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## DIGEST

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Moreno

HB No. 501

**Abstract:** Extends the sunset of the base investment credit for the musical and theatrical production income tax credit for projects which receive initial certification on or after July 1, 2013 and before Jan. 1, 2014, repeals tax credits for transportation expenses and certain productions for nonprofit community theaters, and changes definitions.

Present law authorizes various income tax credits related to musical and theatrical production development in La. A base investment credit may be granted for certified expenditures for the construction, repair, or renovation of certain infrastructure projects, including certain investments made therein. The maximum authorized credit per project is \$10,000,000, and the annual limit on total tax credits is \$60,000,000. The tax credit sunsets Dec. 31, 2013.

Proposed law retains present law and extends the sunset date for the base investment tax credit for projects which receive initial certification on or after July 1, 2013, and before Jan. 1, 2014. For such projects, the tax credit may be earned for expenditures made before Jan. 1, 2015.

Proposed law retains present law with respect to the limitations on the amount of credits per project as well as the annual overall program limit.

Present law authorizes a tax credit for qualified transportation expenditures for performance-related property.

Proposed law repeals the tax credit for transportation expenditures.

Present law authorizes a tax credit for base investment in a certain productions for nonprofit community theater, which credit is equal to 10% of the investment.

Proposed law repeals the tax credit for base investment in productions for nonprofit community theater.

Present law provides that the secretary of the Dept. of Economic Development may, under certain circumstances, approve tax credits for an infrastructure project if all or a portion of the facility is used for purposes other than live performance.

Proposed law repeals present law regarding the approval of such projects by the secretary of the Dept. of Economic Development.

Proposed law defines "infrastructure expenses" to be expenditures that are directly related to a state-certified infrastructure project including land and land acquisition costs, construction costs, design fees, furniture, fixtures, and equipment purchased subject to a sale agreement or capital lease. Proposed law excludes from the definition of "infrastructure expenditures" indirect costs such as general administrative costs, insurance, or any costs related to the transfer or allocation of tax credits.

Present law defines "state-certified musical or theatrical infrastructure project".

Proposed law retains present law definition of "state-certified musical or theatrical infrastructure project" and adds requirements that the facility have a minimum capacity of five hundred, and that expenditures for areas other than where live performance will take place shall comprise no more than 25% of the total qualifying expenditures.

Present law defines "state-certified musical or theatrical production".

Proposed law retains present law definition of "state-certified musical or theatrical production" and adds a requirement that the production be performed in La.

Present law provides for disallowance and recapture of credits.

Proposed law rewords provisions of present law regarding disallowance and recapture, but retains the substance of present law.

Proposed law repeals the requirement for the Dept. of Economic Development to report biannually to the legislature regarding the status of the program.

(Amends R.S. 47:6034(A),(B)(4), (8), (9), (10), and (11), (C)(1)(a)(ii)(aa) and (3), (E)(1)(e), (F), and (G); Repeals R.S. 47:6034(C)(1)(b), (e), and (f))

## Summary of Amendments Adopted by House

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

1. Changes program eligibility for projects which receive initial certification on or after July 1, 2013, and before Jan. 1, 2014. For such projects, the tax credit may be earned for expenditures made before Jan. 1, 2015.
2. Adds repeal of tax credits for transportation expenditures and for certain productions for nonprofit community theater.
3. Revises present law regarding disallowance and recapture, of tax credits.
4. Adds and revises definitions.