LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 103** SLS 15RS 61
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action: **w/ HSE FLOOR AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 8, 2015 2:50 PM
Author: MORRELL
Dept./Agy.: Economic Development
Subject: Restrict Expenditures Eligible for Tax Credit
Analyst: Greg Albrecht

TAX/TAXATION EGF INCREASE GF RV See Note

Excludes certain expenditures as eligible for motion picture investor tax credits. (1/1/16)

Current law defines various expenditures eligible for 30% - 35% tax credit generation, as well as excludes certain expenditures.
Proposed law adds to the excluded expenditures the following: airfare, as well as bond fees, insurance premiums, finance fees, loan interest fees, or similar payments. However, if these financial expenditures are made to a licensed resident or to a Louisiana financial institution or a Louisiana Business and Industrial Development Company, the expenditures are not excluded. The Louisiana financial entity must be regulated by the office of financial institutions, and have an office in the state. If included, these expenditures are to be prorated to Louisiana based on the share of production activity occurring in the state. Applicable to productions with applications received on or after July 1, 2016.

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	$0	$0	$0	$0	$0	**$0**
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.	$0	$0	INCREASE	INCREASE	INCREASE	**$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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**				**$0**

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The 2013 economic impact study regarding LED entertainment division programs, referenced 4% of the total certified expenditures as the type of expenditures being excluded by this bill. LED is expecting approximately $250 million in certified credits, implying total certified expenditures in 2016 of about $833 million. This would include about 33 million of expenditures affected by this bill. If excluded from generating tax credits, some $10 million of fewer tax credits would be certified (30% of the excluded expenditures).

Since the bill applies to production applications received after July 1, 2016, and it can take one to two years for many productions to work through the entire program process, the earliest that lower tax credits and higher net tax receipts are likely to occur is FY18, with some small portion of the total estimated program cost savings, and then step-up toward the full cost savings in FY19 and beyond.

Program cost savings assume that production activity continues without regard to the restrictions of this bill, and that productions do not begin to make these expenditures through Louisiana licensed and located financial institutions. However, some of these expenditures may already be being made through Louisiana entities, and it may be relatively easy to shift these expenditures to Louisiana entities for some productions. Thus, program savings may not be as much as suggested by this discussion.

Senate — Dual Referral Rules — House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

☐ 6.8(F)(2) >= $500,000 Rev. Red. to State {H & S}

☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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