

GREEN SHEET REDIGEST

HB 445

2021 Regular Session

Bourriaque

TAX CREDITS. Changes the sound recording investor tax credit into a refundable tax credit.

DIGEST

Present law authorizes a state income tax credit for investments made in state-certified productions until July 1, 2026. The tax credit is earned by investors at the time expenditures are certified by the Dept. of Economic Development according to the total base investment certified for the sound recording production company per calendar year. The aggregate amount of credits that can be certified each year is limited to \$2,160,000; however, 50% of the credits certified each year shall be reserved for qualified music companies.

Proposed law retains present law.

Present law prohibits the application of tax credits earned and claimed against an investor's tax liability from reducing the investor's income tax liability below 50% prior to application of the credit, regardless of the amount of the credit the investor earned. Further authorizes the investor to carry forward unused tax credits for up to five years to be applied against the investor's tax liability in subsequent years.

Proposed law retains present law for applications received before July 1, 2021.

Proposed law authorizes a qualified music company to transfer credits to the Dept. of Revenue for 85% of the value of the credits for applications received on and after July 1, 2021.

Proposed law requires the secretary of the Dept. of Revenue to make payments to the Qualified Music Company from the current income tax collections.

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

(Amends R.S. 47:6023(C)(4)(b))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

- 1. Delete requirement that tax credits be paid from current corporate franchise tax collections.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the engrossed bill

- 1. Reinstates present law provisions that limit the amount of credit that may be used in any taxable year to offset the investor's tax liability and authorizes a carry forward of unused credits for up to five years for applications received before July 1, 2021.
- 2. Removes provisions converting the tax credit to a refundable tax credit and requiring the secretary of the Dept. of Revenue to make refunds from the current income tax collections.

3. Authorizes a qualified music company to transfer credits to the Dept. of Revenue for 85% of the value of the credits for applications received on and after July 1, 2021.
4. Requires the secretary of the Dept. of Revenue to make payments to the Qualified Music Company from the current income tax collections.
5. Makes technical corrections.