

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 142** SLS 15RS 557

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 15, 2015 12:03 PM	Author: MORRELL
Dept./Agy.: Economic Development	Analyst: Deborah Vivien
Subject: Expands film tax credit to non-resident students on registry	

TAX/TAXATION

OR DECREASE GF RV See Note

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Authorizes an additional five percent motion picture investor tax credit for the payroll of people employed who are listed on a Movie Industry Student Registry. (1/1/16)

Proposed law creates a Movie Industry Student Registry which will allow each institution of higher education in the state to submit the names of students, either matriculated or in good standing, who are qualified for employment in a state certified film production. The Registry is to be maintained by the Office of Entertainment Industry Development within the Department of Economic Development. Any name listed on the Registry would qualify in the same manner as a Louisiana resident, therefore any eligible film payroll expense associated with them would be allowed an additional 5% tax credit.

Effective with films initially certified on or after 1/1/16

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The Department of Economic Development indicates that an additional staff person would be required in the Office of Entertainment Industry Development to provide implementation, oversight and maintenance of the Registry. Personal costs associated with the additional position are about \$70,000 per year. The bill contains no specified limits to the Registry except for a broad qualification status, which could mean many things for a film production. For instance, qualifications for paid extras or set assistants could qualify a large number of higher education students, adding to the workload requirements of the registry.

REVENUE EXPLANATION

The bill potentially expands the film tax credit to include Louisiana Higher Education students as Louisiana residents, which will qualify any associated payroll expenses for an additional 5% film tax credit. To the extent that students previously considered non-residents are listed on the newly created registry and hired for productions, credits will be generated for those non-resident students that might not have otherwise been generated, resulting in a decrease in net state tax revenue.

According to LED, a similar component of the live recording tax credit has not generated any activity. However, the live recording credit is not a very active credit and the benefit of hiring from that registry is only 0.10% whereas the film tax credit is very active tax credit program and the benefit of hiring from it's registry is 5%. Thus, the experience of the live recording program may not be what should be expected with this film program registry.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 Gregory V. Albrecht Chief Economist
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}		
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		