SLS 11RS-606 REENGROSSED

Regular Session, 2011

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SENATE BILL NO. 264

BY SENATOR CHAISSON

TAX/TAXATION. Provides for motion picture investor tax credits. (gov sig)

AN ACT

2	To amend and reenact R.S. 47:6007(B)(7) and (C)(2) and (4) and to enact R.S.
3	47:6007(B)(15) and (C)(1)(c)(iii), relative to tax credits; to provide for granting
4	motion picture investor tax credits; to provide for definitions, allowing the credits,
5	and transferability; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:6007(B)(7) and (C)(2) and (4) are hereby amended and reenacted
8	and R.S. 47:6007(B)(15) and (C)(1)(c)(iii) are hereby enacted to read as follows:
9	§6007. Motion picture investor tax credit
10	* * *
11	B. Definitions. For the purposes of this Section:
12	* * *
13	(7) "Office" means the Governor's Office of Film and Television
14	Development until August 15, 2006; thereafter, the term "office" means the office
15	of entertainment industry development in the Department of Economic Development
16	provided for in R.S. 51:938.1.
17	* * *

29

1	(15) "Filmproduction servicing and support facilities" shall mean a film,
2	video, television, and/or digital production and/or postproduction facilities, and
3	movable and immovable property and equipment directly related thereto, or
4	any other assets which support and are a necessary component of such film
5	production servicing and support facilities, all as determined and approved by
6	the office. The term "film production servicing and support facilities" shall not
7	include movie theaters or other commercial exhibition facilities.
8	C. Investor tax credit; specific productions and projects.
9	(1) There is hereby authorized a tax credit against state income tax for
10	Louisiana taxpayers for investment in state-certified productions. The tax credit shall
11	be earned by investors at the time expenditures are made by a motion picture
12	production company in a state-certified production. However, credits cannot be
13	applied against a tax or transferred until the expenditures are certified by the office
14	and the secretary. For state-certified productions, expenditures shall be certified no
15	more than twice during the duration of a state-certified production unless the motion
16	picture production company agrees to reimburse the office for the costs of any
17	additional certifications. The tax credit shall be calculated as a percentage of the total
18	base investment dollars certified per project.
19	* * *
20	(c) For state-certified productions approved by the office and the secretary
21	on or after July 1, 2009:
22	* * *
23	(iii)(AA) In lieu of the additional five percent credit for payroll allowed
24	in Item (ii) of this Subparagraph, an approved investor shall be allowed an
25	additional tax credit of five percent of the total base investment made in the
26	state by the approved investor in state-certified productions if the following
27	conditions are met:
28	(I) The aggregate total base investment expended in the state within any

fiscal year commencing on or after July 1, 2011, on state-certified productions

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2	(II) The total base investment expended on each such state-certified
3	production is fifty percent or more of the total production expenditures, both
4	in state and out of state, for each such production as determined by the office.
5	(BB) However, the tax credit provided for in this Subparagraph shall not
6	apply to that portion of the base investment which are production expenditures
7	of those employed in connection with the state-certified productions who are not
8	Louisiana residents.
9	(CC) As used in this Item, the term "approved investor" means an
10	investor which, together with any other persons or entities which, directly or
11	indirectly, wholly own such investor or are wholly owned by such investor as
12	determined by the office, has demonstrated a long term commitment to the film
13	industry in the state of Louisiana by expending, on or after July 1, 2011, five
14	million dollars or more in the construction of film production servicing and
15	support facilities in Louisiana approved by the office.
16	* * *
17	(2) The credit shall be allowed against the income tax for the taxable period
18	tax year in which the credit is earned or for the taxable period tax year in which
19	initial certification authorizes the credit to be taken. If the tax credit allowed pursuant
20	to this Section exceeds the amount of such taxes due for such tax period, then any
21	unused credit may be carried forward as a credit against subsequent tax liability for
22	a period not to exceed ten years.
23	* * *
24	(4) Transferability of the credit. Any motion picture investor tax credits not
25	previously claimed by any taxpayer against its income tax may be transferred or sold
26	to another Louisiana taxpayer or to the office, subject to the following conditions:
27	* * *
28	Section 2. 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

- 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.

The original instrument was prepared by Riley Boudreaux. The following digest, which does not constitute a part of the legislative instrument, was prepared by Linda Nugent.

DIGEST

Chaisson (SB 264)

<u>Proposed law</u> provides in lieu of the additional five percent credit for payroll contained in <u>present law</u>, an approved investor may take an additional tax credit of five percent of the total base investment in the state if the following conditions are met:

- 1. The aggregate total base investment expended in the state within any fiscal year beginning on or after July 1, 2011, on state-certified productions is at least \$50 million.
- 2. The total base investment expended on each production is at least 50% of the total production expenditures, both in state and out of state, for each production.

<u>Proposed law</u> restricts the proposed tax credit to the portion of the base investment which are production expenditures of employees who are Louisiana residents.

<u>Proposed law</u> defines approved investor as one which has expended on or after July 1, 2011, at least \$5 million in the construction of film production servicing and support facilities in Louisiana.

<u>Proposed law</u> specifies the administrator of motion picture investor tax credits as the office of entertainment industry development in the Department of Economic Development.

<u>Proposed law</u> allows credits to be taken against income tax for the tax year in which the credit is earned or for the tax year in which initial certification authorizes the credit to be taken.

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

(Amends R.S. 47:6007(B)(7) and (C)(2) and (4); adds R.S. 47:6007(B)(15) and (C)(1)(c)(iii))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill.

- 1. Authorizes an approved investor an additional five percent of the total base investment in lieu of the additional five percent credit for payroll, if:
 - a. The aggregate total base investment in the state in a fiscal year, beginning on or after July 2, 2011, is at least \$50 million, and
 - b The total base investment on each production is at least 50% of total production expenditures, in state and out of state, on each production.

2. Restricts the proposed tax credit to the portion of the base investment which are production expenditures of employees who are Louisiana residents.

3. Defines "approved investor" and "film production servicing and support facilities in Louisiana".