

2017 Regular Session

HOUSE BILL NO. 646

BY REPRESENTATIVE LEGER

TAX CREDITS: Adds additional tax credits for eligible applicants applying for the sound recording investor tax credit and provides for the amount of the expenditure verification report fee and deposit

1 AN ACT

2 To amend and reenact R.S. 47:6023(A)(introductory paragraph), (1)(b), (B)(1),

3 (C)(1)(introductory paragraph), and (b) and (2), (D)(1)(introductory paragraph),

4 (2)(c), (d), and (e), and (4), to enact R.S. 47:6023(C)(4), and to repeal R.S.

5 47:6023(A)(2)(c), (B)(6), and (D)(1)(d), relative to tax credits; to provide with

6 respect to the sound recording investor tax credit; to provide for an additional tax

7 credit; to provide for the amount of the fee associated with certain reports; and to

8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6023(A)(introductory paragraph), (1)(b), (B)(1),

11 (C)(1)(introductory paragraph) and (b) and (2), (D)(1)(introductory paragraph), (2)(c), (d),

12 and (e), and (4) are hereby amended and reenacted and R.S. 47:6023(C)(4) is hereby enacted

13 to read as follows:

14 §6023. Sound recording investor tax credit

15 A. Purpose. The primary objective of this Section is to encourage

16 development in Louisiana of a strong capital ~~and infrastructure~~ base for sound

17 recording productions in order to achieve a more independent, self-supporting music

18 and sound recording industry. This objective is divided into immediate and long-term

19 objectives as follows:

1 (1) Immediate objectives are to:

2 * * *

3 (b) Develop a tax and capital infrastructure which encourages private
4 investment. This tax infrastructure is to provide for state participation in the form of
5 tax credits to encourage investment in state-certified sound recording productions
6 ~~and infrastructure.~~

7 * * *

8 B. Definitions. For the purposes of this Section:

9 (1) "Base investment" shall mean the actual investment made and expended
10 in the state by a state-certified production as production-related costs ~~or as capital~~
11 ~~costs of a state-certified sound recording infrastructure project.~~ Expenditures
12 comprising the base investment shall not include the expenditure verification report
13 fee paid by the sound recording production company for purposes of verification of
14 the company's cost report for production ~~or project~~ expenditures.

15 * * *

16 C. Investor tax credit; state-certified productions ~~and infrastructure projects.~~

17 (1) Until ~~January 1, 2020~~ January 1, 2022, there is hereby authorized a credit
18 against the state income tax for investments made in state-certified productions ~~and~~
19 ~~state-certified sound recording infrastructure projects.~~ The tax credit shall be earned
20 by investors at the time expenditures are certified by the Louisiana Department of
21 Economic Development according to the total base investment certified for the sound
22 recording production company per calendar year; however, no credit shall be allowed
23 under this Section for any expenditures for which a credit was granted under R.S.
24 47:6007.

25 * * *

26 (b) For state-certified productions certified on and after July 1, 2015, ~~and~~
27 ~~state-certified infrastructure projects~~ which have been applied on or after July 1,
28 2015, and before July 1, 2017, each investor shall be allowed a tax credit of eighteen

1 expenditure verification report fee in accordance with R.S. 36:104.1, and shall make
2 all records related to the tax credit application available to the department and the
3 accountant.

4 (ii) The applicant will be assessed the department's actual cost for the
5 expenditure verification report fee. The maximum fee ~~for the report shall be five~~
6 ~~thousand dollars for verification of a cost report reflecting production or project~~
7 ~~expenditures of between five thousand dollars and fifty thousand dollars, and a~~
8 ~~maximum fee of fifteen thousand dollars for verification of a cost report reflecting~~
9 ~~production or project expenditures in excess of fifty thousand dollars. shall be as~~
10 follows:

11 (aa) Five hundred dollars for verification of a cost report reflecting
12 production or project expenditures of less than fifteen thousand dollars.

13 (bb) One thousand dollars for verification of a cost report reflecting
14 production or project expenditures of at least fifteen thousand dollars, but less than
15 twenty-five thousand dollars.

16 (cc) One thousand five hundred dollars for verification of a cost report
17 reflecting production or project expenditures of at least twenty-five thousand dollars,
18 but less than thirty-five thousand dollars.

19 (dd) Two thousand five hundred dollars for verification of a cost report
20 reflecting production or project expenditures of at least thirty-five thousand dollars,
21 but less than fifty thousand dollars.

22 (ee) Five thousand dollars for verification of a cost report reflecting
23 production or project expenditures of fifty thousand dollars or more.

24 (iii) At the time of application, the applicant shall submit a deposit ~~of~~ in an
25 amount equal to fifty percent of the expenditure verification report fee ~~of two~~
26 ~~thousand five hundred dollars for productions or projects with qualified expenditures~~
27 ~~projected to be between five thousand dollars and fifty thousand dollars, and a~~
28 ~~deposit of five thousand dollars for those projected to be in excess of fifty thousand~~
29 ~~dollars~~ required pursuant to the provisions of Item (ii) of this Subparagraph.

- (6) 512210 Record Production
- (7) 512220 Integrated Record Production/Distribution
- (8) 512230 Music Publishers
- (9) 512240 Sound Recording Studios
- (10) 611610 Fine Arts Schools
- (11) 711310 Promoters of Performing Arts with Facilities
- (12) 711320 Promoters of Performing Arts without Facilities
- (13) 711410 Agents

Present law prohibits the credits associated with a state-certified production from exceeding the total base investment in that production or sound recording infrastructure project.

Proposed law retains present law but deletes all references to sound recording infrastructure projects in present law.

Present law restricts the aggregate amount of credits certified for all investors during any calendar year from exceeding \$2,160,000.

Proposed law retains present law.

Present law requires DED to directly engage and assign a certified public accountant to prepare an expenditure verification report on a sound recording production company's cost report of expenditures. Applicants shall be assessed the department's actual cost for the expenditure verification report fee. The maximum amount of the fee for the report shall be \$5,000 for verification of expenditures of between \$5,000 and \$50,000, and a maximum fee of \$15,000 for verification of expenditures in excess of \$50,000.

Proposed law changes the amount of the expenditure verification report fee to the following:

- (1) \$500 for verification of cost expenditures of less than \$15,000.
- (2) \$1,000 for verification of cost expenditures of at least \$15,000, but less than \$25,000.
- (3) \$1,500 for verification of cost expenditures of at least \$25,000, but less than \$35,000.
- (4) \$2,500 for verification of cost expenditures of at least \$35,000, but less than \$50,000.
- (5) \$5,000 for verification of cost expenditures of \$50,000 or more.

Present law requires an applicant to also submit a deposit fee of \$2,500 for productions or projects with qualified expenditures projected to be between \$5,000 and \$50,000 and a deposit of \$5,000 for those projected to be in excess of \$50,000.

Proposed law changes present law to reduce the amount of the deposit to 50% of the amount of the fee required for the verification of a cost report.

(Amends R.S. 47:6023(A)(intro. para.), (1)(b), (B)(1), (C)(1)(intro. para.) and (b) and (2), (D)(1)(intro. para.), (2)(c), (d), and (e), and (4); Adds R.S. 47:6023(C)(4); Repeals R.S. 47:6023(A)(2)(c), (B)(6), and (D)(1)(d))