
DIGEST

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HB 633 Original

2015 Regular Session

James

Abstract: Beginning Jan. 1, 2016, establishes an annual \$150 million program cap on the amount of motion picture investor tax credits certified by the office.

Present law provides for an income tax credit for La. taxpayers for investment in state-certified productions earned at the time expenditures are made by a motion picture production company in a state-certified production. The amount of the credit shall be equal to 30% of the base investment made by the investor if the total base investment is more than \$300,000. Additionally provides for a credit equal to 5% of base investment expended on payroll for La. residents employed in connection with a state-certified production. However, this credit does not apply to the payroll of any one person that exceeds \$1 million dollars.

Present law excludes from the definition of "payroll" any portion of an individual salary in excess of \$1M for purposes of the additional tax credit for La. resident payroll.

Proposed law changes present law to excludes from the definition of "payroll" any portion of any individual's salary that is in excess of \$1M.

Present law defines "production audit report" to mean an audit report issued by a qualified accountant who is unrelated to the motion picture production company. Further requires that certain information be contained in the production audit report.

Proposed law retains present law but also requires the production audit report to contain an accounting of the total number of people employed by the state-certified production, the aggregate payroll of the production, and the number of days and hours worked by "below the line" employees. Further requires the report to specify the number of employees who are La. residents, their percentage of payroll for the production, and the number of hours and days worked by La. residents.

Present law defines "production expenditures" to include preproduction, production, and postproduction expenditures in this state directly relating to a state-certified production.

Proposed law retains present law but specifies that the expenditures are incurred in La. and requires certain related services to be contracted for through a La. company.

Proposed law retains present law but requires at least 75% of the "below the line" employees who are employed in connection with the state-certified production to be Louisiana residents in order for the production to be eligible to receive the credit. Further defines "below the line" employees as any

employee who is not an actor, writer, director, or producer.

Proposed law retains present law but limits the program to an annual \$150 million cap in tax credits that may be certified each year. Credits shall be granted on a first-come, first-served basis. If the total amount of credits applied for in any particular year exceeds the aggregate amount of credits allowed for that year, the excess shall be treated as having been applied for on the first day of the subsequent year.

Proposed law requires the secretary to promulgate rules and regulations for administration of the annual cap in accordance with the procedures of the Administrative Procedures Act, subject to oversight by the House Ways and Means Committee and the Senate Revenue and Fiscal Affairs Committee.

Proposed law requires the secretary to publish the production audit reports submitted to the department for final certification on the department's website.

Effective Jan. 1. 2016.

(Amends R.S. 47:6007(B)(8), (9)(intro. para.), and (10), (C)(4) and (5), and (D)(2)(d)(i); Adds R.S. 47:6007(C)(1)(e) and (f); Repeals R.S. 47:6007(C)(6))