

2015 Regular Session

HOUSE BILL NO. 763

BY REPRESENTATIVE STOKES

TAX/INCOME-CREDIT: Limits transferability and increases the amount of the state's buy-back on the motion picture investor tax credit

1 AN ACT

2 To amend and reenact R.S. 47:6007(C)(4)(f)(ii) and to enact R.S. 47:6007(C)(8), relative to
3 income tax credits; relative to the motion picture investor tax credit; to provide
4 relative to the transfer of credits; to provide for the value of a credit transferred to the
5 state; to provide for certain limitations; to provide for applicability; to provide for an
6 effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6007(C)(4)(f)(ii) is hereby amended and reenacted and R.S.
9 47:6007(C)(8) is hereby enacted to read as follows:

10 §6007. Motion picture investor tax credit

11 * * *

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

13 * * *

14 (4) Transferability of the credit. Any motion picture tax credits not
15 previously claimed by any taxpayer against its income tax may be transferred or sold
16 to another Louisiana taxpayer or to the office, subject to the following conditions:

17 * * *

18 (f)

19 * * *

1 (ii) For projects which receive initial certification on and after July 1, 2009,
2 the investor who earned the motion picture investor tax credits pursuant to such
3 certification may transfer the credits to the office for ~~eighty-five~~ eighty-eight percent
4 of the face value of the credits in accordance with the procedures and requirements
5 of Item (i) of this Subparagraph.

6 * * *

7 (8)(a) All applications submitted to the office on or after January 1, 2016,
8 and subsequently approved by the office and the secretary, tax credits may be
9 transferred on a one-time basis within four years of the date in which the credit was
10 earned to another Louisiana taxpayer in accordance with the procedures and
11 requirements of Paragraph (4) of this Subsection or may be transferred to the office
12 pursuant to Subparagraph (f) of Paragraph (4) of this Subsection.

13 (b) In addition to the provisions of Subparagraph (a) of this Paragraph, for
14 all applications submitted to the office on or after January 1, 2016, and subsequently
15 approved by the office and the secretary, an investor who earned tax credits pursuant
16 to the provisions of this Section may also assign their interest on a one-time basis to
17 a lender at the time of final certification. A lender may be named as an irrevocable
18 designee in the initial tax credit certification application submitted by the production
19 company to the office. All of the requirements and limitations regarding the
20 transferability of credits shall apply to lenders which have been assigned tax credits
21 pursuant to the provisions of this Subparagraph, including the requirement that the
22 assignment of a tax credit to a lender be registered in the tax credit registry as
23 required in R.S. 47:1524.

24 * * *

25 Section 2. The provisions of this Act shall be applicable to applications submitted
26 to the office on or after January 1, 2016, and subsequently approved by the office and the
27 secretary.

28 Section 3. This Act shall become effective upon signature by the governor or, if not
29 signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
2 vetoed by the governor and subsequently approved by the legislature, this Act shall become
3 effective on the day following such approval.

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)]

HB 763 Original

2015 Regular Session

Stokes

Abstract: Limits transferability of motion investor tax credits to a one-time transfer and increases the state's buy back amount on these tax credits from 85% to 88% of face value of the credit.

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 \$1M dollars.

Present law authorizes the transfer or selling of a tax credit not previously claimed by any taxpayer against income tax liability. Present law sets forth requirements and restrictions regarding the selling or transfer of tax credits including notification to the Dept. of Revenue of the transfer or sale. The transfer or sale of this credit does not extend the time in which the credit can be used and the carryforward period of a credit transferred or sold begins on the date the credit was earned.

Proposed law limits the transferability of tax credits awarded pursuant to applications submitted to the office on or after Jan. 1, 2016, to a one-time transfer within four years of the date in which the credit was earned to another La. taxpayer or to the office.

Present law authorizes an investor who earned a tax credit for a project which received initial certification after July 1, 2009, to transfer the credits to the office for 85% of the credit's face value.

Proposed law increases the amount of the state buy back from 85% to 88%.

Proposed law provides that for all applications submitted to the office on or after Jan. 1, 2016, an investor may assign his interest on a one-time basis to a lender at the time of final certification. All of the requirements and limitations regarding the transferability of credits shall apply to lenders which have been assigned tax credits including the requirement that the assignment be registered in the tax credit registry as required in present law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6007(C)(4)(f)(ii); Adds R.S. 47:6007(C)(8))