DIGEST

Leger HB No. 693

Abstract: Numerous programmatic changes to the motion picture investor tax credit which include new and revised definitions, the amount of credit available for nonresident payroll, and rulemaking.

Present law authorizes a tax credit against state income tax for La. taxpayers for investment in state-certified motion picture productions. The amount of the tax credit is 30% of certified production expenditures (also known as base investment). Also provided is an additional tax credit equal to 5% of the base investment expended on payroll for La. residents employed in connection with a state-certified production. Tax credits may be transferred to third parties, or may be transferred to the Dept. of Economic Development for 85% of face value. Present law provides for definitions, eligibility requirements, and program administration.

Proposed law makes numerous changes to provisions of present law which are applicable to productions certified after Jan. 1, 2014.

Proposed law authorizes the use of tax credits against corporation franchise tax in addition to income taxes as provided in present law.

Proposed law changes the definitions of "qualified expenditures", "resident", "source within the state", and provides new definitions for purposes of the tax credit program, including "qualified post-production expenditures", "post-production work", "qualified post-production facility", and "special event".

Proposed law changes present law by reducing the value of tax credits based on payroll expenditures for below-the-line crewmembers who are not La. residents from 30% to 20%.

Proposed law extends the credit to smaller productions by allowing individual investors to receive tax credits equal to 30% of their investment in a production with a total base investment of greater than $50,000 but less than $300,000.

Proposed law limits rulemaking relative to the setting of caps or percentages with regard to the scope or qualification of expenditures.

Proposed law provides that no tax credits transferred to another La. taxpayer shall be subject to recovery or recapture. Once tax credits are granted and issued, the Dept. of Economic Development and Dept. of Revenue shall have no right, except in the case of possible material misrepresentation or fraud, to conduct any further or additional review, examination, or audit of the production expenditures for which such tax credits were granted. The sole and exclusive remedy of the Dept. of Economic Development and Dept. of Revenue shall be to seek collection of the amount of such tax credits from the entity that committed the fraud or misrepresentation.

Proposed law establishes "The Entertainment Advisory Committee" to develop a long term strategic plan for the development of an indigenous self-sustaining entertainment industry. Proposed law provides for the membership of the committee and requires that the committee provide a report to the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs no later than Feb. 1, 2015.

Applicable to tax years beginning on or after Jan. 1, 2014.

(Amends R.S. 47:6007(B), (C)(1)(intro. para.), (c)(intro. para.) and (d), (2)(intro. para.), (4)(intro. para.) and (f)(ii), (D)(1)(a), (2)(b)(intro. para.), (c), and (d)(intro. para.), (3), (6), (7), and (8), (E), and (F)(3); Adds R.S. 47:6007(C)(1)(e), (D)(9), and (F)(4))

Summary of Amendments Adopted by House

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

1. Deletes authorization for use of tax credits against severance and sales and use taxes.

2. Revises and adds various definitions, including "production expenditures".

3. Changes the value of the tax credit for nonresident below the line crew from 30% to 20%.

4. Adds a new tax credit for small productions.

5. Limits rulemaking authority.

6. Adds a new Entertainment Advisory Committee for purposes of developing a strategic plan for the entertainment industry in La.