

Regular Session, 2013

HOUSE BILL NO. 696

BY REPRESENTATIVE MONToucET

TAX/INCOME TAX: Reduces the amount of certain tax credits beginning January 1, 2014, for income tax credits and January 1, 2015, for corporate franchise credits

1 AN ACT

2 To amend and reenact R.S. 47:6007(B), (C)(1)(introductory paragraph), (c)(introductory
3 paragraph) and (d), (2)(introductory paragraph), (4)(introductory paragraph) and
4 (f)(ii), (D)(1)(a), (2)(b)(introductory paragraph), (c), and (d)(introductory paragraph),
5 (3), (6), (7), and (8), (E), and (F)(3), to enact R.S. 47:6007(C)(1)(e), (D)(9), and
6 (F)(4), and 6030(G), and to repeal R.S. 47:6007(D)(2)(a)(i)(ee), relative to state
7 income tax credits; to provide with respect to the motion picture investor tax credit;
8 to provide for amounts of tax credits; to provide for certain definitions; to provide
9 for the certification of expenditures on state-certified productions; to provide with
10 respect to the transfer of tax credits; to provide with respect to rulemaking; to
11 provide with respect to the certification and administration of tax credits; to provide
12 for certain audit requirements; to provide for the recapture and recovery of tax
13 credits; to provide with respect to the wind or solar energy systems tax credit; to
14 require the reduction of such credit under certain circumstances; to provide for
15 certain limitations; to provide for an effective date; and to provide for related
16 matters.

17 Be it enacted by the Legislature of Louisiana:

18 Section 1. R.S. 47:6007(B),(C)(1)(introductory paragraph), (c)(introductory
19 paragraph) and (d), (2)(introductory paragraph), (4)(introductory paragraph) and (f)(ii),
20 (D)(1)(a), (2)(b)(introductory paragraph), (c), and (d)(introductory paragraph), (3), (6), (7),
21 and (8), (E), and (F)(3) are hereby amended and reenacted and R.S. 47:6007(C)(1)(e),
22 (D)(9), and (F)(4) are hereby enacted to read as follows:

1 §6007. Motion picture investor tax credit

2 * * *

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

4 (1) "Base investment" means cash or cash equivalent investment made and
5 used for production expenditures in the state for a state-certified production.

6 (2) "Below the line crewmember" means a person employed by a motion
7 picture production company for a state-certified production that is not a producer,
8 associate producer, coproducer, line producer, executive producer, director, director
9 of photography, production designer, writer, actor, stunt performer, or other onscreen
10 performer with spoken lines.

11 (3) "Box rental" means private property owned by an employee or individual
12 contractor and leased to a state-certified production for use in Louisiana on a state-
13 certified production, which is designated as additional income on a W-2 or 1099
14 federal income tax form.

15 ~~(3)~~ (4) "Expenditure" means actual cash or cash equivalent exchanged for
16 goods or services.

17 ~~(2)~~ ~~"Expended"~~ (5) "Expenditure in the state" means an expenditure to lease
18 immovable property located in the state; an expenditure as compensation for services
19 performed in the state; or an expenditure to purchase or lease tangible personal
20 property from a source within the state where the transaction is subject to the state
21 sales or lease tax provisions of Title 47 of the Louisiana Revised Statutes of 1950.
22 A transaction that is subject to the state sales or lease tax provisions of Title 47 of the
23 Louisiana Revised Statutes of 1950 shall include transactions which are also subject
24 to a statutory exclusion or exemption.

25 ~~(4)~~(6) "Headquartered in Louisiana" means a corporation incorporated in
26 Louisiana or a partnership, limited liability company, or other business entity
27 domiciled ~~and~~ in Louisiana and having its principal place of business in Louisiana.
28 An entity shall not be deemed to be headquartered in Louisiana for the purpose of

1 ~~producing nationally or internationally distributed motion pictures as defined in this~~
2 ~~Section. if it is controlled, directly or indirectly, by a nonresident individual or entity.~~

3 ~~(5)(7)~~ "Motion picture" means a nationally or internationally distributed
4 feature-length film, video, television pilot, television series, television movie of the
5 week, animated feature film, animated television series, or commercial made in
6 Louisiana, in whole or in part, for theatrical or television viewing. The term "motion
7 picture" shall not include the production of television coverage of news and athletic
8 events.

9 ~~(6)(8)~~ "Motion picture production company" means a company engaged in
10 the business of producing nationally or internationally distributed motion pictures
11 as defined in this Section. Motion picture production company shall not mean or
12 include any company owned, affiliated, or controlled, in whole or in part, by any
13 company or person which is in default on a loan made by the state or a loan
14 guaranteed by the state, nor with any company or person who has ever declared
15 bankruptcy under which an obligation of the company or person to pay or repay
16 public funds or monies was discharged as a part of such bankruptcy.

17 ~~(7)(9)~~ "Office" means the Governor's Office of Film and Television
18 Development until August 15, 2006; thereafter, the term "office" means the office
19 of entertainment industry development in the Department of Economic Development
20 provided for in R.S. 51:938.1.

21 ~~(8)(10)~~ "Payroll" means all salary, wages, and other compensation, including
22 benefits paid to an employee for services relating to a state-certified production and
23 taxable in this state. However, "payroll" for purposes of the additional tax credit for
24 Louisiana-resident payroll shall exclude any portion of an individual salary in excess
25 of one million dollars.

26 (11) "Post-production work" means film or digital dailies, editorial services,
27 providing post-production facilities, color correction, sound and music editing,
28 rerecording and mixing, post-production lab services, title sequence creation,

1 animation, transfer of film to tape or digital format, sound synchronization, foley,
2 and visual effects.

3 ~~(9)~~(12) "Production expenditures" means preproduction, production, and
4 qualified postproduction expenditures in ~~this~~ the state directly relating to a state-
5 certified production, including without limitation the following: set construction and
6 operation; wardrobes, makeup, accessories, and related services; costs associated
7 with photography and sound synchronization, lighting, and related services and
8 materials; editing and related services; rental of facilities and equipment; leasing of
9 vehicles; costs of food and lodging; digital or tape editing, film processing, transfer
10 of film to tape or digital format, sound mixing, special and visual effects; financing
11 and interest costs if such financing or loan is obtained from a financier headquartered
12 in Louisiana; and payroll. This term shall include the cost of customization or
13 custom development of a tangible good specifically designed for use by a state-
14 certified production in Louisiana if the customization services are performed in
15 Louisiana. This term shall not include expenditures for marketing and distribution,
16 ~~non-production~~ nonproduction related overhead, amounts reimbursed by the state or
17 any other governmental entity, costs related to the transfer of tax credits, amounts
18 that are paid to persons or entities as a result of their participation in profits from the
19 exploitation of the production, the application fee, box or kit rentals paid to an
20 individual who is not a Louisiana resident for the use of property that does not
21 originate from a source within the state, or state or local taxes.

22 (13) "Qualified post-production expenditures" means only such costs that are
23 attributable to the use of tangible property or the performance of post-production
24 services by a qualified post-production facility within the state and related to a state-
25 certified production. This shall include only those costs and their pro rata portions
26 which occur directly within the state, no cost or salary which is incurred outside of
27 Louisiana can be considered eligible; thus services contracted to subsidiaries, third
28 party companies, satellite offices or individuals performing the work outside the state
29 are not qualified post-production costs. A production company claiming qualified

1 post-production expenditures must sign a statement attesting that, to the best of its
2 knowledge, all services being submitted as eligible meet the requirements of this
3 Paragraph. Additionally, it shall be required that the qualified post-production
4 facility performing the claimed post-production services must sign a statement
5 attesting that all claimed qualified post-production expenditures meet the
6 requirements of this Paragraph. Should it be found that a post-production facility
7 fradulently misrepresents the eligibility of expenditures, such post-production facility
8 shall be deemed ineligible to serve as a qualified post-production facility for a period
9 of eighteen months.

10 (14) "Qualified post-production facility" means:

11 (a) For state-certified productions with a total base investment of more than
12 one million dollars, a permanent facility located within the state which is designed
13 for the performance of post-production work, at which all necessary equipment is
14 maintained on a permanent basis, and which meets either of the following criteria:

15 (i) If used for picture-based post-production, it contains a minimum of two
16 thousand five hundred square feet of workable space, and has a minimum of four
17 full-time employees.

18 (ii) If used for sound-based post production, it contains a minimum of one
19 thousand two hundred fifty square feet of workable space, and it maintains a
20 minimum of two full-time employees.

21 (b) For state-certified productions with a total base investment of one million
22 dollars or less, a facility located within the state which is designed for the
23 performance of post-production work, at which all necessary equipment is
24 maintained on a permanent basis, and which meets either of the following criteria:

25 (i) If used for picture-based post-production, it contains a minimum of one
26 thousand two hundred fifty square feet of workable space, and has a minimum of two
27 full-time employees.

1 (ii) If used for sound-based post production, it contains a minimum of seven
2 hundred fifty square feet of workable space, and it maintains a minimum of one full-
3 time employee.

4 (c) A production which performs post-production services on its own behalf
5 shall be exempt from the requirement to use a qualified post-production facility;
6 provided, however, expenditures shall only be eligible for earning tax credits under
7 the cost-recovery method of accounting.

8 ~~(10)~~(15) "Resident" or "resident of Louisiana" means a natural person
9 domiciled in the state who has a driver's license issued by the state of Louisiana, and
10 who can provide either a utility bill or real property lease which indicates the same
11 address as that on the driver's license, and which document is dated at least six
12 months and no more than one year prior to employment. A person who maintains
13 a permanent place of abode within the state and spends in the aggregate more than
14 six months of each year within the state shall be presumed to be domiciled in the
15 state.

16 ~~(11)~~(16) "Secretary" means the secretary of the Department of Economic
17 Development.

18 ~~(12)~~(17) "Source within the state" means a resident, corporation, partnership,
19 limited liability company, or other business entity, or division or subsidiary thereof,
20 with a physical facility in Louisiana, operating with posted business hours and
21 employing at least one full-time equivalent employee.

22 (18) "Special events" means an event that occurs irrespective of filming,
23 such as Mardi Gras, music festivals, concerts, or other similarly situated events.

24 (19) "Special event production expenditures" means only costs directly
25 related to filming the special event.

26 (20) For state-certified productions receiving initial certification on or after
27 January 1, 2014, costs that are indirectly related to filming shall not qualify for tax
28 credits. Such indirect costs shall include, but not be limited to artist compensation

1 for festival or concert appearances or costs associated with the usual activities of a
2 reality show or documentary.

3 ~~(13)~~(21) "State" means the state of Louisiana.

4 ~~(14)~~(22) "State-certified production" shall mean a production approved by
5 the office and the secretary which is produced by a motion picture production
6 company domiciled ~~and headquartered~~ in Louisiana and which has a viable ~~multi-~~
7 ~~market~~ multimarket commercial distribution plan.

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

9 (1) There is hereby authorized a tax credit against state income , corporation
10 franchise, severance and sales and use tax for Louisiana taxpayers for investment in
11 state-certified productions. The tax credit shall be earned ~~by investors~~ at the time
12 expenditures are made by a motion picture production company in a state-certified
13 production. However, credits cannot be applied against a tax or transferred until the
14 expenditures are certified by the office and the secretary. For state-certified
15 productions, expenditures shall be certified no more than twice during the duration
16 of a state-certified production unless the motion picture production company agrees
17 to reimburse the office for the costs of any additional certifications. The tax credit
18 shall be calculated as a percentage of the total base investment dollars certified per
19 project.

20 * * *

21 (c) For state-certified productions approved by the office and the secretary
22 on or after July 1, 2009, but before January 1, 2014:

23 * * *

24 (d) For state-certified productions approved by the office and the secretary
25 on or after January 1, 2014:

26 (i) If the total base investment is greater than three hundred thousand dollars,
27 each motion picture production company shall be allowed a tax credit of thirty
28 percent of the base investment made by that motion picture production company

1 excluding any portion of the base investment that is expended on payroll for below
2 the line crewmembers that are not residents of Louisiana.

3 (aa) To the extent that base investment is expended on payroll for Louisiana
4 residents employed in connection with a state-certified production, each motion
5 picture production company shall be allowed an additional tax credit of five percent
6 of such payroll; however, if such payroll contains compensation to any individual
7 which exceeds one million dollars, this additional credit shall exclude any
8 compensation for that individual that exceeds one million dollars.

9 (bb) To the extent that base investment is expended on payroll for below the
10 line crewmembers that are not residents of Louisiana employed in connection with
11 a state-certified production, each motion picture production company shall be
12 allowed a tax credit of twenty percent of such payroll.

13 (ii) If the total base investment is greater than fifty thousand dollars, but less
14 than three hundred thousand dollars, each investor who can prove Louisiana
15 residency for a minimum of three years shall be allowed a tax credit for thirty
16 percent of the base investment made by that investor.

17 ~~(d)~~(e) Motion picture investor tax credits associated with a state-certified
18 production shall never exceed the total base investment in that production.

19 (2) The credit shall be allowed against the income, corporation franchise,
20 severance, and sales and use tax for the taxable period in which the credit is earned
21 ~~or for the taxable period in which initial certification authorizes the credit to be~~
22 ~~taken.~~ If the tax credit allowed pursuant to this Section exceeds the amount of such
23 taxes due for such tax period, then any unused credit may be carried forward as a
24 credit against subsequent tax liability for a period not to exceed ten years.

25 * * *

1 (4) Transferability of the credit. Any motion picture tax credits not
2 previously claimed by any taxpayer against its income, corporation franchise,
3 severance, and sales and use tax may be transferred or sold to another Louisiana
4 taxpayer or to the office, subject to the following conditions:

5 * * *

6 (f)

7 * * *

8 (ii) For projects which receive initial certification on and after July 1, 2009,
9 the investor or motion picture production company who earned the motion picture
10 investor tax credits pursuant to such certification may transfer the credits to the
11 office for eighty-five percent of the face value of the credits in accordance with the
12 procedures and requirements of Item (i) of this Subparagraph.

13 * * *

14 D. Certification and administration.

15 (1)(a) The secretary of the Department of Economic Development and the
16 office shall determine through the promulgation of rules the minimum criteria that
17 a project must meet in order to qualify according to this Section. ~~The secretary, the~~
18 ~~office, and the division of administration shall determine through the promulgation~~
19 ~~of rules the minimum criteria that a project must meet in order to qualify according~~
20 ~~to this Section.~~ However, rulemaking authority shall not extend to the setting of a
21 specific cap, proportion, percentage, or similar limit or restriction with regard to the
22 scope or qualification of production expenditures as defined in this Section. The
23 qualification of production expenditures shall be confirmed through the audit process
24 associated with final certification as provided for in Subparagraph (2)(d) of this
25 Subsection.

26 * * *

27 (2)

28 * * *

1 (b) If the application is incomplete, additional information may be requested
2 ~~prior to further action~~ by the office or the secretary of the Department of Economic
3 Development. An application fee shall be submitted with the application based on
4 the following:

5 * * *

6 (c) The office and the secretary shall submit their initial certification of a
7 project as a state-certified production to ~~investors~~ both the motion picture production
8 company and to the secretary of the Department of Revenue ~~indicating~~ . The initial
9 certification shall indicate the total base investment which shall be expended in the
10 state on the state-certified production. ~~The initial certification and~~ shall include a
11 unique identifying number for each state-certified production.

12 (d) Prior to any final certification of the state-certified production, the
13 motion picture production company shall submit to the office and the secretary an
14 audit of the production expenditures certified by an independent certified public
15 accountant as determined by rule. The office and the secretary shall review the audit;
16 and the production expense details, and may require additional information needed
17 to make a determination. Upon approval of the audit, the office and the secretary
18 shall issue a final tax credit certification letter indicating the amount of tax credits
19 certified for the state-certified production to the ~~investors~~ motion picture production
20 company. The rules required by this Subparagraph shall, at a minimum, require that:

21 * * *

22 (3) The secretary of the Department of Revenue, in consultation with the
23 office and the secretary of the Department of Economic Development shall
24 promulgate such rules and regulations as are necessary to carry out the intent and
25 purposes of this Section in accordance with the general guidelines provided herein.
26 However, rulemaking authority shall not extend to the setting of a specific cap,
27 proportion, percentage, or similar limit or restriction with regard to the scope or
28 qualification of production expenditures as defined in this Section. The qualification

1 of production expenditures shall be confirmed through the audit process associated
2 with final certification as provided for in Subparagraph (2)(d) of this Subsection.

3 * * *

4 (6) Prior to any final certification of a state-certified production, the motion
5 picture production company applying for the credit must ensure and be able to
6 demonstrate that all taxes related to production expenditures paid to an individual,
7 or to a loan out, personal services corporation, professional employer organization,
8 or employee leasing company for the services of an individual that are performed in
9 this state are withheld and paid to this state pursuant to R.S. 47:112. Any amounts
10 so withheld shall be deemed to have been withheld by the loan out, personal services
11 corporation, professional employer organization, or employee leasing company on
12 wages paid to its employees for services performed in Louisiana.

13 ~~(6)(7)(a)~~ With input from the Legislative Fiscal Office, the office shall
14 prepare a written report to be submitted to the Senate Committee on Revenue and
15 Fiscal Affairs and the House of Representatives Committee on Ways and Means no
16 less than sixty days prior to the start of the Regular Session of the Legislature in
17 2007, and every second year thereafter. The report shall include the overall impact
18 of the tax credits, the amount of the tax credits issued, the number of net new jobs
19 created, the amount of Louisiana payroll created, the economic impact of the tax
20 credits and film industry, and any other factors that describe the impact of the
21 program.

22 (b) For the year 2015, the report shall include a long-term strategic plan for
23 the development of an indigenous self-sustaining entertainment industry and shall
24 include recommendations for legislative and policy changes that will help reduce
25 industry dependence on tax credits and government subsidy.

26 (c) The long-term plan with recommendations shall be developed by a
27 committee of industry experts named "The Entertainment Industry Advisory
28 Committee", hereafter referred to as "committee". The committee shall meet a
29 minimum of eight times without compensation and will convene no later than

1 December 1, 2013. The committee's final report shall be due to the office, the House
2 Committee on Ways and Means, and the Senate Committee on Revenue and Fiscal
3 Affairs no later than February 1, 2015.

4 (d) The committee shall be appointed by the secretary of the Louisiana
5 Department of Economic Development and shall be composed of the following:

6 (i) The director of the Office of Entertainment Industry Development;

7 (ii) The secretary of the Department of Economic Development, or his
8 designee;

9 (iii) The chairman of the House Committee on Ways and Means, or his
10 designee;

11 (iv) The chairman of the Senate Committee on Revenue and Fiscal Affairs,
12 or his designee;

13 (v) An economist with the Legislative Fiscal Office;

14 (vi) Three representatives of the entertainment business community selected
15 from a list provided by the Louisiana Film and Entertainment Association;

16 (vii) A representative of the banking or investment community with
17 experience in film financing, start up investment or intellectual property selected
18 from a list provided by the Louisiana Bankers Association;

19 (viii) A representative from a Louisiana university which offers degreed
20 programs in at least two of the following areas: film, music business, animation,
21 video game development, or dramatic arts.

22 (e) Any expenses incurred by the committee for research, facilitation, or
23 compilation of the strategic plan may be paid from the Entertainment Promotion and
24 Marketing Fund, but shall not exceed a total of twenty-five thousand dollars.

25 ~~(7)~~(8) The Department of Economic Development may request an additional
26 audit of the expenditures submitted by the motion picture production company at the
27 cost of the motion picture production company.

28 ~~(8)~~(9) As a condition for receiving certification of tax credits under this
29 Section, state-certified productions may be required to display ~~an animated~~ a state

1 brand or logo, or both, which includes a fleur de lis as prescribed by the secretary of
2 the Department of Economic Development as long as the ~~animated~~ state brand or
3 logo is not contrary to any rule or regulation of the Federal Communications
4 Commission.

5 E. Recapture of credits. If the office finds that monies for which ~~an investor~~
6 a motion picture production company received tax credits according to this Section
7 are not ~~invested in and~~ expended with respect to a state-certified production ~~within~~
8 ~~twenty-four months of the date that such credits are earned, then the investor's~~ then
9 the motion picture production company's state income tax for such taxable period
10 shall be increased by such amount necessary for the recapture of credit provided by
11 this Section.

12 F. Recovery of credits by Department of Revenue.

13 * * *

14 (3) No tax credits transferred to another Louisiana taxpayer pursuant to this
15 Section shall be subject to recovery or recapture. Once tax credits are granted and
16 issued, the office and Department of Revenue shall have no right, except in the case
17 of possible material misrepresentation or fraud, to conduct any further or additional
18 review, examination, or audit of the production expenditures for which such tax
19 credits were granted. The sole and exclusive remedy of the office and Department
20 of Revenue shall be to seek collection of the amount of such tax credits from the
21 entity that committed the fraud or misrepresentation.

22 ~~(3)~~(4) The provisions of this Subsection are in addition to and shall not limit
23 the authority of the secretary of the Department of Revenue to assess or to collect
24 under any other provision of law.

25 * * *

26 §6030. Wind or solar energy systems tax credit

27 * * *

28 G. Notwithstanding any provision of law to the contrary, beginning July 1,
29 2013, through June 30, 2016, any tax credit authorized pursuant to the provisions

1 of this Section which is presented to the Department of Revenue or claimed by a
 2 taxpayer as an offset against income tax liability on a taxpayer's tax return shall be
 3 reduced by fifteen percent.

4 Section 2. R.S. 47:6007(D)(2)(a)(i)(ee) is hereby repealed in its entirety.

5 Section 3.(A) This Act shall become effective on July 1, 2013; if vetoed by the
 6 governor and subsequently approved by the legislature, this Act shall become effective on
 7 July 1, 2013, or on the day following such approval by the legislature, whichever is later.

8 (B) This Act shall take effect and become operative only if the proposed
 9 amendments of the Constitution of Louisiana contained in the Joint Resolutions which
 10 originated as House Bill Nos. 434, 435, and 436 of this 2013 Regular Session of the
 11 Legislature are concurred in by both houses of the legislature and House Bill Nos. 1, 437,
 12 456, 474, 571, 620, and 653 of this 2013 Regular Session of the Legislature are enacted into
 13 law.

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)]

Montoucet

HB No. 696

Abstract: Relative to tax credits, reduces the amount of the wind or solar energy systems tax credit by 15% beginning July 1, 2013, through June 30, 2016, and makes numerous programmatic changes to the motion picture investor tax credit which apply to state-certified productions after Jan. 1, 2014.

Present law provides for the establishment of an income tax credit for the cost of purchase and installation of a wind energy system or a solar energy system. The amount of the credit shall be equal to 50% of the first \$25,000 of the cost of each wind energy or solar energy system, including installation costs.

Proposed law retains present law but requires, beginning July 1, 2013, any wind or solar energy system tax credit which is presented to the Dept. of Revenue or claimed by a taxpayer as an offset against income tax liability on a taxpayer's tax return to be reduced by 15%.

Present law authorizes a tax credit against state income tax for La. taxpayers for investment in state-certified motion picture productions. The amount of the tax credit is 30% of certified production expenditures (also known as base investment). Also provided is an additional tax credit equal to 5% of the base investment expended on payroll for La. residents employed in connection with all state-certified productions. Tax credits may be transferred to third parties or may be transferred to the Dept. of Economic Development for 85% of face value.

Present law provides for definitions, eligibility requirements, and program administration for the motion picture investor tax credit.

Proposed law makes numerous changes to provisions of present law which are applicable to productions certified after Jan. 1, 2014.

Proposed law authorizes the use of tax credits against corporation franchise, severance, and sales and use taxes, in addition to income taxes as provided in present law.

Proposed law changes the definitions of "qualified expenditures", "resident", "source within the state", and provides new definitions for purposes of the tax credit program, including "qualified post-production expenditures", "post-production work", "qualified post-production facility," and "special event".

Proposed law changes present law by reducing the value of tax credits based on payroll expenditures for below the line crewmembers who are not La. residents from 30% to 20%.

Proposed law extends the credit to smaller productions by allowing individual investors to receive tax credits equal to 30% of their investment in a production with a total base investment of greater than \$50,000 but less than \$300,000.

Proposed law limits rulemaking relative to the setting of caps or percentages with regard to the scope or qualification of expenditures.

Proposed law provides that no tax credits transferred to another La. taxpayer shall be subject to recovery or recapture. Once tax credits are granted and issued, the office and Dept. of Revenue shall have no right, except in the case of possible material misrepresentation or fraud, to conduct any further or additional review, examination, or audit of the production expenditures for which such tax credits were granted. The sole and exclusive remedy of the office and Dept. of Revenue shall be to seek collection of the amount of such tax credits from the entity that committed the fraud or misrepresentation.

Proposed law establishes "The Entertainment Advisory Committee" to develop a long term strategic plan for the development of an indigenous self-sustaining entertainment industry.

Proposed law provides for the membership of the committee and requires that the committee provide a report to the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs no later than Feb. 1, 2015.

Effective July 1, 2013, and shall take effect and become operative only if the proposed amendments to the Const. of La. contained in the Joint Resolutions which originated as HB Nos. 434, 435, and 436 of this 2013 R.S. are concurred in by both houses of the legislature and HB Nos. 1, 437, 456, 474, 571, 620, and 653 of this 2013 R. S. are enacted into law.

(Amends R.S. 47:6007(B), (C)(1)(intro. para.), (c)(intro. para.) and (d), (2)(intro. para.), (4)(intro. para.) and (f)(ii), (D)(1)(a), (2)(b)(intro. para.), (c), and (d)(intro. para.), (3), (6), (7), and (8), (E), and (F)(3); Adds R.S. 47:6007(C)(1)(e), (D)(9), and (F)(4), and 6030(G); Repeals R.S. 47:6007(D)(2)(a)(i)(ee))

Summary of Amendments Adopted by House

House Floor Amendments to the original bill.

1. Deletes the uniform 5% reduction of the tax credits in R.S. 47:6004 through 6037 and the school readiness tax credits beginning on or after Jan. 1, 2014, for income tax credits, and for taxable periods beginning on Jan. 1, 2015, for corporation franchise tax credits.

2. Deletes repeal of the tax incentives for university research and development parks, exemptions for manufacturing establishments, the Corporate Tax Apportionment Program, "green jobs industries", and urban revitalization.
3. Adds provision that any tax credit for state-certified productions certified on or after July 1, 2013, through June 30, 2016, shall be reduced by 10%, which shall become the face value of such credits. Further provides that beginning July 1, 2016, any tax credit, including tax credits certified on or after July 1, 2013, and before June 30, 2016, shall be given their full value.
4. Changes the certification of expenditures for state-certified productions from no more than twice during the duration of a state-certified production to once per calendar year.
5. Adds provision that payroll expenditure applications received on or after Aug. 1, 2013, shall be limited to \$3 Million per person, per state-certified production for each employee reported on a W2 form. Additionally, extends the cap to payments made to loan out companies or independent contractors reported on a Form 1099.
6. Prohibits a transfer from becoming effective against third parties until all required transfer documents are submitted.
7. Changes the amount of the processing fee from up to \$200 per transferee to \$200 per transferee.
8. Adds requirement that beginning July 1, 2013, any wind or solar energy system tax credit which is presented to the Dept. of Revenue or claimed by a taxpayer as an offset against corporate tax liability on a taxpayer's tax return to be reduced by 15%.
9. Changes the effective date from Jan. 1, 2014, to July 1, 2013, and shall take effect and become operative only if the proposed amendments of the Const. of La. contained in the Joint Resolutions which originated as HB Nos. 434, 435, and 436 of this 2013 R. S. are concurred in by both houses of the legislature and HB Nos. 1, 437, 456, 474, 571, 620, and 653 of this 2013 R. S. are enacted into law.

House Floor Amendments to the engrossed bill.

1. For the wind or solar energy system tax credit, changes the taxes to which the 1590 reduction applies from corporate taxes to income taxes.
2. For the motion picture investor tax credit, applicable to state-certified productions after Jan. 1, 2014:
 - (a) Deletes the temporary 10% reduction in the face value of the tax credit.
 - (b) Deletes provisions regarding the frequency of certification of expenditures for state-certified productions for the motion picture investor tax credit.
 - (c) Deletes provisions limiting payroll expenditures to no more than \$3 million per person, per state-certified production.
 - (d) Deletes changes to present law governing the transfer of tax credits.

- (e) Revises and adds various definitions, including "production expenditures".
- (f) Changes the value of the tax credit for non-resident below the line crew from 30% to 20%.
- (g) Adds a new tax credit for small productions.
- (h) Limits rulemaking authority.
- (i) Adds a new Entertainment Advisory Committee for purposes of developing a strategic plan for the entertainment industry in La.