragraph)
14 and (b) through (e), (3), and (4), (E)(1), (F), and (I) are hereby amended and reenacted to
15 read as follows:

16 §6023. Sound recording investor tax credit

17 * * *

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

1 (1) "Base investment" shall mean the actual investment made and expended
2 in the state by a state-certified production as production-related costs and QMC
3 payroll expenditures for Qualified Music Companies approved by the office of
4 cultural development, ~~and the secretary on or after July 1, 2017. Expenditures~~
5 ~~comprising the base investment shall not include the expenditure verification report~~
6 ~~fee paid by the sound recording production company for purposes of verification of~~
7 ~~the company's cost report for production expenditures.~~

8 * * *

9 (3) "New jobs" means full-time employment in Louisiana of an average of
10 thirty hours or more per week, filled by Louisiana residents at the project site
11 designated in the contract, who were not previously on the QMC's payroll in
12 Louisiana, nor previously on the payroll of such QMC's parent entity, subsidiary, or
13 affiliate in Louisiana, or previously on the payroll of any business whose physical
14 location and employees are substantially the same as those of the QMC in Louisiana;
15 ~~as approved by the secretary.~~

16 * * *

17 (5) "QMC payroll" means wages reported in box 1 on a W-2 form and
18 compensation reported on a 1099-MISC or 1099-NEC form.

19 * * *

20 (9) "State-certified production" means a sound recording production, or a
21 series of productions, including but not limited to master and demonstration
22 recordings, occurring over the course of a twelve-month period, and base investment
23 related to such production or productions that are approved by ~~Louisiana Economic~~
24 ~~Development~~ the office of cultural development within one hundred eighty days of
25 ~~the receipt by Louisiana Economic Development~~ the office of a complete application
26 for initial certification of a production. If the production is not approved within one
27 hundred eighty days, ~~Louisiana Economic Development shall~~ the office of cultural
28 development may provide a written report to the Senate Committee on Revenue and

1 Fiscal Affairs and the House Committee on Ways and Means which states the reason
2 that the production has not been approved.

3 C. Investor tax credit; state-certified productions.

4 (1) There is hereby authorized a credit against the state income tax for
5 investments made in state-certified productions. The tax credit shall be earned by
6 investors at the time that expenditures are certified by ~~Louisiana Economic~~
7 ~~Development~~ the office of cultural development according to the total base
8 investment certified for the sound recording production company per calendar year;
9 however, no credit shall be allowed ~~under~~ pursuant to this Section for any
10 expenditures for which a credit was granted ~~under~~ pursuant to R.S. 47:6007, 6022,
11 or 6034.

12 * * *

13 (c) Project-based production credit. For applications for state-certified
14 productions received on or after July 1, ~~2017~~ 2025, each investor shall be allowed
15 a tax credit of ~~eighteen~~ twenty-five percent of the base investment made by that
16 investor in excess of ~~twenty-five~~ ten thousand dollars. However, if the investor who
17 is applying for the tax credit is a Louisiana resident and the sound recording project
18 is a resident copyright as defined in Subsection B of this Section, the ~~eighteen~~
19 twenty-five percent tax credit shall be allowed on base investments which exceed ~~ten~~
20 five thousand dollars.

21 (d) Company-based QMC payroll credit. For applications for Qualified
22 Music Companies received on or after July 1, ~~2017~~, ~~or for applications for Qualified~~
23 ~~Music Companies that have been submitted but that have not received final~~
24 ~~certification by July 1, 2019~~ 2025, to the extent that base investment is expended on
25 payroll for Louisiana residents in connection with a QMC, tax credits shall be earned
26 at the following rates:

27 (i) Tier 1. A payroll credit of ~~ten~~ fifteen percent shall be earned for each new
28 job whose QMC payroll is equal to or greater than thirty-five thousand dollars per
29 year, up to sixty-six thousand dollars per year.

1 (ii) Tier 2. A payroll credit of ~~fifteen~~ twenty percent shall be earned for each
2 new job whose QMC payroll is equal to or greater than sixty-six thousand dollars per
3 year, ~~but no greater than two hundred thousand dollars per year.~~

4 * * *

5 (3) Except as otherwise provided in this Paragraph, the aggregate amount of
6 credits certified for all investors pursuant to this Section during any calendar year
7 shall not exceed two million one hundred sixty thousand dollars. However, fifty
8 percent of the aggregate amount of credits certified each year shall be reserved for
9 QMCs. No more than one hundred thousand dollars in tax credits may be granted per
10 project, per calendar year.

11 (a) An application for initial certification of a project shall be submitted to
12 the ~~Louisiana Department of Economic Development~~ office of cultural development
13 prior to the granting of the credit, and the granting of credits ~~under~~ in accordance
14 with this Section shall be on a first-come, first-served basis. The secretary of the
15 ~~Louisiana Department of Economic Development~~ Department of Culture, Recreation
16 and Tourism shall determine through the promulgation of rules the administration
17 of the annual aggregate maximum. ~~In addition, these rules shall be approved~~ These
18 rules shall be subject to oversight by the House Committee on Ways and Means and
19 the Senate Committee on Revenue and Fiscal Affairs in accordance with the
20 provisions of the Administrative Procedure Act.

21 * * *

22 (4)(a) Company-based QMC payroll credit. A business shall be eligible for
23 participation in the program if the business meets all of the following criteria:

24 * * *

25 (iii) The business is approved by the ~~secretary of Louisiana Economic~~
26 ~~Development~~ office of cultural development.

27 * * *

28 D. Certification and administration.

(1) The secretary of ~~Louisiana Economic Development~~ the Department of Culture, Recreation and Tourism shall determine through the adoption and promulgation of rules which expenditures qualify according to this Section. ~~In addition, these rules shall be approved~~ These rules shall be subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs in accordance with the provisions of the Administrative Procedure Act. When determining which expenditures qualify, ~~Louisiana Economic Development~~ the secretary shall ~~take~~ consider the following factors into consideration:

* * *

(2)(a) An applicant for the sound recording investor tax credit shall submit an application for initial certification to ~~Louisiana Economic Development~~ the office of cultural development that includes the following information:

* * *

(b) If the application is incomplete, additional information may be requested prior to further action by ~~Louisiana Economic Development~~ the office of cultural development.

(c)(i) ~~Louisiana Economic Development shall~~ The office of cultural development may 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~~ may be responsible for payment of the expenditure verification report fee ~~in accordance with R.S. 36:104.1,~~ and shall make all records related to the tax credit application available to the ~~department and the accountant~~ office of cultural development.

(ii) The applicant ~~will~~ may be assessed the ~~department's~~ actual cost for the expenditure verification report fee. ~~The maximum fee shall be as follows:~~

(aa) ~~One thousand five hundred dollars for verification of a cost report reflecting expenditures of at least ten thousand dollars but less than twenty-five thousand dollars.~~

1 ~~(bb) Three thousand dollars for verification of a cost report reflecting~~
2 ~~expenditures of at least twenty-five thousand dollars but less than fifty thousand~~
3 ~~dollars.~~

4 ~~(cc) Five thousand dollars for verification of a cost report reflecting~~
5 ~~expenditures of at least fifty thousand dollars, but less than one hundred thousand~~
6 ~~dollars.~~

7 ~~(dd) Seven thousand five hundred dollars for verification of a cost report~~
8 ~~reflecting expenditures of more than one hundred thousand dollars.~~

9 ~~(iii) At the time of application, the applicant may be required to submit a~~
10 ~~deposit in an amount up to fifty percent of the expenditure verification report fee~~
11 ~~required pursuant to the provisions of Item (ii) of this Subparagraph.~~

12 ~~(d) Louisiana Economic Development~~ The office of cultural development
13 shall submit its initial certification of a project as a state-certified production to
14 investors and to the secretary of the Department of Revenue. The initial certification
15 shall include a unique identifying number for each state-certified production.

16 (e) Qualified Music Companies may submit one request for final certification
17 of tax credits per calendar year and state-certified productions may request final
18 certification of credits upon project completion by submitting to the ~~department~~
19 office of cultural development a cost report of production expenditures to be
20 formatted in accordance with instructions of the ~~department~~ office. The applicant
21 shall make all records related to the cost report available for inspection by the office
22 ~~department and the accountant selected by the department to prepare the expenditure~~
23 ~~verification report. After review and investigation of the cost report, the accountant~~
24 ~~shall submit to the department an expenditure verification report.~~ Sound recording
25 investor tax credits shall be certified only upon the receipt and approval by the
26 ~~department~~ office of an expenditure verification report ~~submitted by a certified~~
27 ~~public accountant in accordance with this Subparagraph.~~ The ~~department~~ office shall
28 review the expenditure verification report, and for those expenditures found to be

1 qualified ~~the department~~ shall issue a tax credit certification letter to the investors
2 indicating the amount of tax credits certified for the state-certified production.

3 (3) The secretary of ~~Louisiana Economic Development~~ the Department of
4 Culture, Recreation and Tourism, in consultation with the Department of Revenue
5 and the Louisiana Music Commission, shall adopt and promulgate ~~such~~ all rules and
6 regulations ~~as are~~ necessary to carry out the intent and purposes of this Section ~~in~~
7 ~~accordance with the general guidelines provided herein.~~

8 (4) With input from the Legislative Fiscal Office, ~~Louisiana Economic~~
9 ~~Development~~ the secretary of the Department of Culture, Recreation and Tourism
10 shall prepare a written report to be submitted to the House Committee on Ways and
11 Means and the Senate Committee on Revenue and Fiscal Affairs no less than sixty
12 days prior to the start of the 2027 Regular Session of the Legislature ~~in 2007~~, and
13 every second year thereafter. The report shall include the overall impact of the tax
14 credits, the amount of the tax credits issued, the number of new jobs created, the
15 amount of Louisiana payroll created, the economic impact of the tax credits and
16 sound recording industry, and any other factors that describe the impact of the
17 program.

18 E. Tax credit certification letter for Qualified Music Company credit and
19 project-based production tax credit. (1) After certification, ~~Louisiana Economic~~
20 ~~Development~~ the office of cultural development shall submit the tax credit
21 certification letter to the Department of Revenue on behalf of the QMC or the
22 investor who earned the sound recording tax credits. The Department of Revenue
23 may require the QMC or the investor to submit additional information as may be
24 necessary to administer the provisions of this Section. Upon receipt of the tax credit
25 certification letter and any necessary additional information, the secretary of the
26 Department of Revenue shall make payment to the QMC or the investor in the
27 amount to which he is entitled from the current collections of the taxes collected
28 pursuant to Chapter 1 of Subtitle II of this Title, as amended.

29 * * *

1 F. Recapture of credits. If ~~Louisiana Economic Development~~ the office of
2 cultural development finds that funds for which an investor received credits
3 ~~according pursuant~~ to this Section are not invested in and expended with respect to
4 a state-certified production within twenty-four months of the date that ~~such~~ those
5 credits are earned, then the investor's state income tax for such taxable period shall
6 be increased by ~~such~~ the amount necessary for the recapture of credit provided by
7 this Section.

8 * * *

9 I. Termination. No credits shall be granted pursuant to the provisions of this
10 Section for applications received on or after July 1, ~~2025~~ 2030.

11 Section 2. Notwithstanding any provision of law to the contrary, the secretary of the
12 Department of Culture, Recreation and Tourism may promulgate rules for the initial
13 implementation of the provisions of this Act through the emergency rulemaking procedure
14 provided for in R.S. 49:962.

15 Section 3. The provisions of this Act shall apply to taxable periods beginning on or
16 after January 1, 2025.

17 Section 4. This Act shall become effective upon signature by the governor or, if not
18 signed by the governor, upon expiration of the time for bills to become law without signature
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
21 effective on the day following such approval.

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 653 Engrossed

2025 Regular Session

Davis

Abstract: Transfers the sound recording investor tax credit program from La. Economic Development to the office of cultural development of the Dept. of Culture, Recreation and Tourism and extends the application deadline for credits available through the program from June 30, 2025, to June 30, 2030.

Present law establishes the sound recording investor tax credit program and provides for administration of the program by La. Economic Development (LED). Authorizes investors

to apply for and, if approved, be granted income tax credits for investments made in state-certified sound recording productions that meet the applicable requirements of present law.

Proposed law reassigns duties for administration of the tax credit program from LED to the office of cultural development of the Dept. of Culture, Recreation and Tourism (CRT).

Proposed law increases the amount of the project-based production credit established in present law from 18% of the base investment amount to 25% of that amount. Proposed law also decreases the amount over which investments may qualify an investor for the credit from \$25,000 to \$10,000. Proposed law provides for a further reduction in base investment for La. resident investors and the sound recording project is for a resident copy right from \$10,000 to \$5,000.

Present law authorizes a payroll credit, designated as a Tier 1 credit, of 10% for each new job whose qualified music company payroll, as defined in present law, is equal to or greater than \$35,000 per year, up to \$66,000 per year. Proposed law increases the Tier 1 credit amount from 10% to 15%.

Present law authorizes a payroll credit, designated as a Tier 2 credit, of 15% for each new job whose qualified music company payroll, as defined in present law, is equal to or greater than \$66,000 per year, up to \$200,000 per year. Proposed law increases the Tier 2 credit amount from 15% to 20% and removes the payroll cap of \$200,000 per year.

Present law requires the tax credit program administrator to assign a certified public accountant (CPA) to prepare an expenditure verification report on a sound recording production company's cost report of production expenditures. Proposed law changes this requirement from a mandatory requirement to an authorization for the program administrator to assign a CPA for this purpose.

Proposed law requires the secretary of CRT to submit a report on the tax credit program to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs no less than 60 days prior to the start of the 2027 R.S. and every second year thereafter.

Present law provides that no credits shall be granted for applications received on or after July 1, 2025. Proposed law extends the period in which investors may apply for credits by providing that no credits shall be granted for applications received on or after July 1, 2030.

Proposed law authorizes CRT to promulgate emergency rules for the initial implementation of proposed law.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2025.

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

(Amends R.S. 47:6023(B)(1), (3), (5), and (9), (C)(1)(intro. para.), (c), and (d), (3)(a), and (4)(a)(iii), (D)(1)(intro. para.), (2)(a)(intro. para.) and (b)-(e), (3), and (4), (E)(1), (F), and (I))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Revise present law to reassign duties for administration of the sound recording investor tax credit program from La. Economic Development to the office of cultural development of the Dept. of Culture, Recreation and Tourism (CRT).

2. Increase the project-based production credit from 18% of the base investment amount to 25% of that amount.
3. Decrease the amount to which investments may qualify an investor for the project-based production credit from \$25,000 to \$10,000.
4. Increase the Tier 1 and Tier 2 qualified music company payroll credits from 10% and 15%, respectively, for new jobs meeting requirements provided in present law to 15% and 20%, respectively.
5. Repeal requirement that the tax credit program administrator assign a certified public accountant (CPA) to prepare certain reports on a production company's expenditures in favor of authorizing the administrator to assign a CPA for this purpose.
6. Require the secretary of CRT to submit a report on the tax credit program to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs no later than 60 days prior to the start of the 2027 R.S. and every second year thereafter.
7. Remove provisions of present law limiting the maximum fee amounts an applicant can be assessed for expenditure verification reports.
8. Authorize CRT to promulgate emergency rules for the initial implementation of proposed law.