LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **SB 264** SLS 11RS 606
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 14, 2011 4:36 PM	**Author:** CHAISSON
Dept./Agy.: Economic Development	
Subject: Film Production Tax Credit	**Analyst:** Greg Albrecht

TAX/TAXATION RE DECREASE GF RV See Note

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

Provides a credit of 5% on film production expenditures, if certain conditions are met, in lieu of the current 5% credit on resident payroll. The 5% credit provided by this bill does not apply to nonresident payroll. Qualifying investors must have $50 million of aggregate project spending across all their projects in a year, starting July 1, 2011, and each project in this total must have at least 50% of its total spending in Louisiana. Approved investors are those that expend $5 million or more in the construction of film production servicing and support facilities (film infrastructure) on or after July 1, 2011.

EXPENDITURES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	DECREASE	DECREASE	DECREASE	DECREASE	**$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**

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

For qualifying investors, the bill provides a 5% credit on production expenditures in lieu of the current 5% credit on resident payroll. Since resident payroll is typically only a small component of in-state expenditures, qualifying projects would receive a net increase in the tax credit benefits of the program. This net increase is also reduced somewhat by not applying the bill's 5% credit to nonresident payroll. The extent of this offset can not be determined because the program administering agency does not collect information isolating the nonresident payroll of participating projects.

In order to qualify for this enhanced production credit, (a) at least $5 million has to be spent on film infrastructure on or after July 1, 2011, (b) aggregate production expenditures in-state must be at least $50 million on or after July 1, 2011 and, (c) each project within the aggregate set must spend at least 50% of their total production expenditures in the state.

It is unknown if any program participants will meet these conditions on or after July 1, 2011. Most projects in the current program spend 50% or more of their total budget in state, and some participants may have sufficient productions in a year or be able to form affiliations with sufficient annual productions to meet the $50 million per year aggregate in-state expenditure requirement. Additional infrastructure expenditures of at least $5 million would also be required. This requirement and the aggregate production requirement may limit availability of this extra production credit. The bill contemplates the possibility of all these requirements being met, and to the extent they are met additional state revenue loss exposure would be generated. Given these requirements and the time it typically takes projects to work through the program's process, it is unlikely that additional revenue losses could occur in FY12. The earliest any additional revenue exposure is likely to occur is FY13.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F)1 >= $500,000 Annual Fiscal Cost {S} 6.8(F)2 >= $100,000 Annual SGF Cost {H&S}
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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