



LOUISIANA ENTERTAINMENT INCENTIVES OVERVIEW

RSC PRESENTATION

MAY 2016

MOTION PICTURE (FILM) PROGRAM OVERVIEW

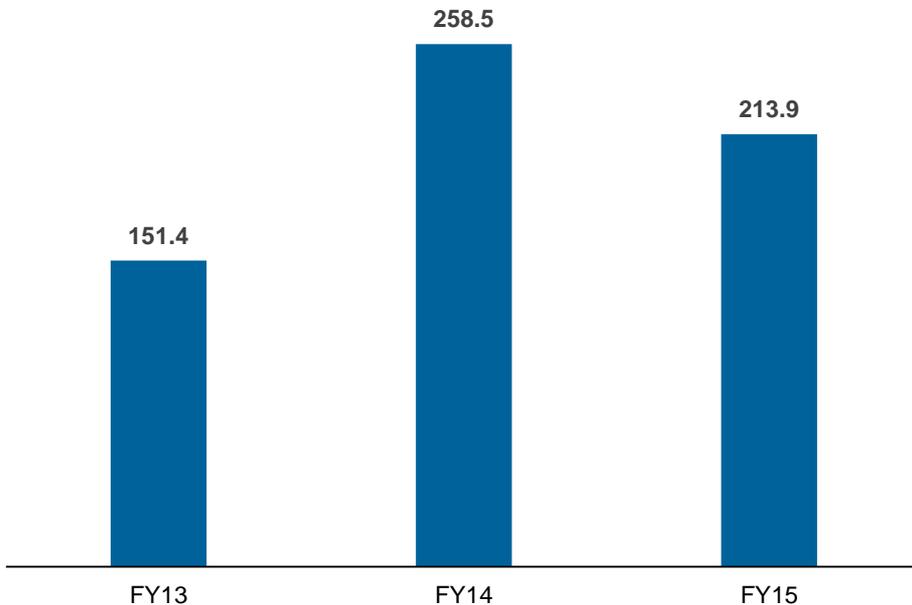
Purpose:

- To encourage the development of a strong capital and infrastructure base for motion picture production in Louisiana in order to achieve an independent, self-supporting industry
- Immediate objectives include developing a tax and capital infrastructure designed to foster private investment and encouraging investments in multiple state-certified productions
- Long-term objectives include encouraging increased employment opportunities, increased global and interstate competitiveness, and improved new education curricula to help in developing a labor force

Incentive:

- Base credit of 30% on qualified expenditures made in the state
- Additional 10% credit for Louisiana resident labor expenditures

Total exemption value by fiscal year (\$MM)



Estimated impact on Louisiana economy by calendar year

Performance Indicator	2013	2014	2015	Total
Projects in year	111	106	94	311
LA cert. spending (\$MM)	809.8	729.1	863.5	2,402.4
LA cert. payroll (\$MM)	165.6	167.1	188.5	521.2
LA jobs (est. thousands) ¹	13.2	12.1	12.6	37.9

Other information:

- Motion Picture is a statutory incentive program
- Program credits are transferable and may be transferred back to the state at 85 percent of the face value
- Program is capped at \$180 MM in claims for three fiscal years (FY16, FY17, and FY 18) and the 85 percent state buyback is suspended for FY16

¹ Loren C. Scott & Associates, Inc., *The Economic Impact of Louisiana's Entertainment Tax Credit Programs*, March 2015

Source: LDR Tax Exemption Budget, LED

EXTENSIVE MOTION PICTURE INVESTOR TAX CREDIT REFORM WAS UNDERTAKEN DURING THE 2015 SESSION

Generated savings

- For fiscal years 2016, 2017 and 2018, there is a \$180 million rolling cap on claims and buy-backs
- For productions approved on or after 7/1/15 – and on or before 6/30/18 – there is a per production cap of \$30 million
- The 85 percent buy-back is suspended for one year beginning 7/1/15 and ending 6/30/2016

Anti-fraud and abuse measures were introduced

- Granted LED the authority to hire CPAs to conduct independent expenditure verification reports in order to improve the overall quality of submissions
- Established tighter controls over related-party transactions, including the option to refer any project with RPTs to the Inspector General for review prior to certification

ROI Improvements were implemented

- New legislation disqualified “soft costs” such as airfare expenditures and limited credits on finance fees, interest payments, and insurance to only those services purchased from Louisiana companies

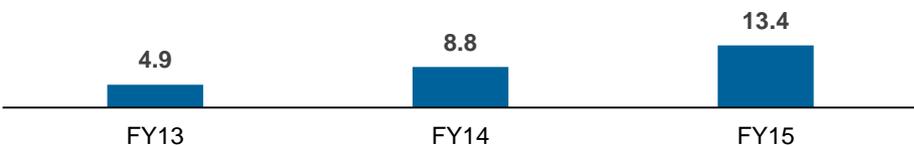
New benefits for local Louisiana filmmakers and enhanced incentives for hiring Louisiana citizens were introduced

- Louisiana filmmakers with production budgets between \$50,000 and \$300,000 that spend 90 percent or more of their budget in Louisiana, may be eligible for a 30 percent credit
- State-certified productions based upon a screenplay meeting certain Louisiana ownership criteria may be eligible for an additional 15 percent credit. (No credits will be certified for the additional screenplay credit until promulgation of rules providing additional criteria for qualification – LED/OEID are in the process of doing this now.)
- State-certified productions utilizing music meeting certain Louisiana ownership criteria are eligible for an additional 15 percent credit of music expenditures. (No credits will be certified for the additional music credit until promulgation of rules providing additional criteria for qualification.)
- The credit for Louisiana resident payroll was increased from 5 percent to 10 percent

MUSICAL & THEATRICAL (LIVE) PROGRAM OVERVIEW

- Purpose:**
- The program’s purpose is to establish and promote Louisiana as one of the primary places in the United States in which live performances, from creation to presentation, are present and thriving. The credit is designed to foster numerous and varied employment opportunities as well as to attract new and relocating businesses. The incentive encourages businesses to reinvent abandoned properties as either performance or rehearsal spaces. In addition, it spurs educational development in this sector
- Incentive:**
- Base credit of up to 7.2 percent for projects from \$100,000 - \$300,000, 14.4 percent on projects between \$300,000 and \$1,000,000, and 18 percent for projects greater than \$1,000,000 on qualified expenditures made and services performed in the state. There is an additional 7.2 percent credit available for Louisiana resident labor

Total exemption value by fiscal year (\$MM)



Estimated impact on Louisiana economy by calendar year

Performance Indicator	2013	2014	2015	Total
LA cert. spending (\$MM)	2.0	1.0	14.9	17.9
Projects in year	5	4	9	18
LA cert. payroll (\$MM)	0.53	0.07	1.32	1.92
LA employees (est.) ¹	22	10	16	48

Other information:

- The Musical & Theatrical incentive is a statutory incentive program
- Prior to the 2015 regular session, the program offered up to 25 percent with an additional 10 percent for Louisiana resident labor
- Program will revert back to the higher rates beginning in FY19

¹ Estimated employees are calculated using the formula [Actual LA Certified Payroll / Est. Average Employee Salary (\$55,000)]
 Source: LDR Tax Exemption Budget, LED

SOUND RECORDING PROGRAM OVERVIEW

Purpose:

- The program’s purpose is to encourage the development of a strong capital and infrastructure base for sound recording production in Louisiana in order to achieve an independent, self-supporting industry
- Immediate objectives include developing a tax and capital infrastructure to encourage private investment and investments in multiple state-certified productions
- Long-term objectives include encouraging increased employment opportunities, fostering increased global competitiveness, developing new education curricula to help in growing the state’s work force, and developing a statewide network and infrastructure with state-of-the-art facilities

Incentive:

- Base credit of 18 percent of qualified expenditures made and services performed in the state
- Program capped annually at \$2,160,000 and sunsets on January 1, 2020

Total exemption value by fiscal year (\$MM)



Estimated impact on Louisiana economy by calendar year

Performance Indicator	2013	2014	2015	Total
Projects in year	11	16	16	43
LA cert. spending (\$MM)	0.73	0.77	1.5	3.0
LA cert. payroll (\$MM)	0.60	0.70	0.65	1.95
LA employees (est.) ¹	20	21	21	62

Other information:

- The Sound Recording incentive is a statutory incentive program
- Prior to the 2015 regular session, the credit provided a 25 percent refund and a \$3 million annual program cap
- The program will revert back to the higher percentage and higher cap in FY19

¹ Estimated employees are calculated using the formula [Actual LA Certified Payroll / Est. Average Employee Salary (\$55,000)]