HLS 15RS-623 REENGROSSED

2015 Regular Session

HOUSE BILL NO. 678

BY REPRESENTATIVE STOKES

TAX CREDITS: Requirements for inclusion of a Louisiana promotional graphic or activity for productions eligible for certain entertainment industry tax credits

1	AN ACT
2	To amend and reenact R.S. 47:6007(C)(1)(c)(i) and (D)(6) and to enact R.S. 47:6007(B)(17)
3	and (18) and to repeal R.S. 47:6007(D)(8), relative to tax credits; to establish
4	requirements for inclusion of certain Louisiana promotional content or activity
5	related to productions eligible for certain entertainment industry tax credits; to
6	provide with respect to the motion picture investor tax credit; to provide with respect
7	to the digital interactive media and software tax credit; to provide for applicability;
8	to provide for effectiveness; and to provide for related matters.
9	Be it enacted by the Legislature of Louisiana:
10	Section 1. R.S. 47:6007(C)(1)(c)(i) and (D)(6) are hereby amended and reenacted
11	and R.S. 47:6007(B)(17) and (18) are hereby enacted to read as follows:
12	§6007. Motion picture investor tax credit
13	* * *
14	B. Definitions. For the purposes of this Section:
15	* * *
16	(1) (17) "Alternative marketing opportunity" means an alternative marketing
17	mechanism which has been approved by the office for a production as an alternative
18	to a Louisiana promotional graphic.
19	* * *
20	(18) "Louisiana promotional graphic" means a graphical brand or logo for
21	promotion of the state which has been approved by the office for a production,
22	consisting of either of the following:

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CODING: Words in struck through type are deletions from existing law; words underscored are additions.

1	(a) A five-second long static or animated graphic that promotes Louisiana
2	in the end credits before the below-the-line crew crawl for the life of the production,
3	and which includes a link to Louisiana on the production's website and online
4	promotions.
5	(b) An embedded five-second long static or animated graphic that promotes
6	Louisiana during each broadcast worldwide for the life of the production, and which
7	includes a link to Louisiana on the production's website and online promotions.
8	* * *
9	C. Investor tax credit; specific productions and productions.
10	(1) There is hereby authorized a tax credit against state income tax for
11	Louisiana taxpayers for investment in state-certified productions. The tax credit
12	shall be earned by investors at the time expenditures are made by a motion picture
13	production company in a state-certified production. However, credits cannot be
14	applied against a tax or transferred until the expenditures are certified by the office
15	and the secretary. For state-certified productions, expenditures shall be certified no
16	more than twice during the duration of a state-certified production unless the motion
17	picture production company agrees to reimburse the office for the costs of any
18	additional certifications. The tax credit shall be calculated as a percentage of the
19	total base investment dollars certified per production.
20	* * *
21	(c) For state-certified productions approved by the office and the secretary
22	on or after July 1, 2009:
23	(i) If the total base investment is greater than three hundred thousand dollars,
24	each investor shall be allowed a tax credit of thirty percent of the base investment
25	made by that investor. However, if a state-certified production does not include a
26	Louisiana promotional graphic or an alternative marketing opportunity which has
27	been approved by the department for that specific production, the tax credit shall be
28	twenty-five percent of the base investment made by the investor.
29	* * *

D. Certification and administration.

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2	* * *
3	(6) Reports.
4	(a) With input from the Legislative Fiscal Office, the office shall prepare a
5	written report to be submitted to the Senate Committee on Revenue and Fiscal
6	Affairs and the House of Representatives Committee on Ways and Means no less
7	than sixty days prior to the start of the Regular Session of the Legislature in 2007,
8	and every second year thereafter. The report shall include the overall impact of the
9	tax credits, the amount of the tax credits issued, the number of net new jobs created,
10	the amount of Louisiana payroll created, the economic impact of the tax credits and
11	film industry, and any other factors that describe the impact of the program.
12	(b) The department shall include in its annual report detailing the alternative
13	marketing opportunities it has approved in the most recently ended calendar year for
14	tax credits earned for productions which employed an alternative marketing
15	opportunity in lieu of a Louisiana promotional graphic, as provided in Item (i) of
16	Subparagraph (c) of Paragraph (1) of Subsection C of this Section. The report shall
17	be provided annually on or before the first day of February to each member of the
18	House Committee on Ways and Means and the Senate Committee on Revenue and
19	Fiscal Affairs. The report shall include, but not be limited to, the following:
20	(i) The goals and strategy behind each alternative marketing opportunity
21	approved for state-certified productions.
22	(ii) The names of all motion picture production companies approved by the
23	office to provide alternative marketing opportunities.
24	(iii) The estimated value to the state of each approved alternative marketing
25	opportunity compared to the estimated value of a Louisiana promotional graphic.
26	(iv) The names of all motion picture production companies who chose to
27	include a Louisiana promotional graphic instead of offering the state an alternative
28	marketing opportunity.
29	* * *

- 1 Section 2. R.S. 47:6007(D)(8) is hereby repealed in its entirety.
- 2 Section 3. The provisions of this Act shall be applicable to productions receiving
- 3 initial certification on or after August 1, 2015.
- 4 Section 4. The Louisiana State Law Institute is hereby directed to renumber the
- 5 paragraphs within R.S. 47:6007(B).
- 6 Section 5. This Act shall become effective on July 1, 2015; if vetoed by the governor
- 7 and subsequently approved by the legislature, this Act shall become effective on July 1,
- 8 2015, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 678 Reengrossed

2015 Regular Session

Stokes

Abstract: Establishes requirements for inclusion of La. promotional content or activity for productions eligible for the motion picture investor tax credit.

<u>Present law</u> establishes a tax credit for investors in state-certified motion picture productions filmed in La. The credit is equal to 30% of the "base amount" of "production related expenditures", as such terms are defined by <u>present law</u>.

<u>Proposed law</u> retains <u>present law</u> and requires that a production use a La. promotional graphic or employ approved alternative marketing opportunities in order to receive the 30% tax credit. Specifically, if a state-certified production does not include a La. promotional graphic or an alternative marketing opportunity which has been approved by the office of entertainment industry development, Dept. of Economic Development (office) for that specific production, the tax credit shall be reduced from 30% to 25% of the base investment.

<u>Proposed law</u> adds the following definitions for the required promotional content and activity:

- (1) "Alternative marketing opportunity" means an alternative marketing mechanism which has been approved by the Dept. of Economic Development (DED) as an alternative to a La. promotional graphic for purposes of a production.
- (2) "Louisiana promotional graphic" means a graphical brand or logo for promotion of the state, which has been approved by DED for a production consisting of either of the following:
 - (a) A graphic that promotes La. in the end credits before the below-the-line crew crawl for the life of the production and which includes a link to La. on the production's website and online promotions.
 - (b) An embedded graphic that promotes La. during each broadcast worldwide for the life of the production and which includes a link to La. on the production's website and online promotions.

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<u>Proposed law</u> requires DED to include in its annual report information regarding the specific use and comparative value of the alternative marketing opportunities it has approved for productions in the most recently ended calendar year. The report is to be provided on or before Feb. 1st to each member of the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

Effective July 1, 2015, and applicable for productions receiving initial certification on or after that date.

(Amends R.S. 47:6007(C)(1)(c)(i) and (D)(6); Adds R.S. 47:6007(B)(17) and (18); Repeals R.S. 47:6007(D)(8))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

- 1. Remove provisions governing the digital media and software development tax credit.
- 2. Add a July 1, 2015 effective date.
- 3. Technical amendments.