

LA H 562, Enacted

Louisiana

SUMMARY: Relates to the motion picture production tax credit; provides relative to Louisiana promotional graphics requirements for productions; provides relative to uses of the Louisiana Entertainment Development Dedicated Fund Account; provides relative to expenditure data collection; provides for eligibility for the tax credit.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

~~Text Added~~

~~Text Vetoed~~

Current Legislative Status

03/31/2023 PREFILED.

03/31/2023 To HOUSE Committee on WAYS AND MEANS.

04/10/2023 INTRODUCED.

04/10/2023 To HOUSE Committee on WAYS AND MEANS.

04/24/2023 From HOUSE Committee on WAYS AND MEANS: Reported with amendment.

04/25/2023 Committee amendment adopted on HOUSE floor.

04/25/2023 Ordered Engrossed.

04/26/2023 In HOUSE. Scheduled for floor debate on 05/01/2023.

05/01/2023 Amended on HOUSE floor.

05/01/2023 Ordered Reengrossed.

05/01/2023 Passed HOUSE. *****To SENATE.

05/03/2023 To SENATE Committee on REVENUE AND FISCAL AFFAIRS.

05/15/2023 From SENATE Committee on REVENUE AND FISCAL AFFAIRS: Reported with amendment.

05/16/2023 Committee amendment adopted on SENATE floor.

05/16/2023 Referred to the Legislative Bureau.

05/17/2023 Reported from the Legislative Bureau without amendments.

06/04/2023 Amended on SENATE floor.

06/04/2023 Passed SENATE. *****To HOUSE for concurrence.

06/06/2023 HOUSE concurred in SENATE amendments.

06/07/2023 Ordered Enrolled.

06/09/2023 *****To GOVERNOR.

06/15/2023 Signed by GOVERNOR.

06/19/2023 Act No. 411

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session: Louisiana 2023 Regular Legislative Session

cite: 2023 LA H 562

Enacted

June 15, 2023

Schexnayder

ENROLLED

ACT No. 411

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

AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

§ 6007. Motion picture production tax credit

B. Definitions. For the purposes of this Section:

* * *

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

(a) Either of the following:

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

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

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

* * *

C. Production tax credit; specific productions and projects.

(1) There is hereby authorized a tax credit against state income tax for Louisiana taxpayers for expenditures related to state-certified productions and qualified entertainment companies. The tax credit shall be earned by a motion picture production company at the time expenditures are certified by the office and the secretary for a motion picture production company in a state-certified production. However, credits cannot be applied against a tax or transferred until the expenditures are certified by the office and the secretary. For state-certified productions, expenditures shall be certified no more than once per production, after project completion. However, if at the time of application for initial certification, the office is notified that post-production activities will take place in Louisiana, a supplemental request for certification of expenditures directly related to such post-production activity may be submitted for consideration by the office. The cost of any verification or audit of such expenditures shall be borne by the motion picture production company. The tax credit shall be calculated as a percentage of the total

base investment dollars certified per project, or as otherwise provided in this Paragraph.

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

* * *

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

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

* * *

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

* * *

(h)

* * *

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

* * *

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

* * *

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

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

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

D. Certification and administration.

* * *

(2)

* * *

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

* * *

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

* * *

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

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

(1) Department of Economic Development program issuance cap.

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

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

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

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

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

(c) For applications for state-certified productions and qualified entertainment companies submitted on or after July 1, 2023, the total amount of all tax credits granted in a final certification letter by the department in any fiscal year shall not

exceed one hundred fifty million dollars. If the total amount of credits applied for in any particular year exceeds the aggregate amount of tax credits allowed for that year, the excess shall be treated as having been applied for on the first day of the subsequent year.

** * **

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