

Second Extraordinary Session, 2008

HOUSE BILL NO. 44

BY REPRESENTATIVE ARNOLD

TAX/INCOME-CREDIT: Changes definitions relative to the motion picture investor tax credit and extends the deadline for infrastructure tax credits

1 AN ACT

2 To amend and reenact R.S. 47:6007(B)(9) and (C)(2)(a) and (c)(iv), relative to the motion
3 picture investor tax credit; to authorize the inclusion of fees and interest paid to a
4 Louisiana-domiciled and headquartered financial institution within the definition of
5 production expenditures; to provide for a tax credit for certain expenditures for
6 certain out-of-state property and services; to extend the deadline for eligibility for
7 certain infrastructure tax credits; to provide for an effective date; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6007(B)(9) and (C)(2)(a) and (c)(iv) are hereby amended and
11 reenacted to read as follows:

12 §6007. Motion picture investor tax credit

13 * * *

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

15 * * *

16 (9) "Production expenditures" means preproduction, production, and
17 postproduction expenditures directly incurred in this state that are directly used in
18 a state-certified production, including without limitation the following: set
19 construction and operation; wardrobes, make-up, accessories, and related services;
20 costs associated with photography and sound synchronization, lighting, and related

1 services and materials; editing and related services; rental of facilities and
 2 equipment; leasing of vehicles; costs of food and lodging; digital or tape editing, film
 3 processing, transfer of film to tape or digital format, sound mixing, special and visual
 4 effects; total aggregate payroll; music, if performed, composed, or recorded by a
 5 Louisiana musician, or released or published by a Louisiana-domiciled and
 6 headquartered company; airfare, if purchased through a Louisiana-based travel
 7 agency or travel company; insurance costs or bonding, if purchased through a
 8 Louisiana-based insurance agency; fees and interest paid to a Louisiana-domiciled
 9 and headquartered financial institution; or other similar production expenditures as
 10 determined by rule. This term shall not include postproduction expenditures for
 11 marketing and distribution, any indirect costs, any amounts that are later reimbursed,
 12 any costs related to the transfer of tax credits, or any amounts that are paid to persons
 13 or entities as a result of their participation in profits from the exploitation of the
 14 production.

15 * * *

16 C. Investor tax credit; specific productions and projects.

17 * * *

18 (2)(a)(i) Beginning July 1, 2005, and ending on January 1, 2009, there shall
 19 be allowed a credit against state income tax for state-certified infrastructure projects
 20 which meet the criteria provided for in this Paragraph and which are approved by the
 21 office, the secretary of the Department of Economic Development, and the division
 22 of administration. The tax credit shall be equal to forty percent of the base
 23 investment expended in this state on such project which is in excess of three hundred
 24 thousand dollars. The total tax credit allowed for any state-certified infrastructure
 25 project shall not exceed twenty-five million dollars, and the tax credit shall be earned
 26 and may be structured as provided for in this Paragraph.

27 (ii) For all tangible personal property or services which are not obtainable
 28 in this state because of unavailability, excessive cost, or nonexistence, the credit shall
 29 be equal to fifteen percent of all expenditures on such property and services for all

Proposed law provides that fees and interest paid to a La.-domiciled and headquartered financial institution shall be considered "production expenditures".

Present law provides for a credit against state income tax for certain state-certified motion picture infrastructure projects which are approved by the office of entertainment industry development, the secretary of the Department of Economic Development, and the division of administration. The tax credit shall be equal to 40% of the base investment expended in this state on such project which is in excess of \$300,000.

Proposed law provides that for all tangible personal property or services which are not obtainable in this state because of unavailability, excessive cost, or nonexistence, the credit shall be equal to the following amounts:

- 1) 15% on all expenditures between 7/1/08 and 12/31/09.
- 2) 10% on all expenditures between 1/1/10 and 12/31/11.
- 3) 5% on all expenditures between 1/1/12 and 12/31/13.

Present law provides that no infrastructure tax credit shall be allowed for expenditures made after 12/31/08, unless 50% of total base investment provided for in the initial certification of the project has been expended prior to that date.

Proposed law extends the deadline of present law from 12/31/08 to 12/31/10.

Effective July 1, 2008.

(Amends R.S. 47:6007(B)(9) and (C)(2)(a) and (c)(iv))