

LOUISIANA MOTION PICTURE INCENTIVE ACT

INVESTOR TAX CREDIT

- State Tax Credit for Taxpayers Domiciled In LA
- Earned at the time of Investment in a State-Certified Production
- Calculated as a % of the Total Base Investment
- “**Base Investment**” Shall Mean Actual Investment Made And Expended By A State-Certified Production In LA As Production-Related Costs
- Investor Tax Credit is **PERMANENT**

Ten Percent Investor Credit

- Base Investment Must Be **Greater Than \$300k And Less Than Or Equal To \$8 million**

Fifteen Percent Investor Credit

- Base Investment Must Be Greater Than \$8m

Transferability of Investor Credit

- The Earned Investor Tax Credit Can Be Sold Or Transferred To A La Taxpayer
- A Single Sale Or Transfer Can Involve One Or More Transferees
- The Transferee Can Transfer Or Sell The Tax Credit
- The Transferee Shall Have The Same Rights To Claim And Use The Credit That Were Available To The Transferor At The Time Of Transfer Or Sale
- Any Unused Credit May Be Carried Forward As A Credit Against Subsequent Tax Liability For A Period Not To Exceed 10 Years

EMPLOYMENT TAX CREDIT

- State Tax Credit For The Employment Of LA Residents In Connection With Production Of A Motion Picture
- It Is Earned By A Motion Picture Production Company

Earning The Employment Tax Credit

- Production Costs In La Equal Or Exceed \$300k But Less Than \$1m – The Credit Shall Be 10% Of The Total Payroll Of La Hires
- Production Costs In La Equal Or Exceed \$1m – The Credit Shall Be 20% Of The Total Payroll Of La Hires

SALES TAX EXEMPTION

- Exclusion from State Imposed Sales And Use Tax (4%)
- Production Company Will Be Granted The “Exclusion” If It Reports Anticipated **Expenditures Of \$250,000 Or More From A Checking Account In A Financial Institution In Louisiana**
- Expenditures Must Be Connected With Filming Or Production Of One Or More Nationally Distributed Motion Pictures In Louisiana Within Any Consecutive 12-month Period

APPLICATION REQUIREMENTS

1. Name Of The Production Company
2. Phone Number
3. Name Of The Producer
4. Name & Number Of Company Contact Person
5. Pre-production & production dates in Louisiana
6. Louisiana Production Office Address
7. Louisiana Production Office Phone Number
8. Total Budget Of The Project
9. Total Expenditures In Louisiana
10. Synopsis of the Project

Definition of Motion Picture

- Nationally distributed feature length film
- Television series or pilot
- Music Video
- Nationally Distributed Commercial

Motion Picture Production Company

A Company Engaged in the Business Of Producing Nationally Distributed Motion Pictures, Videos, Television Series, Commercials Intended For A Theatrical Release Or For Television Viewing

STATE CERTIFIED PRODUCTION

A Production Approved By The Governor’s Office Of Film & Television Development And The Department Of Economic Development

- The Production Company **Must Be Domiciled & Headquartered in Louisiana**
- A **Distribution Agreement in place** with either a Major Theatrical Exhibitor, Television Network, or Cable Television Programmer

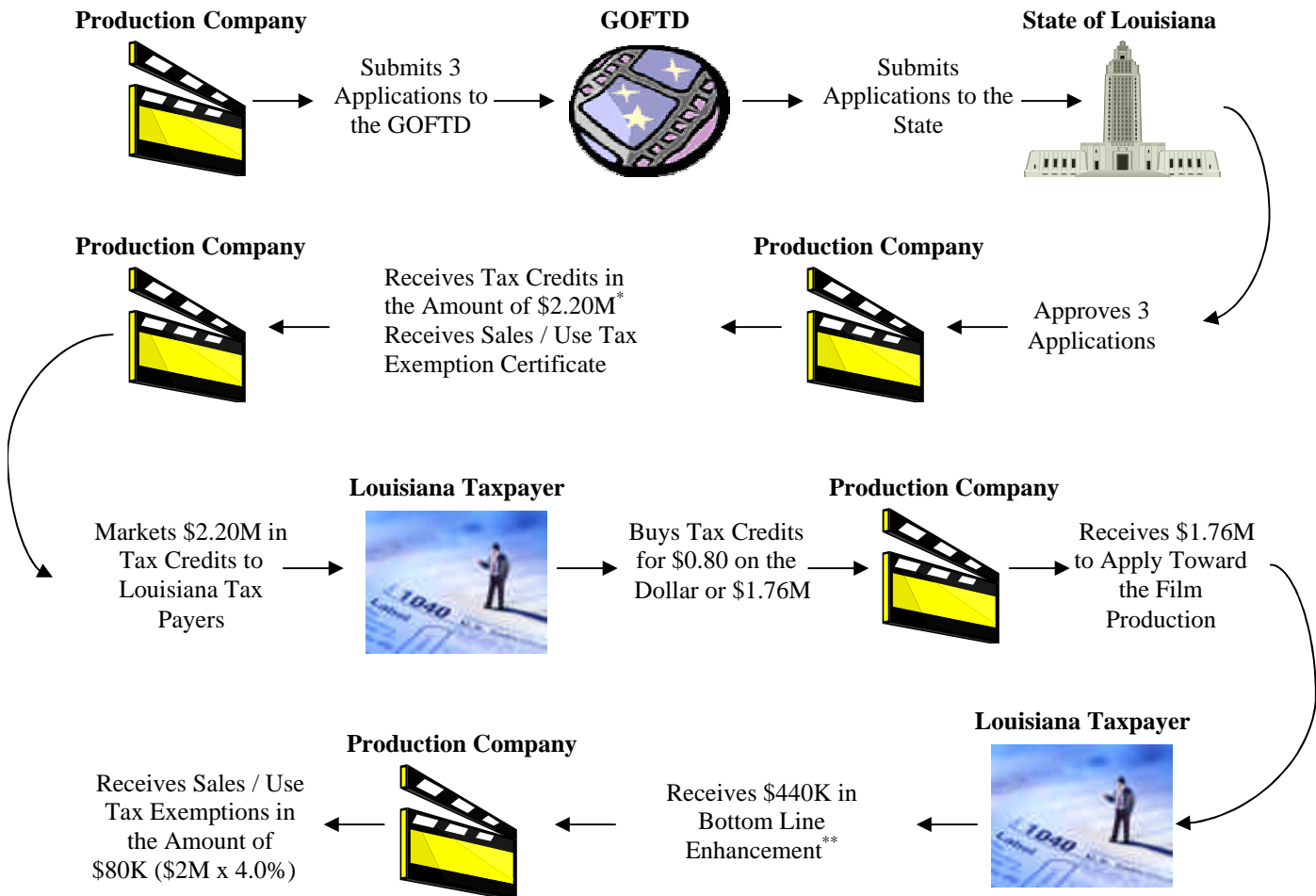
How do the Tax Credits Work?

Suppose that there is a film being made that will have \$10M of expenditures (base investment) in Louisiana.

Assumptions:

- 35% or \$3.5M of the expenditures is used to hire Louisiana residents (Total Aggregate Payroll)
- 20% or \$2M of expenditures used for purchases and leases that qualify for state sales / use tax
- 30 days were spent in the State to film the project
- The production company maintained a checking account with a financial institution in Louisiana

The Tax Incentive Process



*15% of \$10M base investment or \$1.5M + 20% of \$3.5M Total Aggregate Payroll or \$700K = \$2.20M

**\$2.20M - \$1.76M = \$440K in bottom line enhancement because the \$2.25M in tax credits can be applied dollar for dollar toward the tax liability

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