DIGEST

Nancy Landry HB No. 483

Abstract: Extends the time period for granting income tax credits related to the construction, repair, or renovation of facilities related to musical and theatrical productions and performances and limits credits for projects after Jan. 1, 2014, to those located on the campus of a higher education institution.

Present law establishes five different types of tax credits related to musical and theatrical productions.

Proposed law removes the credit for qualified transportation costs for performance-related property.

One of the five credits authorized in present law is a credit related to the construction, repair, or renovation of a state-certified musical or theatrical facility infrastructure project. Present law further provides that the amount of the base investment credit given for investment in such projects cannot exceed $10,000,000 per project. Further provides that no more than $60,000,000 in tax credits under present law may be granted for these projects per year.

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 provides that such credits must be granted by Dec. 31, 2013.

Proposed law changes the termination date for the authority to grant tax credits from Dec. 31, 2013, to Dec. 31, 2022.

Present law authorizes tax credits for projects without regard to location.

Proposed law retains present law regarding eligibility for tax credits to those state-certified infrastructure projects which receive initial certification on or before Jan. 1, 2014.

Proposed law provides that after Jan. 1, 2014, the availability for tax credits shall be limited to those infrastructure projects situated on a parcel of land located on the campus of a higher education institution, which is owned by a higher education campus institution or support foundation related to the campus primarily operated to benefit and support campus students and faculty.

Proposed law defines "infrastructure expenses" to be expenditures that are directly related to a state-certified infrastructure project or state-certified higher education 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 defintion 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 permits transportation expenses to be included in production expenses eligible for tax credits.

Proposed law deletes transportation expenses as eligible expenses.

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.

Proposed law provides that for higher education musical or theatrical infrastructure projects which receive initial certification on or before Jan. 1, 2018, a base investment credit may be earned for expenditures made in the state on or before Jan. 1, 2022, for the construction, repair, or renovation of a new state-certified higher education musical or theatrical facility infrastructure project, or for investments made by a company or a financier in such infrastructure project which are, in turn, expended for such construction, repair, or renovation. 25% percent of the total base investment must be expended on or before Jan. 1, 2020, in order for a project to earn credits for any remaining estimated base investment provided for in its initial certification letter, as expenditures are made on or before Jan. 1, 2022.

Proposed law requires that an infrastructure project be complete before any credits are certified.

Present law requires that 50% of the total amount of tax credits granted annually shall be reserved for projects located outside of Jefferson and Orleans parishes.

Proposed law excludes higher education musical or theatrical infrastructure projects from the requirements of present law regarding amounts of credits to be allocated outside of Jefferson and Orleans parishes.

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.

Proposed law repeals present law providing a tax credit for projects for nonprofit community theaters, which credit is equal to 10% of the investment.

(Amends R.S. 47:6034(A), (B)(4), (8), (9), (10), and (11), (C)(1)(a)(ii)(aa) and (bb), (C)(3), (E)(1)(e), (F), and (G); Adds R.S. 47:6034(B)(12); 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 after Jan. 1, 2014, from a project located anywhere in the state to a project on the campus of a higher education institution.

2. Adds requirements for the timing of expenditures for qualification for tax credits.

4. Revises present law regarding disallowance, recapture and recovery of tax credits.

5. Deletes provisions of present law requiring the Dept. of Economic Development to report to the legislature with regard to the tax credit program.

6. Deletes the tax credit authorized under present law for certain investments in nonprofit community theaters.

7. Deletes present law regarding the allowance of transportation costs as certified expenditures.

8. Adds and revises definitions.