

**(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)**

**TAX CREDITS. Extends authority to grant tax credits for certain state-certified musical or theatrical facility infrastructure projects**

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DIGEST

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

Proposed law repeals two credits: the credit for qualified transportation costs for performance-related property, and the credit for projects for nonprofit community theaters.

One of the five credits authorized in present law is a credit for 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.

Proposed law provides that infrastructure projects that receive initial certification on or before January 1, 2014, a base investment credit may be earned for expenditures made in the state on or before January 1, 2015, for the construction, repair, or renovation of a state-certified musical or theatrical facility infrastructure project or for investments made by a company or financier.

Present law sunsets the authority to grant credits on 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 defines "infrastructure project" as a capital infrastructure project in La. directly related to the production or performance of musical or theatrical productions, property and equipment related thereto, any other facility which supports and is a necessary component of such facility, and any expenditures in the state related to the construction, repair, or renovation of such project.

Proposed law retains present law definition of "infrastructure project" for those projects which receive initial certification before July 1, 2013.

Proposed law revises the definition of "infrastructure project" for those projects which receive initial certification on or after July 1, 2013. Proposed law defines "infrastructure project" as a new or rehabilitated proscenium or black-box theatre infrastructure project located in La. and any expenditures in the state directly related to the construction, repair, or renovation of such project. Further, the primary purpose of the proposed facility must be to host live performances and the facility must have a minimum capacity of 500. Expenditures attributable to areas other than where live performances will take place may comprise no more than 25% of total qualifying expenditures.

Proposed law also defines "higher education infrastructure project" in the same manner as proposed law for projects receiving initial certification on or after July 1, 2013, except limits projects to those located on the campus of an institution of higher education.

Proposed law defines "infrastructure expenses" as those 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 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 production" as a musical or theatrical production or a series of productions occurring over the course of a twelve-month period, and the recording or filming of such production, which originate, are developed, or have their initial public performance before an audience within La., or which have their United States debut within La., and expenditures related thereto. Proposed law retains present law and adds to the definition by including concerts, musical tours, ballet, dance, comedy revue, or live variety entertainment.

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 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 La. 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. One quarter 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 this requirement.

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.

Effective July 1, 2013.

(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), and (F); Adds R.S. 47:6034(B)(12) and (H); 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.

3. Revises present law regarding disallowance, recapture and recovery of tax credits.
4. Deletes provisions of present law requiring the Dept. of Economic Development to report to the legislature with regard to the tax credit program.
5. Deletes the tax credit authorized under present law for certain investments in nonprofit community theaters.
6. Deletes present law regarding the allowance of transportation costs as certified expenditures.
7. Adds and revises definitions.

House Floor Amendments to the engrossed bill.

1. Deletes provisions governing recapture of disallowed tax credits by the Dept. of Revenue.
2. Adds specific definitions of "state-certified musical or theatrical infrastructure project" for projects receiving initial certification both before and after the effective date of proposed law.
3. Adds July 1, 2013 effective date.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Extends the date in proposed law from January 1, 2014, to January 1, 2015, for expenditures made in the state for the construction, repair, or renovation of an infrastructure project or for investments made by a company or financier.