

associated with the publication of the proposed rule (\$1,278) and to make technical changes to the SCR to allow for release of this information (\$5,000). It is not anticipated that any other state or local governmental units will incur costs or savings as a result of this rule change.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

DCFS is anticipated to generate approximately \$1,550 (62 requests x \$25 fee) in revenue in FY 20 for DCFS and \$3,750 (150 requests x \$25 fee) in future fiscal years as a result of this rule change.

DCFS charges a fee of up to \$25 to conduct SCR background checks. DCFS anticipates receiving 62 requests for background check from therapeutic group homes licensed by LDH in FY 20 and 150 annual requests in future fiscal years.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

There may be an economic cost to individuals included in the SCR given that it will limit their opportunity to own, operate, or work in therapeutic group homes licensed by LDH. However, individuals have the right to appeal any investigative findings before it would impact their own, operate, or work in one of these facilities.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The implementation of this Rule may reduce the number of available owners, operators, managers, employees, contractors, volunteers and interns in therapeutic group homes licensed by LDH given that individuals included in the SCR will likely be unemployed in these facilities.

Rhenda Hodnett  
Assistant Secretary  
1910#058

Evan Brasseaux  
Staff Director  
Legislative Fiscal Office

**NOTICE OF INTENT**

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

**Motion Picture Production Tax Credit Program  
(LAC 61:1.6105 and 6107)**

In accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., notice is hereby given that the Department of Economic Development proposes to amend the rules for the Motion Picture Production Tax Credit Program, R.S. 47:6007 et seq., to refine existing guidelines for reserving and issuing tax credits required by portions of Act 309 of the 2017 Regular Session of the Louisiana Legislature.

**Title 61**

**REVENUE AND TAXATION**

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

**Chapter 61. Motion Picture Production Tax Credit  
Program**

**§6105. Definitions**

A. - B. ...

\* \* \*

*Completion Notification*—the date all required steps for certification of credits are complete, as confirmed in writing by the department.

\* \* \*

*Released Credits*—tax credits provisionally allocated to motion picture production companies in initial certification letters, which are subsequently unused, released and made available for re-allocation or issuance by the department.

\* \* \*

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), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 45:

**§6107. Certification Procedures**

A. - C.5.b.iii. ...

c. Released credits. Tax credits provisionally allocated to motion picture production companies in initial certification letters, which are subsequently unused by their original holders, may be released and made available for re-allocation or issuance by the department. Any release of credits shall be in writing and where possible, may be agreed to between the department and the motion picture production company, except that:

i. The department reserves the right to release credits for effective administration of the annual program issuance cap, by releasing provisionally allocated credits on May 1 of any given fiscal year, for productions with a reservation in that fiscal year but lacking a supporting expenditure verification report on file with the department. After consideration of all relevant factors, the department may issue a revised initial certification letter provisionally allocating credits in the next available fiscal year, and/or, where appropriate, directly issue tax credits in a final certification letter from released credits, according to the provisions of Paragraph D.4 of this Section.

D. - D.4.c. ...

d. If the QEC cap is not met in any fiscal year, any residual credits shall carry forward for use in subsequent years and may be granted in addition to the QEC cap for each year.

e. If the total amount of credits applied for in any particular year exceeds the total or general cap for that year, the excess shall be treated as having been applied for on the first day of the subsequent year.

f. Use of released credits. Released credits shall be available for re-allocation or issuance by the department as follows:

i. Credits released throughout the year shall be made available periodically at the discretion of the department as released credits accumulate, for re-allocation or issuance to qualifying applicants on a first come first served basis, as determined by the completion notification date.

(a). However, any applicants who have received completion notifications on the same business day shall be treated as received at the same time.

(b). For purposes of this section, a completion notification shall be issued in writing and only upon confirmation by the department that a motion picture

production company has completed all required steps for certification of credits, including but not limited to submission of an expenditure verification report and all necessary support documentation, and payment in full of any CPA fees.

ii. To qualify for issuance of credits from the released credits, motion picture production companies shall lack a tax credit reservation, or the necessary amount of tax credit reservation, for issuance of final certification in the requested fiscal year.

iii. If the total amount of released credits available for re-issuance meets or exceeds the amount of requested credits, the department shall make payment in full to all qualifying applicants.

iv. If the total amount of released credits available for re-issuance is less than the total amount of requested credits, the department shall issue credits in full to all qualified applicants on a first come, first served basis, as determined by the completion notification date. Any requests that cannot be paid in full will remain eligible for payment at a later date, on a first come, first served basis, as determined by the completion notification date, subject to availability of released credits. Partial payments will not be made.

E – E.3 ...

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:6007 and R.S. 36:104.

**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 36:55 (January 2010), amended by the Department of Economic Development, Office of the Secretary, Office of Business Development and the Louisiana Economic Development Corporation, LR 37:514 (February 2011), amended by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 42:39 (January 2016), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 45:

#### **Family Impact Statement**

The proposed Rule is not anticipated to have an impact on family formation, stability, and autonomy as described in R.S. 49:972.

#### **Poverty Statement**

The proposed Rule is not anticipated to have an impact on poverty as described in R.S. 49:973.

#### **Provider Impact Statement**

The proposed Rule is not anticipated to have an impact on providers of services as described in HCR 170 of the 2014 Regular Legislative Session.

#### **Small Business Analysis**

The proposed Rule is not anticipated to have a significant adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting the proposed rule to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

#### **Public Comments**

Interested persons should submit written comments on the proposed rules to Stephen Hamner through the close of business on Monday, November 25, 2019 at 617 North 3<sup>rd</sup> Street, 11<sup>th</sup> Floor, Baton Rouge, LA 70802 or via email to [stephen.hamner@la.gov](mailto:stephen.hamner@la.gov).

#### **Public Hearing**

A meeting for the purpose of receiving the presentation of oral comments will be held at 10 a.m. on Tuesday, November 26, 2019 at the La Salle Building, Griffon Room, 617 North Third Street, Baton Rouge, LA 70802.

Anne G. Villa  
Undersecretary

### **FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES**

#### **RULE TITLE: Motion Picture Production Tax Credit Program**

#### **I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)**

The proposed rule change will not result in any additional savings or expenditures for state governmental units, as it refines existing guidelines for reserving and issuing tax credits required by portions of Act 309 of the 2017 Regular Session (See Part II). Any administrative duties brought about by the proposed rule change will be carried out utilizing existing staff and resources at the LA Dept. of Economic Development (LED).

#### **II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)**

The proposed rule change allows for the reallocation of unused film tax credit reservations between firms by LED to the extent actual credit amounts needed are more or less than initial reservations. However, all credit reservation and issuance activity operates under a cap of \$150 M each fiscal year, established by Act 309 of the 2017 Regular Session for productions applying on or after July 1, 2017. Furthermore, film tax credit claims are capped at \$180 M each fiscal year. Because the reallocation is occurring under the auspices of the \$150 M credit issuance and \$180 M claims caps, aggregate revenues for the state will not be affected.

The proposed rule change will not affect local governmental units.

#### **III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)**

Firms who are eligible for film tax credits may realize a reduction in tax liabilities to the extent they qualify for the credit and are able to receive additional credits to the extent other firms do not utilize the entirety of their initial film tax credit allocation.

#### **IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)**

Companies receiving benefits under this program will continue to gain competitively over companies that do not receive the program's benefits.

Anne G. Villa  
Undersecretary  
1910#048

Gregory V. Albrecht  
Chief Economist