RÉSUMÉ DIGEST

ACT 309 (SB 254) **2017 Regular Session** **Morrell**

Prior law authorized five types of tax credits for state-certified motion picture productions:

(1) A base investment credit of 30% for projects in excess of $300,000.

(2) A base investment credit of 30% for projects between $50,000 and $300,000, meeting certain hiring criteria.

(3) An additional base investment credit of 15% for projects meeting certain Louisiana screenplay criteria.

(4) An additional credit of 10% for Louisiana resident payroll expenditures.

(5) An additional credit of 15% for certain Louisiana music expenditures.

New law authorizes five types of tax credits for state-certified productions:

(1) A base investment credit of 25% for projects in excess of $300,000, or if a production is a LA screenplay production.

(2) An additional base investment credit of 5% for projects filmed outside the New Orleans Metro Zone, as delineated by the federal OM&B but not including St. John the Baptist Parish.

(3) An additional base investment credit of 10% for certain expenditures equal to or greater than $50,000 but no greater than $5 million for projects meeting certain Louisiana screenplay criteria.

(4) A 15% credit for Louisiana resident payroll expenditures.

(5) A 5% credit for certain Louisiana-based visual effects expenditures meeting certain requirements.

New law limits the maximum credit available for the combined base investment, the out-of-zone and Louisiana screenplay base investment enhancements, and the additional Louisiana payroll and visual effects credits to 40% of base investment.

New law also creates a new payroll tax credit for qualified entertainment companies. The tax credit is 15% for Tier 1 new jobs with payroll between $45,000 and $66,000 per year, or 20% for Tier 2 new jobs with payroll between $66,000 and $200,000 per year.

New law adds numerous definitions, eligibility criteria, and procedural requirements for new qualified entertainment company payroll credit.

New law requires all state-certified productions participate in a career-based learning and training program approved by the office.

Prior law specified that state-certified productions may only seek one final certification of tax credits after the expiration of the initial certification period, except for state-certified productions with Louisiana post production activities.

New law adds an exception for state-certified productions for scripted episodic content and qualified entertainment credits, which may request final certification of tax credits more than once.

New law requires that catering and craft services be purchased from a Louisiana source to be eligible for the tax credit.

New law defines "independent film production" and "Louisiana screenplay production".

New law ends transfers of certain motion picture tax credits to third parties after 12/31/17.

Prior law provided that motion picture production companies may transfer credits to the Department of Revenue for 85% of the face value.

New law retains prior law for projects with an application date before July 1, 2017.

New law provides that projects with an application date on or after July 1, 2017, may transfer credits to the Department of Revenue for 90% of the face value.

New law adds requirements to the application process that prevents stacking of film credits.

New law makes the $150 million annual credit granting cap permanent for applications submitted on or after July 1, 2017. Adds a 5% carve out of the front-end cap to qualified entertainment companies, a 5% carve out for Louisiana screenplay productions and a 10% carve out for independent film productions.

Prior law provided that a single state-certified production shall not exceed $30 million.

New law provides that a single state-certified production shall not exceed $20 million, except for state-certified productions for scripted episodic content which may grant up to $25 million per season.

Prior law required the Senate Committee on Revenue and Fiscal Affairs and House Committee on Ways and Means to study this tax credit and make a recommendation regarding the tax credit by March 1, 2017.

New law replaces the study and recommendation provision with a sunset provision that provides that no credits shall be authorized for applications received after July 1, 2025.

Prior law specified that for fiscal years 2015-2018, no more than $180 million may be claimed on returns, and that there shall be no cap beginning in Fiscal Year 2018-2019.

New law specifies that beginning July 1, 2017, no more than $180 million of credits may be claimed on tax returns or transferred to the Department of Revenue per fiscal year.

New law provides for a procedure for the transfer of legacy tax credits that have been recorded in the Louisiana Tax Credit Registry by July 1, 2017, to the Dept. of Revenue for 85% of face value.

New law requires the Department of Revenue to subtract the face value of the credit from the remaining available cap when a credit or legacy credit is transferred to the Department of Revenue for completed transfer applications submitted to the Department of Revenue after July 1, 2017.

Prior law contained several duplicate provisions of law that new law removes or merges.

New law repeals amendments to R.S. 47:6007 contained in Act Nos. 129, 134, 141, 142, 143, 144, 412, 417, 425, and 452 of the 2015 Regular Session of the Legislature to the extent they conflict with new law.

Effective upon signature of the governor (June 15, 2017).

(Amends R.S. 47:6007(B)(1), (8), (11) as amended by Act 129 of 2015 RS, (14), (16) as amended by Act 141 of 2015 RS, (17) as amended by Act 129 of 2015 RS, (21), (24), R.S. 47:6007(C)(1), R.S. 47:6007(C)(1)(a) and (b), (C)(1)(c)(intro para) and (4)(intro para), and (C)(4)(f) as amended by Act 129 of 2015 RS, and 134, R.S. 47:6007(D)(1)(a) and (2)(c)(i) as amended by Act 141 of 2015 RS, (d), (D)(2)(e)(i) as amended by Act 144 of 2015 RS, (D)(9)(b)(i), and (I); adds R.S. 47:6007(B)(28), (29), (30), (31), (32), (33), (34), and (C)(3)(d), (C)(4)(g), (D)(1)(d)(v) and (2)(a)(i)(gg) and (hh), (2)(a)(ii) and (e)(iv) and (J); repeals R.S. 47:6007(B)(4), (11) as amended by Acts 134 and 144 of 2015 RS, (16) as amended by Acts 134 and 412 of 2015 RS, (17)(c), (d), and (e) all as amended by Acts 134, 141, 142, 143, 144, and 412 of 2015 RS, (23), (C)(1)(d), (C)(4)(f) as amended by Act 144 of 2015 RS, (D)(2)(c)(i) as amended by Act 412 of 2015 RS, (D)(2)(e)(i) as amended by Acts 129, 141, and 412 of 2015 RS)