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## DIGEST

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HB 686 Reengrossed

2017 Regular Session

Broadwater

**Abstract:** Establishes the Louisiana-Headquartered Motion Picture Production Cooperative Endeavor Program and authorizes a tax credit against state income tax pursuant to the cooperative endeavor agreement.

Proposed law establishes the Louisiana-Headquartered Motion Picture Production Cooperative Endeavor Program, hereinafter "CEA tax credit".

Proposed law defines a "Louisiana bank" as a financial institution that is regulated by the office of financial institutions and that has one or more branches in the state.

Proposed law defines a "qualified production company" as a person, corporation, partnership, limited liability company, or other business entity, organized, domiciled and headquartered in La., that is primarily engaged in the business of creating qualified productions or qualified media, or a wholly owned subsidiary of such a person or entity that is organized, domiciled and headquartered in La. and complies with certain requirements as provided in proposed law.

Proposed law defines a "qualified production" as a feature-length film, short film, video, television pilot, television series, television movie of the week, animated feature film, animated short film, animated television series, documentary made in La., in whole or in part, for theatrical or television viewing, or for viewing on any digital or online platform, that is produced by a qualified production company and is subject to a completion bond that makes certain guarantees as provided in proposed law. Further, the term "qualified production" shall not include the production of news coverage, athletic events, music or other festivals, commercials, or what is generally considered or marketed to be, reality television or reality programming or any other production that is required to maintain records pursuant to federal law.

Proposed law authorizes the state, through the La. Economic Development Corporation, to enter into cooperative endeavor agreements with a La. bank and a qualified production company for the purpose of financing a portion of the production expenses of a qualified production undertaken by the qualified production company.

Proposed law authorizes a tax credit against state income tax for state taxpayers pursuant to a CEA tax credit program for qualified production companies. CEA tax credits shall be regarded as separate and distinct from all other tax credits provided in present law regarding the motion picture production tax credit.

Present law (R.S. 47:6007) authorizes a tax credit for state-certified motion picture productions. Further provides that in Fiscal Years 2016 through 2018, the tax credit is limited to an aggregate total of \$180 million each fiscal year.

Proposed law provides that beginning in Fiscal Year 2019-2020, and each fiscal year thereafter, credits in an amount not to exceed \$20 million issued under the provisions of present law shall be reserved for the CEA tax credit program established in proposed law. Credits available for the CEA tax credit program shall be included in the total aggregate amount of caps authorized pursuant to the provisions of present law and shall have priority over all other claims filed by taxpayers or transfers of tax credits to the Dept. of Revenue that would otherwise be applied against the total aggregate amount of caps authorized pursuant to the provisions of present law. To the extent that the La. Economic Development Corporation does not enter into cooperative endeavor agreements in an amount up to \$20 million in any fiscal year, the unallocated portion shall not otherwise be available to be earned.

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

(Adds R.S. 51:2316)

#### Summary of Amendments Adopted by House

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

1. Change the amount of the application fee for participation in the CEA tax credit program from \$10,000 to the amount authorized in present law.
2. Clarify that the \$20M allocation for CEA tax credits issued pursuant to proposed law is reserved from the \$180M annual Fiscal Year allocation of motion picture production tax credits established in present law.

The House Floor Amendments to the engrossed bill:

1. Delete provisions in proposed law regarding the non-refundable application fee and payment of a bond of up to \$100,000 to be applied against the state's legal fees in connection with the cooperative endeavor process.
2. Delete requirement that all fees and expenses shall be paid directly by the qualified production company.
3. Delete the processing fee of not more than \$200 required for each notice of transfer of a tax credit that is submitted to the Dept. of Revenue.
4. Delete fees associated with submission of the production expenditure verification reports by qualified production companies.