

CONFERENCE COMMITTEE REPORT

SB 100

2015 Regular Session

Morrell

June 10, 2015

To the Honorable President and Members of the Senate and to the Honorable Speaker and Members of the House of Representatives.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning Senate Bill No. 100 by Senator Morrell, recommend the following concerning the Reengrossed bill:

1. That House Committee Amendment Nos. 1 through 13 and 15 through 27, proposed by the House Committee on Ways and Means and adopted by the House of Representatives on June 4, 2010 be adopted.
2. That House Amendment No. 14, proposed by the House Committee on Ways and Means and adopted by the House of Representatives on June 4, 2010 be rejected.
3. That Legislative Bureau Amendment Nos. 1 through 9, proposed by the Legislative Bureau and adopted by the House of Representatives on June 4, 2010 be adopted.
4. That House Floor Amendments Nos. 1 through 14, proposed by Representative Robideaux and adopted by the House of Representatives on June 4, 2010, be adopted.
5. That the following amendments to the Reengrossed bill be adopted:

AMENDMENT NO. 1

On page 6, delete lines 23 through 29, and on page 7, delete lines 1 through 3, and insert:

"(c)(i) In order to protect the integrity of the motion picture investor tax credit program by ensuring that tax credits are certified only for eligible expenditures and to provide for uniformity in expenditure verification reporting, the department shall directly engage and assign an independent certified public accountant, hereinafter referred to as "CPA", to prepare, for the department, the required production expenditure verification report on a tax credit applicant's cost report of expenditures or claims. The applicant shall be responsible for and assessed any production expenditure verification report fee which may be required by law, including any up-front deposit of the fee. For purposes of the report, the applicant shall make all records related to the tax credit application available to the CPA."

AMENDMENT NO. 2

On page 11, delete lines 27 through 29, and on page 12, delete lines 1 and 2, and insert the following:

"Section 4. This Act shall become effective on January 1, 2016, if and when the commissioner of administration and the Legislative Auditor provide written notice to the President of the Senate, the Speaker of the House of Representatives, and the Louisiana State Law Institute that they have determined that an Act or Acts were enacted in the 2015 Regular Session of the Legislature sufficient to offset any tax increases provided for in the Acts of such Session over a five-year period."

Respectfully submitted,

Senators:

Senator Jean-Paul Morrell

Senator Jack Donahue

Senator Robert Adley

Representatives:

Representative Julie Stokes

Representative Joel C. Robideaux

Representative Walt Leger III

The legislative instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

CONFERENCE COMMITTEE REPORT DIGEST

SB 100

2015 Regular Session

Morrell

Keyword and summary of the bill as proposed by the Conference Committee

TAX/TAXATION. Requires LED to engage independent auditors to prepare production expenditure verification reports for motion picture investor tax credits; sworn affidavits of those submitting information for the reports; regulates and limits expenditures between related parties and subjects them to possible review by the state inspector general.

Report adopts House amendments to:

1. Remove tax attorneys and Louisiana Educational Television Authority auditors as eligible to prepare production expenditure reports for certification of motion picture investor tax credits.
2. Provide for standards of the CPAs engaged to prepare such reports and for certain procedures with respect to the production of such reports.

Report rejects House amendment:

1. For the purpose of making a Conference Committee Report amendment change.

Report amends the bill to:

1. Effective on January 1, 2016, if and when the commissioner of administration and the Legislative Auditor provide written notice to the President of the Senate, the Speaker of the House of Representatives, and the Louisiana State Law Institute that they have determined that an Act or Acts were enacted in the 2015 Regular Session of the Legislature sufficient to offset any tax increases provided for in the Acts of such Session over a five-year period

Digest of the bill as proposed by the Conference Committee

Present law grants a motion picture investor tax credit as a percentage of the "base investment" made and used for "production expenditures" in La. by a "state-certified production". The term "production expenditures" is defined in present law.

Proposed law excludes from the definition of eligible "production expenditures" those expenditures for "related party transactions" that have been denied or limited by the office of entertainment industry development (office) in the Department of Economic Development (LED).

Present law requires a motion picture production company or motion picture investor that applies for tax credits to submit to the office and the secretary of LED a production audit report for certification. After review of the report, the office and the secretary are required to issue a tax credit certification letter to the tax credit applicant indicating all qualifying expenditures and the amount of tax credits certified for the state-certified production.

Present law requires the production audit report to be issued by a qualified accountant who is unrelated to the motion picture production company. The report shall contain the accountant's audit of the motion picture's cost report of production expenditures. Requires that the production audit report contain an opinion from the accountant stating that the production's cost report of production expenditures presents fairly, in all material aspects, the "production expenditures" expended in Louisiana.

Proposed law provides for preparation and submittal, in lieu of an audit report for review and analysis of the applicant's cost report expenditures to LED a "production expenditure verification report".

Proposed law requires that the verification report be prepared by a certified public accountant (CPA) to be engaged and assigned by LED. Requires that the report be a review of the tax credit applicant's cost report of production expenditures, and be made in accordance with agreed-upon procedures established by LED. Provides that the applicant is responsible for the payment of the fee charged by the CPA for the report.

Proposed law defines "related party transaction" as a transaction between parties deemed to be related by common ownership or control according to generally accepted accounting standards (GAAS) and generally accepted accounting principles (GAAP).

Effective on January 1, 2016, if and when the commissioner of administration and the Legislative Auditor provide written notice to the President of the Senate, the Speaker of the House of Representatives, and the Louisiana State Law Institute that they have determined that an Act or Acts were enacted in the 2015 Regular Session of the Legislature sufficient to offset any tax increases provided for in the Acts of such Session over a five-year period.

(Amends R.S. 47:6007(B)(9), (10), and (11) and (D)(2)(c) and (d) and (9); adds R.S. 36:104.1 and R.S. 47:6007(B)(17), (18), and (19), (C)(1)(e), and (D)(2)(f) and (g))