

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 142** SLS 15RS 557
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 27, 2015 8:37 AM	Author: MORRELL
Dept./Agy.: Economic Development	Analyst: Deborah Vivien
Subject: Expands film tax credit to non-resident students on registry	

TAX/TAXATION EG DECREASE GF RV See Note Page 1 of 1
 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 allows each institution of higher education in the state to maintain a Movie Industry Student Registry containing the names of students, either a current student in good standing or any student who has been enrolled (matriculated) and who is or was a former LA resident, who are qualified for employment in a state certified film productions. Any name listed on these Registries 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, for a total of 35%.

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

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

EXPENDITURE EXPLANATION

The bill authorizes each higher education institution to maintain a Registry of students qualified for employment on state-certified film productions. The costs of these registries would vary depending upon their sophistication, but could amount to simple spreadsheets of names and associated/relevant information. The bill contains no specified limits to these Registries 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.

REVENUE EXPLANATION

The bill likely expands the film tax credit by making it easier to locate and employ Louisiana residents, as well as persons who would not otherwise qualify as residents, by authorizing registries that include state higher education students and those matriculated from state higher education Institutions. Employment in film productions of persons on these registries will qualify any associated payroll expenses for the additional 5% film tax credit offered for employment of LA residents. It is not clear whether being enrolled in a LA school qualifies students as former residents. To the extent that students and graduates previously considered non-residents are listed on a 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. While the utilization of the extra 5% resident credit is relatively small within the overall film tax credit program, and the registries are voluntary, the bill can only work to increase those program costs. Since these new provisions are first applicable to productions certified after January 1, 2016, any additional program costs are not expected until FY17.

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.

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