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## DIGEST

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HB 748 Original

2015 Regular Session

Stokes

**Abstract:** Numerous procedural changes to the motion picture investor tax credit program, also includes addition of eligibility for online productions, and requirements specific to final certifications of project expenditures for motion picture *infrastructure* investor tax credits.

Present law authorizes a tax credit against state income tax based on motion picture production expenditures for state-certified productions. The tax credit is calculated as a percentage of the total base investment dollars certified per project.

Present law authorizes an income tax credit equal to 30% of production expenditures for all state-certified productions approved after July 1, 2009. Also provided is an additional tax credit equal to 5% of the base investment expended on payroll for La. residents employed in connection with all state-certified productions.

Proposed law changes present law definition for motion picture to include eligibility for motion pictures developed for viewing online.

Proposed law makes several changes regarding the procedures and time periods involved with initial certification of expenditures.

Present law provides that the tax credit is earned when production expenditures are "certified" by the office of entertainment industry development within the Dept. of Economic Development ("DED"). Expenditures may be certified no more than twice during the duration of a state-certified production, unless the motion picture production company agrees to reimburse DED for the cost of additional certifications.

Proposed law specifies that the initial certification shall be effective for qualifying expenditures made within 12 months before and 24 months after the date of initial certification.

Proposed law adds a limitation regarding initial certification of expenditures by restricting the expenditures which may receive initial certification to those made within six months of the application for initial certification.

Proposed law adds a requirement that no later than six months after the expiration of the initial certification period for the applicable state-certified production, a taxpayer is required to submit to the office all requests and required documentation for final certification of all tax credits or the claims to such tax credits shall be deemed waived.

Proposed law changes present law by reducing the number of times and changing the timing of certifications for expenditures from twice during the production to once after the project is completed.

Proposed law adds requirements for consideration of productions for initial certification by requiring DED to consider criminal convictions related to motion picture investor tax credits, or any other serious issues which may impact the approval of the application for initial certification.

Proposed law changes the time period within which the Dept. of Revenue may recapture credits which were issued and then disallowed.

Prior law sunset the motion picture *infrastructure* investor tax credit on Dec. 31, 2008, by repealing the authority to issue credits for any state-certified project for which less than 50% of the base investment provided for in the initial certification had been expended by Dec. 31, 2008.

Proposed law adds requirements regarding submission and consideration of audit reports for final certification of state-certified expenditures for the motion picture *infrastructure* investor tax credits.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6007(B)(5), (10) through (16), (C)(1)(intro. para.), (a)(iii) and (b)(iii), (D)(2)(d)(i), (E), and (F)(1); Adds R.S. 47:6007(B)(17), (C)(1)(c)(iii), (D)(1)(d)(iv) and (v) and (2)(d)(iii), (G), and (H))