

2015 Regular Session

HOUSE BILL NO. 213

BY REPRESENTATIVE JAY MORRIS

TAX/CORP INCOME-CREDIT: Establishes an annual cap on the motion picture investor income tax credit and provides for factors to be considered in awarding the tax credit

1 AN ACT

2 To amend and reenact R.S. 47:6007(D)(1)(d) and (D)(2)(c) and to enact R.S.
3 47:6007(C)(1)(e), relative to tax credits; to provide for the motion picture investor
4 tax credit; to provide for an annual program cap; to provide for factors which must
5 be considered in granting tax credits; to provide with respect to certain approvals and
6 denials issued by the office and the secretary; to provide an effective date; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6007(D)(1)(d) and (D)(2)(c) are hereby amended and reenacted
10 and R.S. 47:6007(C)(1)(e) is hereby enacted to read as follows:

11 §6007. Motion picture investor tax credit

12 * * *

13 C. Investor tax credit; specific productions and projects.

14 (1)

15 * * *

16 (e) Beginning January 1, 2016, the aggregate amount of credits certified for
17 all investors pursuant to this Section during any fiscal year shall not exceed fifty
18 million dollars. An application for initial certification of a project shall be submitted

1 to the office prior to the granting of the credit, and the granting of credits under this
 2 Section shall be made in accordance with the weighted system established in
 3 Subsection (D)(1)(d). If the total amount of credits applied for in any particular year
 4 exceeds the aggregate amount of tax credits allowed for that year, the excess shall
 5 not be rolled over into the subsequent year. The secretary shall provide for the
 6 administration of the annual aggregate maximum amount of credits certified by the
 7 office through rules and regulations promulgated in accordance with the
 8 Administrative Procedure Act, subject to oversight by the House Committee on
 9 Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

10 * * *

11 D. Certification and administration.

12 (1)

13 * * *

14 (d) When determining which productions ~~may qualify~~ shall be granted
 15 credits, the office and the secretary of the Department of Economic Development
 16 ~~shall take the following factors into consideration:~~ give preference to productions that
 17 provide the greatest economic return to the State of Louisiana. Preference shall be
 18 weighted based on the following factors:

19 (i) The impact of the production on the immediate and long-term objectives
 20 of this Section.

21 (ii) The ~~impact of the production~~ percentage of payroll spent on the
 22 employment of Louisiana residents.

23 (iii) The impact of the production on the overall economy of the state,
 24 including the percentage of production expenditures expended in the state.

25 (iv) Whether the production company has paid Louisiana corporate income
 26 or corporate franchise taxes or whether the production company has deducted and
 27 withheld Louisiana income tax on wages earned by employees of the production
 28 company in the state of Louisiana.

1 (v) Whether the production company has used an animated state brand or
2 logo, or both, which includes a fleur de lis as prescribed by the secretary of the
3 Department of Economic Development.

4 (2)(a) Application. An applicant for the motion picture investor credit shall
5 submit an application for initial certification to the office and the secretary of the
6 Department of Economic Development that includes the following information:

7 * * *

8 (c) The office and the secretary shall submit their initial certification or
9 written denial of a project as a state-certified production to investors and to the
10 secretary of the Department of Revenue indicating the total base investment which
11 shall be expended in the state on the state-certified production within sixty days of
12 their receipt of all required information, but in no instance within thirty days of the
13 first day of a new fiscal year. The initial certification shall include a unique
14 identifying number for each state-certified production.

15 * * *

16 Section 2. This Act shall become effective on January 1, 2016; if vetoed by the
17 governor and subsequently approved by the Legislature, this Act shall become effective on
18 January 1, 2016, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 213 Original

2015 Regular Session

Jay Morris

Abstract: Beginning Jan. 1, 2016, establishes an annual \$50 million program cap for the certification of motion picture investor tax credits and implements a system for awarding the tax credits.

Present law provides for an income tax credit for La. taxpayers for investment in state-certified productions earned at the time expenditures are made by a motion picture production company in a state-certified production. The amount of the credit shall be equal to 30% of the base investment made by the investor if the total base investment is more than \$300,000. Additionally provides for a credit equal to 5% of base investment expended on payroll for La. residents employed in connection with a state-certified production. However, this credit does not apply to the payroll of any one person that exceeds \$1 million.

Proposed law retains present law but establishes a program cap of \$50 million in tax credits that may be certified each fiscal year.

Proposed law requires the office and the secretary grant credits giving preference to productions that provide the greatest economic return to the state considering all of the following factors:

- (1) The impact of the production on the immediate and long-term objectives of proposed law.
- (2) The percentage of payroll spent on the employment of La. residents.
- (3) The impact of the production on the overall economy of the state, including the percentage of production expenditures expended in the state.
- (4) The payment of La. income or corporate franchise taxes by the production company or the deduction or withholding of La. income tax on wages earned by employees in this state.
- (5) The use of an animated state brand or logo, or both in the production.

Present law requires the office or the secretary to issue an initial certification or written denial of a project within 60 days of receiving a tax credit application.

Proposed law retains present law but prohibits the office and the secretary from issuing initial certification or written denial of a project within the first 30 days of a new fiscal year.

Effective beginning Jan. 1, 2016.

(Amends R.S. 47:6007(D)(1)(d) and (D)(2)(c); Adds R.S. 47:6007(C)(1)(e))