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## DIGEST

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Moreno

HB No. 501

**Abstract:** For the tax credit for musical and theatrical facility infrastructure projects, extends the program for one year for those projects receiving initial certification before Jan. 1, 2014, also repeals tax credits for musical and theatrical production transportation expenses and certain productions for nonprofit community theaters, and changes definitions.

Present law establishes five different types of tax credits related to musical and theatrical productions.

Proposed law repeals two credits: the credit for qualified transportation costs for performance-related property, and the credit for projects for nonprofit community theaters.

One of the five credits authorized in present law is a credit for the construction, repair, or renovation of a state-certified musical or theatrical facility infrastructure project. Present law further provides that the amount of the base investment credit given for investment in such projects cannot exceed \$10,000,000 per project. Further provides that no more than \$60,000,000 in tax credits under present law may be granted for these projects per year.

Proposed law retains present law with respect to the limitations on the amount of credits per project as well as the annual overall program limit.

Present law sunsets the authority to grant credits on Dec. 31, 2013.

Proposed law extends the program by allowing projects which receive initial certification before Jan. 1, 2014 to continue making qualifying expenditures until Jan. 1, 2015.

Present law defines "infrastructure project" as a capital infrastructure project in La. directly related to the production or performance of musical or theatrical productions, property and equipment related thereto, any other facility which supports and is a necessary component of such facility, and any expenditures in the state related to the construction, repair, or renovation of such project.

Proposed law retains present law definition of "infrastructure project" for those projects which receive initial certification before July 1, 2013.

Proposed law revises the definition of "infrastructure project" for those projects which receive initial certification on or after July 1, 2013. Proposed law defines "infrastructure project" as a

new or rehabilitated proscenium or black-box theatre infrastructure project located in La. and any expenditures in the state directly related to the construction, repair, or renovation of such project. Further, the primary purpose of the proposed facility must be to host live performances and the facility must have a minimum capacity of 500. Expenditures attributable to areas other than where live performances will take place may comprise no more than 25% of total qualifying expenditures.

Proposed law defines "infrastructure expenses" as those directly related to a state-certified infrastructure project or state-certified higher education infrastructure project including land and land acquisition costs, construction costs, design fees, furniture, fixtures, and equipment purchased subject to a sale agreement or capital lease.

Proposed law excludes from the definition of "infrastructure expenditures" indirect costs such as general administrative costs, insurance, or any costs related to the transfer or allocation of tax credits.

Present law defines "state-certified musical or theatrical production" as a musical or theatrical production or a series of productions occurring over the course of a twelve-month period, and the recording or filming of such production, which originate, are developed, or have their initial public performance before an audience within La., or which have their United States debut within La., and expenditures related thereto. Proposed law retains present law and adds to the definition by including concerts, musical tours, ballet, dance, comedy revue, or live variety entertainment.

Present law provides for disallowance and recapture of credits.

Proposed law rewords provisions of present law regarding disallowance and recapture, but retains the substance of present law.

Effective July 1, 2013.

(Amends R.S. 47:6034(A), (B)(4), (8), (9), (10), and (11), (C)(1)(a)(ii)(aa) and (3), (E)(1)(e), and (F); Adds R.S. 47:6034(H))

## Summary of Amendments Adopted by House

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

1. Changes program eligibility for projects which receive initial certification on or after July 1, 2013, and before Jan. 1, 2014. For such projects, the tax credit may be earned for expenditures made before Jan. 1, 2015.
2. Adds repeal of tax credits for transportation expenditures and for certain productions for nonprofit community theater.
3. Revises present law regarding disallowance and recapture, of tax credits.
4. Adds and revises definitions.

House Floor Amendments to the engrossed bill.

1. Deletes provisions governing recapture of disallowed credits by the Dept. of Revenue.
2. Adds specific definitions of "state-certified musical or theatrical infrastructure project" for projects receiving initial certification both before and after the effective date of proposed law.
3. Adds July 1, 2013, effective date.