

2017 Regular Session

SENATE BILL NO. 40

BY SENATOR LUNEAU

TAX/TAXATION. Sunsets Motion Picture Production Tax Credit. (gov sig)

1 AN ACT

2 To amend and reenact the introductory paragraph of R.S. 47:6007(C)(1), R.S.  
3 47:6007(C)(1)(c), (d)(i), and (f), relative to the Motion Picture Investor Credit; to  
4 sunset the credit; to provide for a final certification date for eligible expenses; to  
5 provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. The introductory paragraph of R.S. 47:6007(C)(1), R.S. 47:6007(C)(1)(c),  
8 (d)(i), and (f) are hereby amended and reenacted to read as follows:

9 §6007. Motion picture production tax credit

10 \* \* \*

11 C. Production tax credit; specific productions and projects.

12 (1) There is hereby authorized a tax credit against state income tax for  
13 Louisiana taxpayers for expenditures **made before January 1, 2018,** related to  
14 state-certified productions. The tax credit shall be earned by a motion picture  
15 production company at the time expenditures are certified by the office and the  
16 secretary for a motion picture production company in a state-certified production,  
17 **provided that the certification is completed before July 1, 2018.** However, credits

1 cannot be applied against a tax or transferred until the expenditures are certified by  
2 the office and the secretary. For state-certified productions, expenditures shall be  
3 certified no more than once per production, after project completion. However, if at  
4 the time of application for initial certification, the office is notified that post-  
5 production activities will take place in Louisiana, a supplemental request for  
6 certification of expenditures directly related to such post-production activity may be  
7 submitted for consideration by the office. The cost of any verification or audit of  
8 such expenditures shall be borne by the motion picture production company. The tax  
9 credit shall be calculated as a percentage of the total base investment dollars certified  
10 per project.

11 \* \* \*

12 (c) For state-certified productions approved by the office and the secretary  
13 on or after July 1, 2009:

14 (i) If the total base investment **made before January 1, 2018**, is greater than  
15 three hundred thousand dollars, each investor shall be allowed a tax credit of thirty  
16 percent of the base investment made by that investor. However, if a state-certified  
17 production does not include a Louisiana promotional graphic or an alternative  
18 marketing opportunity which has been approved by the department for that specific  
19 production, the tax credit shall be twenty-five percent of the base investment made  
20 by the investor.

21 (ii) If the total base investment **made before January 1, 2018**, is greater than  
22 fifty thousand dollars, but less than three hundred thousand dollars, for each state  
23 certified production there shall be allowed a tax credit of thirty percent of the total  
24 base investment made by that investor. However, each applicant shall accept as a  
25 condition for earning this tax credit, that no less than ninety percent of the total  
26 amount of the applicant's expenditures for above the line services shall be expended  
27 on residents of Louisiana and that ninety percent or more of the total number of jobs  
28 in the production shall be jobs in which the applicant will employ residents of  
29 Louisiana. Failure to comply with these requirements for which certification of the

1 tax credits is granted, shall void the certification and no tax credits shall be certified  
2 by the office or the secretary or earned by the applicant.

3 (iii) If the total base investment **made before January 1, 2018,** is greater  
4 than three hundred thousand dollars and the state certified production is based on a  
5 screenplay, the copyright of which or the right of use of the copyright of which, is  
6 owned or optioned to own for a minimum of twelve months prior to production by  
7 a Louisiana resident company or a Louisiana company with its principal place of  
8 business in the state which employs a minimum of three full-time Louisiana  
9 residents for minimum of twelve months prior to production, there shall be allowed  
10 a tax credit of an additional fifteen percent of the base investment of the state-  
11 certified production. If the office and the secretary determine that an expenditure is  
12 a related party transaction, that expenditure shall not qualify for the additional fifteen  
13 percent tax credit. The tax credit authorized in this Item shall be in addition to the tax  
14 credit authorized in Item (i) of this Subparagraph. Prior to the office certifying any  
15 credits pursuant to the provisions of this Item, the secretary shall promulgate rules  
16 and regulations pursuant to the Administrative Procedure Act, subject to oversight  
17 by the House Ways and Means and the Senate Revenue and Fiscal Affairs  
18 Committees. The rules and regulations shall set forth criteria a Louisiana resident  
19 company with its principal place of business in this state shall meet in order to  
20 qualify for the additional credit. The secretary shall commence the promulgation of  
21 rules and regulations no later than October 1, 2015.

22 (iv) To the extent that base investment **made before January 1, 2018,** is  
23 expended on payroll for Louisiana residents employed in connection with a state-  
24 certified production, each investor shall be allowed an additional tax credit of ten  
25 percent of such payroll.

26 (v) To the extent that the base investment **made before January 1, 2018,** is  
27 expended on music, the sound recording copyright of which, or musical copyright  
28 of which, is owned in whole or in part at no less than twenty-five percent by a  
29 resident of Louisiana or a Louisiana company headquartered in the state with a

1 majority ownership of residents of Louisiana, there shall be allowed an additional tax  
2 credit of fifteen percent of the base investment.

3 (vi) The initial certification shall be effective for qualifying expenditures  
4 made within a period twelve months prior to and twenty-four months after the date  
5 of the initial certification, **provided that any expenditures made after January 1,**  
6 **2018, are not qualifying expenditures that are eligible for the credit pursuant**  
7 **to this Section.**

8 (d)(i) For state-certified productions approved on or after July 1, 2015, and  
9 on or before June 30, 2018, the maximum amount of credits that may be certified for  
10 an single state-certified production shall not exceed thirty million dollars. The credit  
11 for these productions may be structured over two or more tax years as provided for  
12 in the initial certification letter, **provided that any expenditures made after**  
13 **January 1, 2018, are not qualifying expenditures that are eligible for the credit**  
14 **pursuant to this Section.**

15 \* \* \*

16 (f) Motion picture investor tax credits shall be certified only upon the receipt  
17 and approval by the office of a production expenditure verification report submitted  
18 by a qualified accountant in accordance with the provisions of Subparagraph  
19 (D)(2)(c) of this Section, **provided that no credit shall be earned for any**  
20 **certification that is not completed by the office before July 1, 2018.**

21 \* \* \*

22 Section 2. This Act shall become effective upon signature by the governor or, if not  
23 signed by the governor, upon expiration of the time for bills to become law without signature  
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
26 effective on the day following such approval.

27 Section 3. Any Motion Picture Investor Credit earned for production expenditures  
28 made before January 1, 2018, shall continue to be applied and carried forward under the  
29 provisions of R.S. 47:6007 in effect immediately prior to the effective date of this Act.

