

GREEN SHEET REDIGEST

HB 748

2015 Regular Session

Stokes

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**TAX CREDITS. Provides relative to the motion picture investor tax credit and the motion picture infrastructure investor tax credit**

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**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 provides 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 for productions granted initial certification on or after Jan. 1, 2016, makes several changes regarding the procedures and time periods involved with initial certification of expenditures.

Proposed law changes the present law definition for motion picture to include eligibility for motion pictures developed for viewing online, and adds a definition for "taxpayer".

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

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 provides that the credit, once certified, may be used against a prior year's tax liability.

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 the time period within which the Dept. of Revenue may recapture credits which were granted and then disallowed, providing for specific time periods based upon whether the credit was paid, claimed, or registered with the La. Tax Credit Registry. Proposed law removes the requirement that the Department of Economic Development notify the Department of Revenue and provide documentation in certain instances of a credit transfer. Proposed law requires the transferor to submit additional information as necessary under certain circumstances of a credit transfer.

Proposed law allows a bank or other lender to be named as an irrevocable designee in the initial tax certification by a motion picture production company to the office in certain circumstances.

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)-(16), (C)(1)(intro. para.), (a)(iii) and (b)(iii), (4)(f), and (D)(2)(d)(i); Adds R.S. 47:6007(17) and (18), (C)(1)(c)(iii), (D)(1)(d)(iv) and (2)(d)(iii), (G), and (H))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add a starting date for provisions of proposed law with regard to the motion picture investor tax credit.
2. Add a definition for "taxpayer" for purposes of the motion picture investor tax credit.
3. Add provisions governing the time period authorized for the recovery of disallowed tax credits by the Dept. of Revenue.

The House Floor Amendments to the engrossed bill:

1. Change provisions governing transfers of tax credits when a credit is sold by a transferor with no right to claim or use the credit.
2. Add prohibition on the disallowance or recapture of a tax credit claimed by a good faith purchaser.

#### Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Specifies that for all state-certified productions approved on or after July 1, 2015, marketing expenditures will be considered production expenditures.
2. Adds that if at the time of application for initial certification, post-production activities will occur in Louisiana, a supplemental request for certification of expenditures may be submitted for consideration and the cost of any verification will be paid by the production company.
3. Adds that a credit may be used against a prior year's tax liability once certified.
4. Deletes provision giving the Department of Revenue recourse against the transferor in certain circumstances.
5. Allows Department of Revenue authority to require additional documentation as necessary in credit transfers.
6. Allows a bank or other lender to be named as an irrevocable designee in the initial tax credit certification in certain circumstances.
7. Deletes provision regarding recapture of credits.