

RULE

**Department of Economic Development
Office of Business Development
Office of Entertainment Industry Development**

Motion Picture Investor Tax Credit Program
(LAC 61:I.Chapter 16)

In accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Economic Development has amended the rules for the Motion Picture Investor Tax Credit Program.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 16. Louisiana Entertainment Industry Tax Credit Programs

Subchapter A. Motion Picture Investor Tax Credit Program

§1605. Definitions

A. - B. ...

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Cost Report of Production Expenditures—a report of production expenditures formatted in accordance with LED accounting guidelines, which may be issued with initial certification, posted on LED’s website or otherwise communicated by LED to applicant in writing.

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Louisiana Publisher—a company primarily engaged in trade, professional or scholarly publishing, which sells or licenses copyrights or the right of use of copyrights in its ordinary course of business, and has a physical location in Louisiana with at least one full-time employee working at such a location on a regular basis. Registering with the Louisiana Secretary of State or appointing a registered agent in Louisiana does not establish a physical location in Louisiana. A procurement company shall not be considered a Louisiana publisher.

Louisiana Resident—a natural person who is a legal resident, who has been domiciled in and maintained a permanent place of abode in Louisiana for no less than 12 consecutive months, and who has filed a Louisiana state income tax return.

Louisiana Resident, Resident, or Resident of Louisiana—repealed.

a. - b. repealed.

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Louisiana Screenplay—

- a. a screenplay created by a Louisiana resident; or
- b. a screenplay purchased, optioned, licensed or otherwise acquired from a Louisiana publisher, in each case, as evidenced by documents such as certificate of authorship, a WGA registration certificate, the records of the United States Copyright Office, or a reasonable legal opinion issued to the office.

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Procurement Company—any person or entity that purchases, leases or otherwise obtains goods or services from sources outside of the state, for the ultimate use, benefit or enjoyment of a state-certified production company.

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Qualified Louisiana Production Company—an LED-approved motion picture production company, meeting the eligibility criteria for §1615, Louisiana Screenplay Credit.

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AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6007

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development and the Office of the Governor, Division of Administration, LR 36:53 (January 2010) amended by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 43:300 (February 2017).

§1615. Louisiana Screenplay Credit

A.1. For state-certified productions initially certified on or after July 1, 2015, with expenditures occurring on or after July 1, 2015, a state-certified production company which demonstrates that it owned or optioned to own a Louisiana screenplay, which has been held by a qualified Louisiana production company for a minimum of 12 months prior to production, may be eligible for an additional 15 percent of base investment tax credit.

2. *Louisiana Screenplay*—
 - a. a screenplay created by a Louisiana resident; or
 - b. a screenplay purchased, optioned, licensed or otherwise acquired, from a Louisiana publisher:
 - i. in each case, as evidenced by documents such as certificate of authorship, a WGA registration certificate, the records of the United States Copyright Office, or a reasonable legal opinion issued to the office.
3. *Qualified Louisiana Production Company (QLPC)*—a motion picture production company, organized under Louisiana law, or otherwise domiciled and authorized to do business in Louisiana, having its principal place of business in Louisiana, which files Louisiana income tax returns and can also demonstrate:
 - a. the power and authority to make creative decisions with respect to a motion picture being produced by a state-certified production company, including but not limited to final cut authority; and
 - b. either of the following:
 - i. Louisiana ownership—must be able to prove that the company is 100 percent owned by a Louisiana resident or residents, who are natural persons who have been domiciled in and maintained a permanent place of abode in Louisiana for no less than 12 consecutive months prior to beginning of pre-production; or
 - ii. Louisiana employees—must be able to prove that the company has directly employed a minimum of 3 full-time Louisiana residents for a minimum of 12 months prior to beginning of pre-production.
4. LED shall post on its website a listing of approved Louisiana publishers and qualified Louisiana production companies.

B. If LED determines that an expenditure is a related party transaction, after review of CPA's verification report and any other supplemental support documentation, in addition to any other appropriate limitations or exclusions, such related party transactions shall not qualify for the additional 15 percent copyright credit.

C. LED shall not issue a final certification letter certifying any credits pursuant to the provisions of this section, until promulgation of a rule in the *Louisiana Register*, pursuant to the Administrative Procedure Act.

D. LED staff are available to assist interested parties in understanding the eligibility criteria and applying for this additional credit, and would suggest the following sequence of steps.

1. Interested motion picture production companies should apply to LED for approval as a QLPC.
2. Interested publishing house companies should apply to LED for approval as a Louisiana publisher.
3. Following QLPC approval, QLPC's may apply to LED for project approval of state-certified productions as usual, applying either on their own behalf, or their associated project company may apply, but at time of application it must be able to demonstrate the relationship between QLPC and state certified production company applicant.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6007

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 43:301 (February 2017).

§1621. Louisiana Filmmaker Credit

A. For state-certified productions initially certified on or after July 1, 2015, with expenditures occurring on or after July 1, 2015, to be eligible for the 30 percent base investment tax credit, motion picture production applicants with base investments in excess of \$50,000 but less than \$300,000, must be able to demonstrate at time of request for final certification that 90 percent of the Louisiana base investment expended on above the line services has been expended for the services of Louisiana residents and that at least 90 percent of the total production jobs have been filled by Louisiana residents. No credits shall be earned by applicant, and LED shall void any initial certification letter issued and deny final certification requests if applicant fails to demonstrate such compliance.

B. Compensation for above the line services performed in Louisiana shall be paid directly to a Louisiana resident, and any payments made to a loan-out company shall not be considered Louisiana resident payroll for the purposes of above-the-line percentage calculations.

C. Production jobs may include, but not be limited to cast and crew positions customarily considered below the line in the film and television industry, such as: production manager, cinematographer, set designer, make-up artist. Extras shall not be considered a production job for purposes of production job percentage calculations.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6007

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 43:301 (February 2017).

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