

SENATE COMMITTEE AMENDMENTS

2015 Regular Session

Amendments proposed by Senate Committee on Revenue and Fiscal Affairs to Original Senate Bill No. 100 by Senator Morrell

1 AMENDMENT NO. 1

2 On page 1, delete lines 2 and 3, and insert:

3 "To amend and reenact R.S. 47:6007(B)(9), (10), and (11), (D)(2)(c) and (d), and (9),
4 and to enact R.S. 36:104.1 and R.S. 47:6007(B)(17), (18), and (19), (C)(1)(e), and
5 (D)(2)(f)"

6 AMENDMENT NO. 2

7 On page 1, line 7, after "penalties;" insert:

8 "to provide for the powers and duties of the Department of Economic Development;
9 to require an independent verification of expenditures for certification of such tax
10 credits;"

11 AMENDMENT NO. 3

12 On page 1, between lines 8 and 9, insert:

13 "Section 1. R.S. 36:104.1 is hereby enacted to read as follows:
14 **§104.1. Independent certified public accountant or tax attorney**
15 **verification reports required for motion picture investor tax**
16 **credit program**
17 **A. In order to protect the integrity of the motion picture investor**
18 **tax credit program by ensuring that the tax credits are only certified for**
19 **eligible expenditures, and to provide for uniformity in expenditure**
20 **verification reporting, the Department of Economic Development shall**
21 **directly engage and assign an independent certified public accountant,**
22 **hereinafter referred to as "CPA", or a tax attorney to prepare for the**
23 **department the required production expenditure verification report on**
24 **a tax credit applicant's cost report of expenditures or claimed**
25 **expenditures for the motion picture investor tax credit program. In**
26 **addition, the department shall directly engage and assign the Louisiana**
27 **Educational Television Authority to review expenditures for related**
28 **party transactions of state-certified television productions to ensure that**
29 **the transactions meet all the requirements of Paragraph (D)(9) of this**
30 **Section. For purposes of this Section, "state-certified television**
31 **productions" means state-certified productions which are television**
32 **pilots, television series, television movies of the week, or animated**
33 **television series.**
34 **B. For purposes of this Section, the term certified public**
35 **accountant, or "CPA", shall mean a person who meets all of the**
36 **following qualifications:**
37 **(1) He maintains an active unrestricted original certified public**
38 **account license.**
39 **(2) He maintains a current Louisiana certified public account**
40 **firm permit.**
41 **(3) He actively participates in a Peer Review Program approved**
42 **by the State Board of Certified Public Accountants of Louisiana.**
43 **(4) He completes eight hours of continuing professional**
44 **education in approved Department of Economic Development tax credit**
45 **attestation courses per reporting cycle.**

1 (5) He is capable of conducting two levels of review within the
2 CPA firm or, if not within the firm, then through a cooperative endeavor
3 with another CPA for the review of a verification report prior to its
4 issuance.

5 C. The applicant seeking certification of motion picture investor
6 tax credits shall be responsible for and assessed any production
7 expenditure verification report fee which may be provided by law and
8 any applicant seeking certification of such tax credits shall be required
9 to submit such up-front deposit of such fee, which may be required by
10 law.

11 D. The applicant seeking motion picture investor tax credits shall
12 make all records related to the tax credit application available to the
13 CPA, tax attorney, or, in the case of review of related party transactions
14 of state-certified television productions, the auditor of the Louisiana
15 Educational Television Authority, assigned by the department to
16 prepare and submit to the department a production expenditure
17 verification report, or to review related party transactions of state-
18 certified television productions.

19 E. The term "production expenditure verification report" shall
20 include any agreed upon procedure, tax opinion, attestation, or other
21 report required by statute or department rule. Prior to submission to
22 the department, a production expenditure verification report shall
23 require two levels of review either within a CPA firm, or a second
24 review through a cooperative endeavor with another CPA."

25 AMENDMENT NO. 4

26 On page 1, delete lines 9 and 10, and insert:

27 "Section 2. R.S. 47:6007(B)(9), (10), and (11), (D)(2)(c) and (d), and (9) are
28 hereby amended and reenacted and R.S. 47:6007(B)(17), (18), and (19), (C)(1)(e),
29 and"

30 AMENDMENT NO. 5

31 On page 1, line 16, change "audit" to "expenditure verification" and change "an audit" to
32 "a"

33 AMENDMENT NO. 6

34 On page 2, line 1, change "audit" to "verification"

35 AMENDMENT NO. 7

36 On page 2, line 2, change "audit" to "expenditure verification"

37 AMENDMENT NO. 8

38 On page 2, line 9, after "Section." delete the remainder of the line and delete line 10, and
39 insert:

- 40 "The production ~~audit~~ expenditure verification report shall require:
41 (a) ~~The production audit report to be~~ Be performed in accordance with the
42 ~~auditing accounting~~ standards generally accepted in the United States.
43 (b) ~~The production cost report to be~~ Be addressed to the party which has
44 engaged the qualified accountant.
45 (c) ~~The production cost report to contain~~ Contain the qualified accountant's
46 name, address, and telephone number.
47 (d) ~~The production cost report to contain~~ Contain a certification that the
48 qualified accountant is unrelated to the motion picture production company.

(e) ~~The production cost report to be~~ **Be** dated as of the date of completion of the qualified accountant's field work.

(f) ~~The production cost report to contain~~ **Contain** a statement of acknowledgment by the qualified accountant that the state is relying on the qualified ~~cost~~ **production expenditure verification** report in the issuance of the tax credits under the provisions of this Section."

AMENDMENT NO. 9

On page 2, line 24, after ""application fee" insert "**and any production expenditure verification report fee which may be provided by law and assessed by the office**"

AMENDMENT NO. 10

On page 2, between lines 26 and 27, insert:

"(11) "Qualified accountant" means:

(a) An independent certified public accountant selected by the office, who is authorized to practice in this state ~~who~~ **and has sufficient knowledge of accounting principles and practices generally recognized in the film and television industry.**

(b) An independent tax attorney."

AMENDMENT NO. 11

On page 3, between lines 6 and 7, insert:

"(19) LETA auditor" means an employee of the Louisiana Educational Television Authority charged by the authority with reviewing or assisting in the review of related party transactions of state-certified television productions."

AMENDMENT NO. 12

On page 3, line 7, change "**(19)**" to "**(20)**"

AMENDMENT NO. 13

On page 3, delete lines 12 through 29, and insert:

"C. Investor tax credit; specific productions and projects.

(1) There is hereby authorized a tax credit against state income tax for Louisiana taxpayers for investment in state-certified productions. The tax credit shall be earned by investors at the time expenditures are made by a motion picture production company in a state-certified production. However, credits cannot be applied against a tax or transferred until the expenditures are certified by the office and the secretary. For state-certified productions, expenditures shall be certified no more than twice during the duration of a state-certified production unless the motion picture production company agrees to reimburse the office for the costs of any additional certifications. The tax credit shall be calculated as a percentage of the total base investment dollars certified per project.

* * *

(e) Motion picture investor tax credits shall only be certified upon the receipt and approval by the office of a production expenditure verification report submitted by a qualified accountant in accordance with the provisions of Subparagraph (D)(2)(e) of this Section.

* * *

D. Certification and administration.

* * *

(2)

* * *

(c)(i) The office shall directly engage and assign a qualified accountant or tax attorney to prepare a production expenditure verification report on an

1 applicant's cost report on production expenditure, and the Louisiana
 2 Educational Television Authority to review expenditures for related party
 3 transactions of state-certified television productions to ensure that the
 4 transactions meet all the requirements of Paragraph (D)(9) of this Section. The
 5 applicant shall be responsible for payment of any production expenditure
 6 verification report fee which may be due in accordance with law, and shall
 7 make all records related to the tax credit application available to the
 8 department, the accountant, or the LETA auditor.

9 (ii) The office and the secretary shall submit their initial certification or
 10 written denial of a project as a state-certified production to investors and to the
 11 secretary of the Department of Revenue indicating the total base investment which
 12 shall be expended in the state on the state-certified production within sixty days of
 13 their receipt of all required information. The initial certification shall include a
 14 unique identifying number for each state-certified production.

15 (d)(i) ~~Prior to any final certification of the state-certified production, the~~
 16 ~~motion picture production company~~ Upon project completion, the applicant shall
 17 make a request to the office to proceed to final certification by submitting to the
 18 office a cost report of production expenditures to be formatted in accordance
 19 with instructions of the office. The applicant shall make all records related to
 20 the cost report available for inspection by the office and the qualified
 21 accountant, tax attorney, or LETA auditor selected by the office to prepare the
 22 production expenditure verification report, or review expenditures for related
 23 party transactions of state-certified television productions. After review and
 24 investigation of the cost report, the accountant, tax attorney, or Louisiana
 25 Educational Television Authority shall submit to the office and the secretary a
 26 production ~~audit~~ expenditure verification report and the affidavit required by
 27 Subparagraph (f) of this Paragraph. The office and the secretary shall review the
 28 production ~~audit~~ expenditure verification report and may require additional
 29 information needed to make a determination. Within one hundred twenty days of
 30 the receipt of the production ~~audit~~ expenditure verification report and all required
 31 supporting information, the office and the secretary shall issue a tax credit
 32 certification letter indicating the amount of tax credits certified for the state-certified
 33 production to the investors for all qualifying expenditures verified by the office. Any
 34 expenditures for which tax credits were neither denied nor certified due to
 35 insufficient information or other issues, the office and secretary shall diligently work
 36 to resolve the outstanding issues in a timely manner, and the office and secretary
 37 may subsequently issue a supplemental tax credit certification at the time of such
 38 resolution.

39 (ii) The department may request an additional production ~~audit~~ expenditure
 40 verification report of the expenditures submitted by the motion picture production
 41 company with the cost of the additional report paid by the motion picture production
 42 company. The motion picture production company may submit an amended
 43 ~~production audit cost report~~ of production expenditures if additional expenditures
 44 are incurred or discovered after the approval of the initial production ~~audit reports~~
 45 expenditure verification report issued pursuant to Item (i) of this Subparagraph,
 46 and the office and secretary may issue a supplemental tax credit certification if so
 47 warranted."

48 AMENDMENT NO. 14

49 On page 4, line 2, change "audit" to "expenditure verification"

50 AMENDMENT NO. 15

51 On page 4, line 7, change "audit" to "expenditure verification"

52 AMENDMENT NO. 16

53 On page 4, line 10, change "audit" to "expenditure verification"

1 AMENDMENT NO. 17

2 On page 4, line 11, change "**audit**" to "**expenditure verification**"

3 AMENDMENT NO. 18

4 On page 4, line 23, change "**audit**" to "**expenditure verification**"

5 AMENDMENT NO. 19

6 On page 5, delete lines 3 and 4 in their entirety and insert in lieu thereof the following:

7 **"(v) The capture and reporting of the functional expense classifications**
8 **of related party transactions and an explanation of how each is a legitimate"**

9 AMENDMENT NO. 20

10 On page 5, line 14, after "**compensation**" insert "**including the value of employer-funded**
11 **benefits**"

12 AMENDMENT NO. 21

13 On page 5, line 16, delete "**including employer-paid benefits,**"

14 AMENDMENT NO. 22

15 On page 5, line 27, after "**rate**" change "**consisting of**" to "**to be determined by dividing**
16 **the**"

17 AMENDMENT NO. 23

18 On page 5, line 28, after "**upgrade cost**" delete "**, divided**"

19 AMENDMENT NO. 24

20 On page 6, line 2, change "**and/or**" to "**or**"

21 AMENDMENT NO. 25

22 On page 6, line 2, after "**compensation**" insert "**including the value of employer-funded**
23 **benefits**"

24 AMENDMENT NO. 26

25 On page 6, at the beginning of line 4, delete "**including employer-paid benefits,**"

26 AMENDMENT NO. 27

27 On page 6, line 15, change "**are**" to "**is**"

28 AMENDMENT NO. 28

29 On page 6, line 19, after "**documentation**" delete the remainder of the line and insert
30 "**including but not limited to**"

31 AMENDMENT NO. 29

32 On page 6, line 28, change "**is**" to "**are**"

1 AMENDMENT NO. 30

2 On page 7, between lines 8 and 9, insert:

3 " * * "

4 AMENDMENT NO. 31

5 On page 7, line 9, change "Section 2." to "Section 3." and after "productions" delete the
6 remainder of the line, delete line 10, and insert:

7 "receiving initial certification on and after December 31, 2015."

8 AMENDMENT NO. 32

9 On page 7, line 11, change "Section 3." to "Section 4."