

2025 Regular Session

HOUSE BILL NO. 653

BY REPRESENTATIVES DAVIS AND MANDIE LANDRY AND SENATORS FOIL,
HENSGENS, JACKSON-ANDREWS, MCMATH, MYERS, AND STINE

AN ACT

To amend and reenact R.S. 47:6023(B)(1), (3), (5), and (9), (C)(1)(introductory paragraph), (c), and (d), (3)(a), and (4)(a)(iii), (D)(1)(introductory paragraph), (2)(a)(introductory paragraph) and (b) through (e), (3), and (4), (E)(1), (F), and (I), relative to tax credits; to provide with respect to the sound recording investor tax credit; to provide for definitions; to provide for administration of the tax credit program by the office of cultural development; to provide for credit amounts; to provide for requirements and limitations; to extend the period in which investors may apply for the tax credit; to authorize promulgation of emergency rules; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6023(B)(1), (3), (5), and (9), (C)(1)(introductory paragraph), (c), and (d), (3)(a), and (4)(a)(iii), (D)(1)(introductory paragraph), (2)(a)(introductory paragraph) and (b) through (e), (3), and (4), (E)(1), (F), and (I) are hereby amended and reenacted to read as follows:

§6023. Sound recording investor tax credit

* * *

B. Definitions. For the purposes of this Section:

(1) "Base investment" shall mean the actual investment made and expended in the state by a state-certified production as production-related costs and QMC payroll expenditures for Qualified Music Companies approved by the office of

1 ~~cultural development, and the secretary on or after July 1, 2017. Expenditures~~
2 ~~comprising the base investment shall not include the expenditure verification report~~
3 ~~fee paid by the sound recording production company for purposes of verification of~~
4 ~~the company's cost report for production expenditures.~~

5 * * *

6 (3) "New jobs" means full-time employment in Louisiana of an average of
7 thirty hours or more per week, filled by Louisiana residents at the project site
8 designated in the contract, who were not previously on the QMC's payroll in
9 Louisiana, nor previously on the payroll of such QMC's parent entity, subsidiary, or
10 affiliate in Louisiana, or previously on the payroll of any business whose physical
11 location and employees are substantially the same as those of the QMC in Louisiana;
12 ~~as approved by the secretary.~~

13 * * *

14 (5) "QMC payroll" means wages reported in box 1 on a W-2 form and
15 compensation reported on a 1099-MISC or 1099-NEC form.

16 * * *

17 (9) "State-certified production" means a sound recording production, or a
18 series of productions, including but not limited to master and demonstration
19 recordings, occurring over the course of a twelve-month period, and base investment
20 related to such production or productions that are approved by ~~Louisiana Economic~~
21 ~~Development~~ the office of cultural development within one hundred eighty days of
22 ~~the receipt by Louisiana Economic Development~~ the office of a complete application
23 for initial certification of a production. If the production is not approved within one
24 hundred eighty days, ~~Louisiana Economic Development shall~~ the office of cultural
25 development may provide a written report to the Senate Committee on Revenue and
26 Fiscal Affairs and the House Committee on Ways and Means which states the reason
27 that the production has not been approved.

28 C. Investor tax credit; state-certified productions.

29 (1) There is hereby authorized a credit against the state income tax for
30 investments made in state-certified productions. The tax credit shall be earned by

investors at the time that expenditures are certified by ~~Louisiana Economic Development~~ the office of cultural development according to the total base investment certified for the sound recording production company per calendar year; however, no credit shall be allowed ~~under~~ pursuant to this Section for any expenditures for which a credit was granted ~~under~~ pursuant to R.S. 47:6007, 6022, or 6034.

* * *

(c) Project-based production credit. For applications for state-certified productions received on or after July 1, ~~2017~~ 2025, each investor shall be allowed a tax credit of ~~eighteen~~ twenty-five percent of the base investment made by that investor in excess of ~~twenty-five~~ ten thousand dollars. However, if the investor who is applying for the tax credit is a Louisiana resident and the sound recording project is a resident copyright as defined in Subsection B of this Section, the ~~eighteen~~ twenty-five percent tax credit shall be allowed on base investments which exceed ~~ten~~ five thousand dollars.

(d) Company-based QMC payroll credit. For applications for Qualified Music Companies received on or after July 1, ~~2017~~, ~~or for applications for Qualified Music Companies that have been submitted but that have not received final certification by July 1, 2019~~ 2025, to the extent that base investment is expended on payroll for Louisiana residents in connection with a QMC, tax credits shall be earned at the following rates:

(i) Tier 1. A payroll credit of ~~ten~~ fifteen percent shall be earned for each new job whose QMC payroll is equal to or greater than thirty-five thousand dollars per year, up to sixty-six thousand dollars per year.

(ii) Tier 2. A payroll credit of ~~fifteen~~ twenty percent shall be earned for each new job whose QMC payroll is equal to or greater than sixty-six thousand dollars per year, ~~but no greater than two hundred thousand dollars per year~~.

* * *

(3) Except as otherwise provided in this Paragraph, the aggregate amount of credits certified for all investors pursuant to this Section during any calendar year

1 shall not exceed two million one hundred sixty thousand dollars. However, fifty
 2 percent of the aggregate amount of credits certified each year shall be reserved for
 3 QMCs. No more than one hundred thousand dollars in tax credits may be granted per
 4 project, per calendar year.

5 (a) An application for initial certification of a project shall be submitted to
 6 the ~~Louisiana Department of Economic Development~~ office of cultural development
 7 prior to the granting of the credit, and the granting of credits ~~under~~ in accordance
 8 with this Section shall be on a first-come, first-served basis. The secretary of the
 9 ~~Louisiana Department of Economic Development~~ Department of Culture, Recreation
 10 and Tourism shall determine through the promulgation of rules the administration
 11 of the annual aggregate maximum. ~~In addition, these rules shall be approved~~ These
 12 rules shall be subject to oversight by the House Committee on Ways and Means and
 13 the Senate Committee on Revenue and Fiscal Affairs in accordance with the
 14 provisions of the Administrative Procedure Act.

15 * * *

16 (4)(a) Company-based QMC payroll credit. A business shall be eligible for
 17 participation in the program if the business meets all of the following criteria:

18 * * *

19 (iii) The business is approved by the ~~secretary of Louisiana Economic~~
 20 ~~Development~~ office of cultural development.

21 * * *

22 D. Certification and administration.

23 (1) The secretary of ~~Louisiana Economic Development~~ the Department of
 24 Culture, Recreation and Tourism shall determine through the adoption and
 25 promulgation of rules which expenditures qualify according to this Section. ~~In~~
 26 ~~addition, these rules shall be approved~~ These rules shall be subject to oversight by
 27 the House Committee on Ways and Means and the Senate Committee on Revenue
 28 and Fiscal Affairs in accordance with the provisions of the Administrative Procedure
 29 Act. When determining which expenditures qualify, ~~Louisiana Economic~~

Development the secretary shall ~~take~~ consider the following factors into consideration:

* * *

(2)(a) An applicant for the sound recording investor tax credit shall submit an application for initial certification to ~~Louisiana Economic Development~~ the office of cultural development that includes the following information:

* * *

(b) If the application is incomplete, additional information may be requested prior to further action by ~~Louisiana Economic Development~~ the office of cultural development.

(c)(i) ~~Louisiana Economic Development shall~~ The office of cultural development may directly engage and assign a certified public accountant to prepare an expenditure verification report on a sound recording production company's cost report of production expenditures. The applicant ~~shall~~ may be responsible for payment of the expenditure verification report fee ~~in accordance with R.S. 36:104.1,~~ and shall make all records related to the tax credit application available to the ~~department and the accountant~~ office of cultural development.

(ii) The applicant ~~will~~ may be assessed the department's actual cost for the expenditure verification report fee. ~~The maximum fee shall be as follows:~~

~~(aa) One thousand five hundred dollars for verification of a cost report reflecting expenditures of at least ten thousand dollars but less than twenty-five thousand dollars.~~

~~(bb) Three thousand dollars for verification of a cost report reflecting expenditures of at least twenty-five thousand dollars but less than fifty thousand dollars.~~

~~(cc) Five thousand dollars for verification of a cost report reflecting expenditures of at least fifty thousand dollars, but less than one hundred thousand dollars.~~

(dd) ~~Seven thousand five hundred dollars for verification of a cost report reflecting expenditures of more than one hundred thousand dollars.~~

1 ~~(iii) At the time of application, the applicant may be required to submit a~~
2 ~~deposit in an amount up to fifty percent of the expenditure verification report fee~~
3 ~~required pursuant to the provisions of Item (ii) of this Subparagraph.~~

4 (d) ~~Louisiana Economic Development~~ The office of cultural development
5 shall submit its initial certification of a project as a state-certified production to
6 investors and to the secretary of the Department of Revenue. The initial certification
7 shall include a unique identifying number for each state-certified production.

8 (e) Qualified Music Companies may submit one request for final certification
9 of tax credits per calendar year and state-certified productions may request final
10 certification of credits upon project completion by submitting to the ~~department~~
11 office of cultural development a cost report of production expenditures to be
12 formatted in accordance with instructions of the ~~department~~ office. The applicant
13 shall make all records related to the cost report available for inspection by the office
14 ~~department and the accountant selected by the department to prepare the expenditure~~
15 ~~verification report. After review and investigation of the cost report, the accountant~~
16 ~~shall submit to the department an expenditure verification report.~~ Sound recording
17 investor tax credits shall be certified only upon the receipt and approval by the
18 ~~department~~ office of an expenditure verification report ~~submitted by a certified~~
19 ~~public accountant in accordance with this Subparagraph.~~ The ~~department~~ office shall
20 review the expenditure verification report, and for those expenditures found to be
21 qualified ~~the department~~ shall issue a tax credit certification letter to the investors
22 indicating the amount of tax credits certified for the state-certified production.

23 (3) The secretary of ~~Louisiana Economic Development~~ the Department of
24 Culture, Recreation and Tourism, in consultation with the Department of Revenue
25 and the Louisiana Music Commission, shall adopt and promulgate ~~such all~~ rules and
26 regulations ~~as are~~ necessary to carry out the intent and purposes of this Section ~~in~~
27 ~~accordance with the general guidelines provided herein.~~

28 (4) With input from the Legislative Fiscal Office, ~~Louisiana Economic~~
29 ~~Development~~ the secretary of the Department of Culture, Recreation and Tourism
30 shall prepare a written report to be submitted to the House Committee on Ways and

1 Means and the Senate Committee on Revenue and Fiscal Affairs no less than sixty
2 days prior to the start of the 2027 Regular Session of the Legislature ~~in 2007~~, and
3 every second year thereafter. The report shall include the overall impact of the tax
4 credits, the amount of the tax credits issued, the number of new jobs created, the
5 amount of Louisiana payroll created, the economic impact of the tax credits and
6 sound recording industry, and any other factors that describe the impact of the
7 program.

8 E. Tax credit certification letter for Qualified Music Company credit and
9 project-based production tax credit. (1) After certification, ~~Louisiana Economic~~
10 ~~Development~~ the office of cultural development shall submit the tax credit
11 certification letter to the Department of Revenue on behalf of the QMC or the
12 investor who earned the sound recording tax credits. The Department of Revenue
13 may require the QMC or the investor to submit additional information as may be
14 necessary to administer the provisions of this Section. Upon receipt of the tax credit
15 certification letter and any necessary additional information, the secretary of the
16 Department of Revenue shall make payment to the QMC or the investor in the
17 amount to which he is entitled from the current collections of the taxes collected
18 pursuant to Chapter 1 of Subtitle II of this Title, as amended.

19 * * *

20 F. Recapture of credits. If ~~Louisiana Economic Development~~ the office of
21 cultural development finds that funds for which an investor received credits
22 ~~according pursuant~~ to this Section are not invested in and expended with respect to
23 a state-certified production within twenty-four months of the date that ~~such~~ those
24 credits are earned, then the investor's state income tax for such taxable period shall
25 be increased by ~~such~~ the amount necessary for the recapture of credit provided by
26 this Section.

27 * * *

28 I. Termination. No credits shall be granted pursuant to the provisions of this
29 Section for applications received on or after July 1, ~~2025~~ 2030.

1 Section 2. Notwithstanding any provision of law to the contrary, the secretary of the
2 Department of Culture, Recreation and Tourism may promulgate rules for the initial
3 implementation of the provisions of this Act through the emergency rulemaking procedure
4 provided for in R.S. 49:962.

5 Section 3. The provisions of this Act shall apply to taxable periods beginning on or
6 after January 1, 2025.

7 Section 4. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____