The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 254 Original | 2017 Regular Session | Morrell

Present law authorizes five types of tax credits for state-certified motion picture productions:

(1) A base investment credit of 30% for projects in excess of $300,000.

(2) A base investment credit of 30% for projects between $50,000 and $300,000, meeting certain hiring criteria.

(3) An additional base investment credit of 15% for projects meeting certain Louisiana screenplay criteria.

(4) An additional credit of 10% for Louisiana resident payroll expenditures.

(5) An additional credit of 15% for certain Louisiana music expenditures.

Proposed law authorizes five types of tax credits for state-certified productions:

(1) A base investment credit of 30% for projects in excess of $300,000.

(2) An additional base investment credit of 5% for projects filmed outside the New Orleans Metro Zone.

(3) An additional base investment credit of 5% of the first $10 million of base investment for projects meeting certain Louisiana screenplay criteria.

(4) A 10% credit for Louisiana resident payroll expenditures.

(5) A 5% credit for certain Louisiana based visual effects expenditures.

Proposed law limits the maximum credit available for the combined base investment, the out of zone and Louisiana screenplay base investment enhancements, and the additional Louisiana payroll and visual effects credits to 40% of base investment.

Proposed law also creates a new payroll tax credit for qualified entertainment companies. The tax credit is 10% for Tier 1 new jobs with payroll between $45,000 and $66,000 per year, or 20% for Tier 2 new jobs with payroll between $66,000 and $200,000 per year.

Proposed law adds numerous definitions, eligibility criteria, and procedural requirements for new qualified entertainment company payroll credit.

Proposed law requires all state-certified productions participate in a career based learning and training program approved by the office.

Present law specifies that state-certified productions may only seek one final certification of tax credits after the expiration of the initial certification period, except for state-certified productions with Louisiana post production activities.

Proposed law adds an exception for state-certified productions for scripted episodic content and qualified entertainment credits, which may request final certification of tax credits more than once.

Present law provides that motion picture production companies may transfer credits to the Department of Revenue for 85% of the face value.

Proposed law retains present law for projects with an application date before July 1, 2017.

Proposed law provides that projects with an application date on or after July 1, 2017, may transfer credits to the Department of Revenue for 90% of the face value.

Present law provides that a single state-certified production shall not exceed $30 million.

Proposed law provides that a single state-certified production shall not exceed $20 million, except for state-certified productions for scripted episodic content which may grant up to $25 million per season.

Proposed law establishes an annual LED issuance cap of $150 million for applications received between July 1, 2017, and June 30, 2020, and increases the cap to $180 million for applications received after July 1, 2020.

Proposed law reserves 10% of the annual cap for productions with budgets of $15 million or less, and five percent for qualified entertainment companies.

Present law requires the Senate Committee on Revenue and Fiscal Affairs and House Committee on Ways and Means to study this tax credit and make a recommendation regarding the tax credit by March 1, 2017.

Proposed law replaces the study and recommendation provision with a sunset provision that provides that no credits shall be authorized for applications received after July 1, 2023.

Present law specifies that for fiscal years 2015-2018, no more than $180 million may be claimed on returns, and that there shall be no cap beginning in Fiscal Year 2018-2019.

Proposed law specifies that beginning July 1, 2017, no more than $180 million of credits may be claimed on tax returns or transferred to the Department of Revenue per fiscal year.

Proposed law provides for a procedure for the transfer of legacy tax credits that have been recorded in the Louisiana Tax Credit Registry by January 1, 2018, to the Department of Revenue for 85% of face value.

Proposed law requires the Department of Revenue to subtract the face value of the credit from the remaining available cap when a credit or legacy credit is transferred to the Department of Revenue for completed transfer applications submitted to the Department of Revenue after July 1, 2017.

Present law contains several duplicate provisions of law that proposed law removes or merges.

Proposed law repeals amendments to R.S. 47:6007 contained in Act Nos. 129, 134, 141, 142, 143, 144, 412, 417, 425, and 452 of the 2015 Regular Session of the Legislature to the extent they conflict with proposed law.

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

(Amends R.S. 47:6007(B)(1), (8), (11) as amended by Acts 2015, No. 129, (14), (16) as amended by Acts 2015, No. 141, (17) as amended by Acts 2015, No. 129, (21), (24), R.S. 47:6007(C)(1)(intro para), R.S. 47:6007(C)(1)(a) and (b), (C)(1)(c)(intro para) and (4)(intro para), (C)(4)(f) as amended by Acts 2015, No. 129 and 134, R.S. 47:6007(D)(1)(a) and (2)(c)(i) as amended by Acts 2015, No. 141, (d), (D)(2)(e)(i) as amended by Acts 2015, No. 144, and (I); adds R.S. 47:6007(B)(28), (29), (30), (31), (32), (D)(1)(d)(v) and (2)(a)(ii) and (e)(iv) and (J); repeals R.S. 47:6007(B)(4), (11) as amended by Acts 2015, Nos. 134 and 144, (16) as amended by Acts 2015, No. 134 and 412, (17)(c), (d), and (e) all as amended by Acts 2015, Nos. 134, 141, 142, 143, 144, and 412, (23), (C)(1)(d), (C)(4)(f) as amended by Acts 2015, No. 144, (D)(2)(c)(i) as amended by Acts 2015, No. 412, (D)(2)(e)(i) as amended by Acts 2015, Nos. 129, 141, and 412)