

2023 Regular Session

HOUSE BILL NO. 562

BY REPRESENTATIVES SCHEXNAYDER, ADAMS, BAGLEY, BOYD, BRASS, BRYANT, CARPENTER, WILFORD CARTER, CORMIER, DAVIS, DUBUISSON, FISHER, FREEMAN, GAINES, GAROFALO, GLOVER, GREEN, HUGHES, JEFFERSON, JENKINS, TRAVIS JOHNSON, KNOX, LAFLEUR, LANDRY, MARCELLE, MARINO, NEWELL, ROBERT OWEN, PHELPS, PIERRE, SCHLEGEL, STAGNI, VILLIO, AND WILLARD

1 AN ACT

2 To amend and reenact R.S. 47:6007(B)(11), (C)(1)(a)(iv) and (4)(h)(iii)(bb), (D)(2)(c)(i) and
3 (d)(i), (I), and (J)(1) and to enact R.S. 47:6007(C)(8) and (K), relative to the motion
4 picture production tax credit; to provide relative to Louisiana promotional graphics
5 requirements for productions; to provide relative to uses of the Louisiana
6 Entertainment Development Dedicated Fund Account; to provide relative to
7 expenditure data collection; to provide for eligibility for the tax credit; to provide
8 with respect to the Department of Economic Development program issuance cap; to
9 remove certain limitations with respect to the issuance cap; to extend the sunset date
10 of the tax credit; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 47:6007(B)(11), (C)(1)(a)(iv) and (4)(h)(iii)(bb), (D)(2)(c)(i) and
13 (d)(i), (I), and (J)(1) are hereby amended and reenacted and R.S. 47:6007(C)(8) and (K) are
14 hereby enacted to read as follows:

15 §6007. Motion picture production tax credit

16 B. Definitions. For the purposes of this Section:

17 * * *

18 (11) "Louisiana promotional graphic" means a graphical brand or logo for
19 promotion of the state which has been approved by the office: for a production and
20 consists of the following:

21 (a) Either of the following:

1 (i) Up to a five-second long static or animated graphic that promotes
2 Louisiana in the end credits before the below-the-line crew crawl for the life of the
3 production.

4 (ii) Up to a five-second long static or animated embedded graphic that
5 promotes Louisiana during each broadcast worldwide, in the end credits before the
6 below-the-line crew crawl for the life of the production.

7 (b) An electronic press kit or a customized video for use by the office or an
8 alternative asset as determined by the office.

9 * * *

10 C. Production tax credit; specific productions and projects.

11 (1) There is hereby authorized a tax credit against state income tax for
12 Louisiana taxpayers for expenditures related to state-certified productions and
13 qualified entertainment companies. The tax credit shall be earned by a motion
14 picture production company at the time expenditures are certified by the office and
15 the secretary for a motion picture production company in a state-certified production.
16 However, credits cannot be applied against a tax or transferred until the expenditures
17 are certified by the office and the secretary. For state-certified productions,
18 expenditures shall be certified no more than once per production, after project
19 completion. However, if at the time of application for initial certification, the office
20 is notified that post-production activities will take place in Louisiana, a supplemental
21 request for certification of expenditures directly related to such post-production
22 activity may be submitted for consideration by the office. The cost of any
23 verification or audit of such expenditures shall be borne by the motion picture
24 production company. The tax credit shall be calculated as a percentage of the total
25 base investment dollars certified per project, or as otherwise provided in this
26 Paragraph.

27 (a) Project-based production tax credit. For applications for state-certified
28 productions on or after July 1, 2017:

29 * * *

1 (iv)(aa) For applications submitted on or after July 1, 2017, and prior to July
 2 1, 2023, as ~~As~~ a condition of receiving tax credits pursuant to this Section,
 3 state-certified productions shall be required to acknowledge the financial assistance
 4 of the state of Louisiana, either through the inclusion of a Louisiana promotional
 5 graphic, or an alternative marketing option, including a donation to a Louisiana
 6 nonprofit film grant program as approved by the office.

7 (bb) For applications submitted on or after July 1, 2023, as a condition of
 8 receiving tax credits pursuant to this Section, state-certified productions shall be
 9 required to acknowledge the financial assistance of the state of Louisiana through the
 10 inclusion of a Louisiana promotional graphic. Commercials, music videos, or other
 11 state-certified productions that are prohibited by federal law or contractual
 12 requirements from utilizing the promotional Louisiana graphic may use an
 13 alternative marketing option as approved by the office.

14 * * *

15 (4) Transferability of the credit. Except as provided for in Subparagraph (g)
 16 of this Paragraph, motion picture tax credits not previously claimed by any taxpayer
 17 against its income tax may be transferred or sold to another Louisiana taxpayer or
 18 to the Department of Revenue, subject to the following conditions:

19 * * *

20 (h)

21 * * *

22 (iii) The money in the account shall be appropriated by the legislature as
 23 follows:

24 * * *

25 (bb) Seventy-five percent to the Department of Economic Development;
 26 ~~office for~~ motion picture and television education development initiatives, matching
 27 grants for Louisiana filmmakers, ~~a loan guarantee program, and a deal closing fund.~~
 28 Louisiana workforce development programs, and other motion picture and television
 29 related programs as determined by rule.

30 * * *

1 (8)(a) No credit may be earned by, certified, issued to, transferred by, or used
 2 to reduce a Louisiana tax liability by a motion picture production company,
 3 irrevocable designee, taxpayer, or claimant if there exists a delinquent federal, state,
 4 or local tax obligation, including the filing of returns and remittance of taxes subject
 5 to collection. Compliance with this requirement shall be certified by the motion
 6 picture production company, irrevocable designee, taxpayer, or claimant before any
 7 credit may be certified, transferred, or sold.

8 (b) The prohibition in Subparagraph (a) of this Paragraph shall not apply to
 9 any tax liability which has been properly protested or appealed by the motion picture
 10 production company pursuant to R.S. 47:1561 et seq.

11 (c) The prohibition in Subparagraph (a) of this Paragraph shall remain in
 12 effect until all delinquent returns have been filed and delinquent taxes have been
 13 paid, and until a Notice of Cancellation or equivalent form is properly filed and
 14 recorded to cancel all federal, state, or local tax obligations.

15 D. Certification and administration.

16 * * *

17 (2)

18 * * *

19 (c)(i) In order to protect the integrity of the motion picture investor tax credit
 20 program by ensuring that tax credits are certified only for eligible expenditures and
 21 to provide for uniformity in expenditure verification reporting, the department shall
 22 directly engage and assign an independent certified public accountant, hereinafter
 23 referred to as "CPA", to prepare, for the department, the required production
 24 expenditure verification report on a tax credit applicant's cost report of expenditures
 25 or claims. The applicant shall be responsible for and assessed any production
 26 expenditure verification report fee that may be required by law, including any
 27 up-front deposit of the fee. For purposes of the report, the applicant shall make all
 28 records related to the tax credit application available to the CPA. For applications
 29 received on or after July 1, 2023, these records shall include a listing of all Louisiana

1 expenditures detailing the date of the expenditure, the vendor's address including the
2 zip code, and the amount of the expenditure.

3 * * *

4 (d)(i) Project-based production tax credit. After application review and
5 consideration of all discretionary factors, the office and the secretary shall submit
6 their initial certification or written denial of a project as a state-certified production
7 to investors and to the secretary of the Department of Revenue indicating the total
8 base investment which shall be expended in the state on the state-certified production
9 within sixty days of their receipt of all required information. The initial certification
10 shall include a unique identifying number for each state-certified production ~~and~~
11 ~~shall provide for a preliminary allocation of tax credits by year.~~

12 * * *

13 I. No credits shall be allowed pursuant to this Section for applications
14 received on or after July 1, ~~2025~~ 2031.

15 J. Credit caps, structured pay outs, and project size limitations.

16 (1) Department of Economic Development program issuance cap.

17 (a) The department shall by rule establish ~~the method of provisionally~~
18 ~~allocating available tax credits in initial certification letters, and~~ the method for
19 granting tax credits in final tax credit certification letters, including but not limited
20 to a first-come, first-served system, reservation of tax credits for a specific time
21 period, or other method which the department, in its discretion, may find beneficial
22 to the program.

23 (b) For applications for state-certified productions and qualified
24 entertainment companies submitted on or after July 1, 2017, but prior to July 1, 2023,
25 the total amount of all tax credits granted in a final certification letter by the
26 department in any fiscal year shall not exceed one hundred fifty million dollars.
27 Twenty percent of the annual program cap shall be reserved as follows: five percent
28 for qualified entertainment companies, five percent for Louisiana screenplay
29 productions, and ten percent for independent film productions. If the total amount
30 of credits applied for in any particular year exceeds the aggregate amount of tax

1 credits allowed for that year, the excess shall be treated as having been applied for
2 on the first day of the subsequent year.

3 ~~(e)~~ (i) If the total amount of credits granted to QECs in any fiscal year is less
4 than the QEC cap, any residual amount of unused credits shall carry forward for use
5 in subsequent years and may be granted in addition to the QEC cap for each year.

6 (ii) If the total amount of credits granted in any fiscal year to screenplay
7 productions or independent film productions is less than their respective caps, any
8 residual amount may be available for issuance by the department during that fiscal
9 year as established by rule.

10 ~~(d)~~ (iii) The department shall make reasonable efforts to post a listing of
11 estimated amounts available under the cap on its website.

12 (c) For applications for state-certified productions and qualified
13 entertainment companies submitted on or after July 1, 2023, the total amount of all
14 tax credits granted in a final certification letter by the department in any fiscal year
15 shall not exceed one hundred fifty million dollars. If the total amount of credits
16 applied for in any particular year exceeds the aggregate amount of tax credits
17 allowed for that year, the excess shall be treated as having been applied for on the
18 first day of the subsequent year.

19 * * *

20 K. The office shall develop a new Louisiana promotional graphic which
21 includes a symbol that is easily recognized as representing the state of Louisiana.
22 The promotional graphic shall be submitted to the Joint Legislative Committee on
23 the Budget for approval no later than November 1, 2023.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____