DIGEST

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James HB No. 161

Abstract: Reduces the amount of the income tax credit for state-certified productions from 30% to 15%, changes the number of years a credit can be carried forward from 10 years to 5 years, and deletes authority for the credit to be transferred or sold.

Present law authorizes a tax credit against state income tax for La. taxpayers for investment in state-certified productions. The tax credit shall be earned at the time expenditures are made by a motion picture production company in a state-certified production. However, credits cannot be applied against a tax or transferred until the expenditures are certified. The tax credit shall be allowed against income tax for the taxable period in which the credit is earned or in which the initial certification authorizes the credit to be taken. Further provides that if the amount of the credit exceeds the taxpayer's tax liability, the unused credit may be carried forward for a period not to exceed 10 years.

Proposed law retains present law but deletes the prohibition of transferring credits until expenditures are certified and shortens the period for which the tax credit can be carried forward from a period not to exceed 10 years to a period not to exceed five years.

Present law provides for varying rates for the amount of the tax credit based on the total base investment for state-certified productions approved by the office and the secretary on or after Jan. 1, 2004, but before Jan. 1, 2006, and for state-certified productions approved by the office and the secretary on or after Jan. 1, 2006, but before July 1, 2009.

Proposed law repeals present law since the provisions are obsolete.

Present law provides that, for state-certified productions approved by the office and the secretary on or after July 1, 2009, if the total base investment is greater than $300,000, each investor shall be allowed a tax credit of 30% of the base investment made by that investor.

Proposed law reduces the percentage amount of the tax credit from 30% to 15%.

Present law authorizes a taxpayer to transfer or sell any motion picture tax credit not previously claimed by a taxpayer against income tax subject to certain restrictions. Requires transferors and transferees to submit written notification to the Governor's Office of Film and Television Development (hereinafter office) and to the Dept. of Revenue (DOR) of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax credits. The notification shall include information such as the transferor's tax credit balance prior to transfer, the transferor's remaining tax credit balance after transfer, the date of transfer, the amount transferred, price paid by the transferee to the transferor, and any other required information. Pricing information submitted by a transferor or transferee shall be treated as proprietary to the entity reporting such information and therefore confidential.

Present law requires the transfer notification to include a processing fee of up to $200 per transferee. Present law provides for the deposit of the processing fee into a special fund created in the state treasury to be known as the La. Filmmakers Grant Fund. The money in the fund shall be appropriated by the legislature and shall be used solely for the support of La.'s independent filmmakers through the La. Filmmakers Grant Program. Further requires the office to award grants to filmmakers domiciled in La. who make a film in La., the total cost of which shall not exceed $300,000. The maximum amount of a grant shall not exceed the lesser of 50% of the total cost of the film or $100,000.

Present law provides relative to the disallowance and recapture of a credit if the transferor did not have rights to claim or use the credit at the time of the transfer.

Proposed law repeals present law provisions relative to the transfer and sale of credits, the processing fee, and the use of the fee to support the La. Filmmakers Grant Program.

Present law provides that beginning on and after Jan. 1, 2007, an investor may transfer to the office for 72% of the face value of the credit. Beginning Jan. 1, 2009, and every second year thereafter, the percent of the face value of the tax credits allowed for transferring credits to the office shall increase 2% until the percentage reaches 80%. The secretary of DOR shall make payment to the investor from the current collections of the taxes collected pursuant to present law. Further provides that for projects which receive initial certification on and after July 1, 2009, the investor who earned the motion picture investor tax credits may transfer the credits to the office for 85% of the face value of the credits.

Proposed law repeals present law.

Effective July 1, 2013.

(Amends R.S. 47:6007(C)(1)(intro. para.), (c)(i), and (2); Repeals R.S. 47:6007(C)(1)(a) and (b), (4), (5), and (7))