Martiny (SB 165) **Act No. 178**

Prior law provided for motion picture investor tax credits for certain state-certified productions by a motion picture production company.

New law defines a " production audit report" as an audit report issued by a qualified accountant who is unrelated to the motion picture production company and that is a report of the qualified accountant's audit of the motion picture production's cost report of production expenditures. Requires that the production audit report contain an opinion from the qualified accountant stating that the production's cost report of production expenditures presents fairly, the production expenditures expended in Louisiana. Requires the following items as to the production audit:

(1) The production audit report be performed in accordance with the auditing standards generally accepted in the United States of America.
(2) The production audit report is addressed to the party which has engaged the qualified accountant.
(3) The production audit report contains the qualified accountant's name, address, and telephone number.
(4) The production audit report to contain a certification that the qualified accountant is unrelated to the motion picture production company.
(5) The production audit report be dated as of the date of completion of the qualified accountant's field work.
(6) The production audit report contains a statement of acknowledgment by the qualified accountant that the state is relying on the qualified cost report in the issuance of the tax credits.

With respect to the transferability of motion picture tax credits, prior law authorized any credits not previously claimed by any taxpayer against its income tax to be transferred or sold to another La. taxpayer or to the office. New law retains these provisions.

Prior law required transferors and transferees to submit to the Dept. of Revenue (DOR) in writing, a notification of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax credits.

New law changes the time frame for providing such notification from 30 days to seven days.

Prior law required the office of entertainment industry development and the secretary of the Department of Economic Development (DED) submit their initial certification of a project as a state-certified production to investors and to the secretary of DOR indicating the total base investment which is to be expended in the state on the state-certified production. New law retains these provisions but requires that the initial certification or a written denial be submitted within 60 days of receipt of all required information.

Prior law required that prior to any final certification of the state-certified production, the motion picture production company submit to the office of entertainment industry development and the secretary of DED an audit of the production expenditures certified by an independent certified public accountant. Requires that the office and the secretary review the audit, the production expense details, and may require additional information needed to make a determination.

New law requires a production audit report by a qualified accountant.

Prior law required that upon approval of the audit, that a final tax credit certification letter be sent to the investors indicating the amount of tax credits certified for the state-certified production. New law requires that this letter be issued within 120 days after receipt of the qualified cost report and that it indicate the credits certified which are verified qualifying expenditures. Provides if any expenditures for which tax credits were neither denied nor certified due to insufficient information or other issues, the office and secretary are to diligently work to resolve the outstanding issues in a timely manner, and the office and secretary may subsequently issue a supplemental tax credit certification.

New law requires DED and the office to promulgate rules in accordance with the APA for the allowance of tax credits for production expenditures made in related party transactions.

New law requires that when producing the production audit report, the qualified accountant perform certain minimum sampling and verification procedures enumerated in new law.

Effective August 1, 2013.

(Amends R.S. 47:6007(B)(9), (10), (11), (12), (13), (14), (C)(4)(b), (D)(2)(c) and (d); adds R.S. 47:6007(B)(15) and (16), and (D)(9))