
DIGEST

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HB 646 Original

2017 Regular Session

Leger

Abstract: Adds an additional sound recording payroll tax credit for applicants who create a certain amount of new jobs and reduces the amount of the fee for verification of a cost expenditure verification report and the amount of the deposit for such report.

Present law provides for a state income tax credit for investments made in state-certified productions and state-certified sound recording infrastructure projects until Jan. 1, 2020. The tax credit shall be earned by investors at the time expenditures are certified by the Dept. of Economic Development (DED) according to the total base investment certified for the sound recording production company per calendar year.

Present law provides that the amount of the credit for each investor for state-certified productions certified on and after July 1, 2015, and state-certified infrastructure projects which have been applied on or after July 1, 2015, is 18% of the base investment made by that investor in excess of \$15,000 or, if a resident of this state, in excess of \$5,000.

Proposed law retains present law but extends the program from Jan. 1, 2020, to Jan. 1, 2022, and provides for the following additional tax credits for state-certified productions certified on and after July 1, 2017, as follows:

- (1) 10% of payroll for investors who create fewer than 10 new jobs, each with a minimum annual salary of \$35,000 per year.
- (2) 15% of payroll for investors who create 10 or more new jobs, each with a minimum annual salary of \$35,000 per year.

Proposed law prohibits the application of the tax credits earned and claimed against the investor's state income tax liability from reducing the investor's income tax liability below 50% of the amount of the liability prior to application of the credit. Authorizes excess amounts of the credit to be carried forward for up to five years.

Proposed law provides that the only investors eligible for the additional credits authorized in proposed law are investors or entities assigned a North American Industry Classification System code as follows:

- (1) 334310 Household Audio and Video Equipment Manufacturing
- (2) 334610 CD, Tape, and Record Production

- (3) 339992 Musical Instrument Manufacturing
- (4) 451140 Musical Instrument and Supplies Stores
- (5) 451220 Prerecorded Tape, CD, and Record Stores
- (6) 512210 Record Production
- (7) 512220 Integrated Record Production/Distribution
- (8) 512230 Music Publishers
- (9) 512240 Sound Recording Studios
- (10) 611610 Fine Arts Schools
- (11) 711310 Promoters of Performing Arts with Facilities
- (12) 711320 Promoters of Performing Arts without Facilities
- (13) 711410 Agents

Present law prohibits the credits associated with a state-certified production from exceeding the total base investment in that production or sound recording infrastructure project.

Proposed law retains present law but deletes all references to sound recording infrastructure projects in present law.

Present law restricts the aggregate amount of credits certified for all investors during any calendar year from exceeding \$2,160,000.

Proposed law retains present law.

Present law requires DED to directly engage and assign a certified public accountant to prepare an expenditure verification report on a sound recording production company's cost report of expenditures. Applicants shall be assessed the department's actual cost for the expenditure verification report fee. The maximum amount of the fee for the report shall be \$5,000 for verification of expenditures of between \$5,000 and \$50,000, and a maximum fee of \$15,000 for verification of expenditures in excess of \$50,000.

Proposed law changes the amount of the expenditure verification report fee to the following:

- (1) \$500 for verification of cost expenditures of less than \$15,000.
- (2) \$1,000 for verification of cost expenditures of at least \$15,000, but less than \$25,000.
- (3) \$1,500 for verification of cost expenditures of at least \$25,000, but less than \$35,000.
- (4) \$2,500 for verification of cost expenditures of at least \$35,000, but less than \$50,000.
- (5) \$5,000 for verification of cost expenditures of \$50,000 or more.

Present law requires an applicant to also submit a deposit fee of \$2,500 for productions or projects with qualified expenditures projected to be between \$5,000 and \$50,000 and a deposit of \$5,000 for those projected to be in excess of \$50,000.

Proposed law changes present law to reduce the amount of the deposit to 50% of the amount of the fee required for the verification of a cost report.

(Amends R.S. 47:6023(A)(intro. para.), (1)(b), (B)(1), (C)(1)(intro. para.) and (b) and (2), (D)(1)(intro. para.), (2)(c), (d), and (e), and (4); Adds R.S. 47:6023(C)(4); Repeals R.S. 47:6023(A)(2)(c), (B)(6), and (D)(1)(d))