

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 106** SLS 15RS 233

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 15, 2015 4:54 PM	Author: MORRELL
Dept./Agy.: Department of Revenue	Analyst: Deborah Vivien
Subject: Retroactive recapture allowance against individuals	

TAX/TAXATION

RE SEE FISC NOTE GF RV See Note

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Requires recovery of motion picture investor tax credits issued in violation of the tax credit law or its administrative interpretation and those issued to an investor convicted of a criminal violation related to such tax credits. (gov siq)

Current law provides a transferable income tax credit for 30% of qualified expenditures related to motion picture production with an additional 5% for payroll of Louisiana residents. Claiming the credit requires submission of an audit report of qualified expenditures for the motion picture tax credits by a certified accountant.

Proposed law disallows credit eligibility to any company or person convicted of a criminal violation related to tax credits. If credits were already granted, the bill allows them to be invalidated should these provisions become known, with a good faith provision. The film credit issuance process can be delayed until judgment if charges related to tax credits are pending. The bill allows the Department of Revenue to assess a violator by the amount of the invalidated credits and begin recapture efforts in the same manner as delinquent taxes, including interest and penalties. The bill also defines investor as one with 5% or more interest in a film company. The components of the bill are retroactive and severable.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill provides an additional means under which the Department of Revenue may act to invalidate and recoup film production tax credits, including the full force of collecting delinquent tax debt. This would include wage garnishment, seizure of assets and bank account levies. To the extent that those with criminal convictions related to tax credits have the means, this bill could allow an immediate recoupment of tax credits which would presumably be considered general fund receipts, though such recoupments may be considered a debt recovery, which could be a dedicated receipt. The process is allowed to be delayed if charges related to film tax credits are pending in the courts.

With a retroactive provision, the impact could be more immediate should pending situations be resolved by this bill.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist