

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 798** HLS 15RS 1549
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Economic Development	Analyst: Deborah Vivien
Subject: Limits the additional 5% LA resident payroll credit for film	

TAX CREDITS OR SEE FISC NOTE GF RV Page 1 of 1
 Relative to the motion picture investor tax credit

Current law provides a nonrefundable but transferable tax credit for expenditures made by eligible motion-picture production companies (for a minimum \$300,000 project a 30% credit & 35% on resident payroll). The credit can also be directly redeemed from the state at a rate of 85%. Credits can not be claimed against tax or transferred or redeemed until expenditures are certified by the Dept. of Economic Development (LED). Any salary for a LA resident in excess of \$1M does not qualify for the credit.

Proposed law retains current law but limits eligibility for the additional 5% credit for LA resident payroll to those companies with an office based greater than 40 miles from New Orleans City Hall. Effective with productions approved on or after July 1, 2015.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

This bill provides that films based outside the New Orleans production center (within 40 miles of New Orleans City Hall) can attain the additional 5% LA resident payroll credit, while films based within the New Orleans production center would no longer be eligible for the 5% additional credit. Currently, according to union rules, films based within production centers are allowed to negotiate on employee per diem and housing payments while those outside of the production centers are obligated to pay them. Shreveport is the only other production center in the state and would continue to remain eligible for the 5% additional credit under this bill.

According to the Department of Economic Development, over \$9.5M in credits associated with the additional 5% for LA resident payroll have been issued during FY 15 with about 80% or \$7.5M associated with productions within 40 miles of New Orleans City Hall. Though amounts can fluctuate annually, this figure is close to a 3 year annual average. If activity in future years is the same as the FY 15 experience, net general fund revenue would be some \$7.5M greater if future productions choose to base within the New Orleans production center and forego the additional 5% credit. However, if productions choose to base in areas outside the New Orleans production center, the additional 5% credit would still be received and net general fund revenue would not change.

Productions would weigh the advantages of basing in the New Orleans production center against the additional 5% credit on resident payroll they would forego in deciding where to base their offices.

- Senate Dual Referral Rules House
- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 - 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
 - 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 - 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
 - 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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