

July 9, 2020

RE: Sound Recording Investor Tax Credit Program –Summary Report

To Whom It May Concern:

The Department of Economic Development hereby announces its plan to proceed with rule-making by finalizing the Sound Recording Investor Tax Credit Program Rules published as a Notice of Intent in the March 20, 2020 *Louisiana Register* on pages 404-407.

A public hearing was conducted on April 27, 2020 via a modified teleconference format during the COVID-19 crisis. The following 4 representatives from the music industry attended: Julie Bordelon, Sherri Mc Connell, Jay Weigel and Reid Wick. (This level of attendance was in-keeping with, if not superior to, attendance at similar prior hearings for this program.) While the overall tone was positive, concerns were raised regarding high program fees.

LED acknowledges these concerns, however, respectfully notes that fees are set within the enabling statute R.S. 47:6023 and these proposed rules cannot deviate from them. Accordingly, no changes have been made to the proposed rule since publication as a Notice of Intent.

The attached follow-up written comments were also received, which relate not only to these Sound Recording Program rules, but also to the Entertainment Development Fund Rules, with both hearings held on the same day, and involving primarily the same industry representatives.

Subject to legislative oversight by the House or Senate Committees on Commerce, the House Committee on Ways and Means or the Senate Committee on Revenue and Fiscal Affairs, the Department intends to submit for final publication as a Rule in the August 2020 *Louisiana Register*.

As always, we welcome your consideration and I can be reached at ph.# (225) 342-5406 with any questions.

Sincerely,



Stephanie Le Grange  
Staff Attorney

cc: Senate, Committee on Commerce, Consumer Protection, and International Affairs  
Senate, Revenue & Fiscal Affairs Committee  
House of Representatives, Ways & Means Committee  
House of Representatives, Committee on Commerce

2020 at the La Salle Building, La Belle Room, 617 North Third Street, Baton Rouge, LA 70802.

Anne G. Villa  
Undersecretary

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES  
RULE TITLE: Louisiana Entertainment  
Development Fund**

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

There will be an increase in expenditures of the Department of Economic Development (LED) as a result of the rules promulgated to provide guidelines and application procedures for the Louisiana Economic Development Fund (Fund) created by Act 223 of 2017.

Act 223 of 2017 created the Louisiana Entertainment Development Fund for education development initiatives, matching grants for Louisiana filmmakers, a loan guarantee program, and a deal closing fund. Expenditures of the LED will consist of grant awards to non-profit arts or film organizations with a proven track record of organizing film festivals, film grant programs, fellowships, filmmaking labs, or other entertainment initiatives designed to champion indigenous filmmaking talent, as approved by LED. These awards may provide additional funding for indigenous filmmaker initiatives. Award amounts may vary at the discretion of the Department, with a maximum of \$100,000 per applicant, per year.

Administration of the awards will be carried out utilizing existing staff and resources at LED. Administration may also be handled by a third-party administrator (TPA). Should LED hire a TPA, administrative fees would be up to 10% of any award.

There may also be an increase in expenditures of those non-profit arts or film organizations to the extent that they successfully participate in the competitive grant program.

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

There will be an increase in revenues of the Department of Economic Development (LED).

Act 223 of 2017 provides that for film projects that apply to LED after July 1, 2017, a transfer fee of 2% of the tax credit transfer value is placed in the fund. A total of 25 percent is allocated to the Louisiana Department of Revenue (LDR) for administrative purposes and 75 percent to the Department of Economic Development for education development initiatives, matching grants for Louisiana filmmakers, a loan guarantee program, and a deal closing fund. The Department of Economic Development will see increased revenues as a result of this transfer fee. The Department estimates annual revenues as high as \$2.7 M could be generated based on the maximum transfer rate. However, actual total collections to date are approximately \$1.8 M. Since the transfer fee projections are occurring under the auspices of the \$150 M credit issuance and \$180 M claims caps, aggregate revenues for the state will not be affected.

Those non-profit arts or film organizations that organize film festivals, film grant programs, fellowships, filmmaking labs, or other entertainment initiatives designed to champion indigenous filmmaking talent may see an increase in their revenue as a result of the grant award, to the extent that they successfully participate in the competitive grant program.

The proposed rule change will not affect local governmental units.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Summary)**

Non-profit arts or film organizations may benefit from additional revenues should they choose to participate in the LED grant program. The cost to these entities may include the cost of some additional planning and paper work requirements associated with the application process, reports, and invoices for reimbursement. Those Louisiana businesses, including small businesses (mainly non-profit entities) in the entertainment industry will benefit from better trained and more productive filmmakers. Louisiana residents will benefit from enhanced employment opportunities in the Louisiana entertainment industry.

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

The program's goal is to make workers more employable in the Louisiana entertainment industry. The competitiveness of Louisiana businesses should be enhanced as employees become better equipped to adapt to the demands of this industry.

Anne G. Villa  
Undersecretary  
2002#018

Evan Brasseaux  
Staff Director  
Legislative Fiscal

**NOTICE OF INTENT**

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

**Sound Recording Investor Tax Credit Program  
(LAC 61:I:Chapter 65)**

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 Sound Recording Investor Tax Credit Program (R.S. 47:6023) to align the rules with current statutory provisions and administrative practices.

**Title 61**

**REVENUE AND TAXATION**

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

**Chapter 65. Louisiana Sound Recording Investor Tax  
Credit Program**

**§6531. Purpose and Description**

A. The purpose of this program is to encourage development in Louisiana of a strong capital and infrastructure base for sound recording productions in order to achieve an independent, self-supporting sound recording industry, and to encourage investments in multiple state-certified sound recording production projects.

B. Approvals and certifications as to whether a project qualifies as a state-certified production as required for Sound Recording Investor Tax Credits are not to be considered as entitlements for sound recording production companies, and the Louisiana Department of Economic Development shall have the discretion to determine whether or not each particular sound recording, meets the criteria for such qualification as provided herein.

C. These rules implement the Louisiana sound recording investor tax credit pursuant to R.S. 47:6023.

D. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6023.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, and the Department of Revenue, LR 34:1347 (July 2008), amended by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 36:304 (February 2010), repromulgated by the Department of Economic Development, Office of Business Development, LR 45:881 (July 2019), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 46:

### §6533. Definitions

A. The following terms shall have the meanings provided herein, unless the context clearly indicates otherwise.

*Base Investment*—the actual investment made and expended in the state by a state-certified production as production expenditures incurred in this state that are directly used in state-certified production or productions.

\* \* \*

*Investor*—any individual or entity that makes an investment in a state-certified production, including but not limited to any individual or entity that is identified as a source of funds for a state certified production on its expenditure verification report, or any tax credit broker, individual or entity identified as an irrevocable designee for receipt of tax credits.

\* \* \*

*Project Completion*—completion or end date outlined in the project application, or as otherwise approved in writing by LED.

*Qualified Music Company or "QMC"*—an entity authorized to do business in Louisiana, engaged directly or indirectly in the production, distribution and promotion of music, certified by the secretary as meeting program eligibility criteria, and executing a contract providing the terms and conditions for its participation.

\* \* \*

*Resident Copyright*—the copyright of a musical composition written by a Louisiana resident or owned by a Louisiana-domiciled music company as evidenced by documents of ownership such as registrations with the United States copyright office or performing rights organizations which denote authors and music publishing entities.

\* \* \*

*State-Certified Musical Recording Infrastructure Project*—repealed.

\* \* \*

*Source within the State*—a physical facility in Louisiana, operating with posted business hours and employing at least one full-time equivalent employee.

*State-Certified Production*—a sound recording production or a series of productions occurring over the course of a 12-month period, including but not limited to master and demonstration recordings, and costs related to such production or productions that are approved by the Louisiana Department of Economic Development.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6023.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the

Department of Revenue, LR 34:1347 (July 2008), amended by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 36:304 (February 2010), LR 42:37 (January 2016), repromulgated by the Department of Economic Development, Office of Business Development, LR 45:881 (July 2019), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 46:

### §6535. Rules of Application

A. The sound recording investor tax credit authorized by R.S. 47:6023(C) may be earned and claimed as follows.

1. There is authorized a credit against the state income tax for investments made in state-certified productions, which credit will be earned by investors at the time expenditures are certified by the Louisiana Department of Economic Development according to the total base investment certified for the sound recording production company per calendar year. No credit shall be allowed for any expenditures for which a credit was granted under R.S. 47:6007.

2. - 2.b.i. ...

c. for applications by qualified music companies ("QMC's") for state certified productions, received on or after June 18, 2019:

i. to the extent that the base investment by a QMC is expended on a sound recording production of a resident copyright, the investor shall be allowed an additional ten percent increase in the base investment rate.

3. - 7. ...

8. Expenditure Verification Report Fee. The department shall directly engage and assign a CPA to prepare an expenditure verification report on an applicant's cost report of production or project expenditures. Applicants shall submit an advance deposit at the time of application, and shall later be assessed the department's actual cost based upon an hourly rate as provided in R.S. 36:104.1, in the amounts set forth below:

a. for applicants with project expenditures of at least \$10,000 but less than \$25,000, an advance deposit of \$750, with a maximum fee of \$1,500;

b. for applicants with project expenditures of at least \$25,000, an advance deposit of \$1,500, with a maximum fee of \$3,000;

c. for applicants with project expenditures of at least \$50,000, but less than \$100,000, an advance deposit of \$2,500, with a maximum fee of \$5,000;

d. for applicants with project expenditures of more than \$100,000, an advance deposit of \$3,750, with a maximum fee of \$7,500;

e. any unused balance shall be refunded to the applicant within 60 days following receipt of CPA's final invoice and payment of all CPA costs.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6023 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Department of Revenue, LR 34:1348 (July 2008), amended by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 36:305 (February 2010), LR 42:38 (January 2016), repromulgated by the Department of Economic Development, Office of Business Development, LR 45:881 (July 2019), repromulgated by the Department of Economic Development, Office of Business

Development, LR 45:881 (July 2019), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 46:

**§6537. Certification**

**A. Initial Certification of State-Certified Productions**

1. To obtain the approval of the department for a "state-certified production" as required by R.S. 47:6023(B)(5) and (6), the sound recording production company that will produce the sound recording production must submit a written request to the department for approval of the production as a "state-certified production" and setting forth the following facts, when applicable:

a - l.vii. ...

2. After review, and upon a determination of qualification, the department shall submit its initial certification of a project as an "initial state-certified production" to investors and to the Secretary of the Department of Revenue, containing a unique identifying number.

3.a. The applicant shall countersign the initial certification letter, acknowledging the conditions therein stated, and return a countersigned original to the department within 30 business days of receipt.

b. If a countersigned original is not returned to the department within the allotted time frame, it shall be nullified unless reissued or confirmed by the department.

4.a. For projects with applications received by LED prior to 2020 rule promulgation, the initial certification shall be effective for expenditures made no more than 12 months prior to the date of application and shall be valid until the project is complete.

b. For projects with applications received by LED on or after 2020 rule promulgation, the initial certification shall be effective for qualifying expenditures made within a period 12 months prior to the date of application and 12 months after the date of initial certification, as outlined in the initial certification letter. Expenditures outside of this approved initial certification period shall not qualify for tax credits.

**B. Final Certification of Sound Recording Investor Tax Credits**

1. For projects with applications received by LED prior to 2020 rule promulgation, upon project completion, or for projects with applications received by LED on or after 2020 rule promulgation, no later than six months after the expiration of the initial certification period, the applicant shall make a request to LED to proceed to final certification by submitting to the department a cost report of production expenditures to be formatted in accordance with instructions of the department, after which time all claims to tax credits shall be deemed waived. The applicant shall make all records related to the cost report available for inspection by the department and the CPA selected by the department to prepare the expenditure verification report. After review and investigation of the cost report, the CPA shall submit to the department an expenditure verification report. The department shall review such expenditures and shall issue a tax credit certification letter to the investors and the Louisiana Department of Revenue indicating the amount of tax credits certified for the state-certified production.

a. - c. ...

2. After receiving a written request from an investor and after the meeting of all criteria, the department shall

issue a letter of certification to such investor signed by the secretary reflecting the investor's name, the dollar amount of sound recording investor tax credits earned by the investor pursuant to R.S. 47:6023(C) through the date of such request, the calendar year in which the sound recording investor tax credits were earned by the investor, the state-certified production with respect to which the investor earned the sound recording investor tax credits, and the identifying number assigned to such state-certified production.

3. ...

4. Once certification of a project has been granted under the criteria established within this provision and pursuant to R.S. 47:6023, the granting of such credit will be based upon a first come, first serve basis of the approved cost report or audit and shall be set for a maximum aggregate amount not to exceed \$2,160,000 during any calendar year. For purposes of this Section the applicant will be considered the investor.

a. However, 50 percent of the aggregate amount of credits certified each year shall be reserved for QMC's.

b. No more than \$100,000 in tax credits may be granted per project, per calendar year.

5. - 6.c. ...

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:6023.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of Business Development and the Department of Revenue, LR 34:1348 (July 2008), amended by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 36:305 (February 2010), amended LR 37:310 (January 2011), LR 42:38 (January 2016), repromulgated by the Department of Economic Development, Office of Business Development, LR 45:883 (July 2019), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 46:

**§6541. Illustrative Examples of Production Expenses**

A. - C.1. ...

2. Producer fees may be subject to limitation as follows.

a. Applicants must provide detailed accounting and verification of expenditures relating to "all-in producer deals." For example, audits must reflect payments made to all vendors, and Producer Agreements should reflect the scope of services to be provided in Louisiana and include a clause allowing the State to audit the Producer's accounting records directly related to any expenses claimed for tax credits.

b. LED establishes a benchmark of up to 20 percent of total qualifying Louisiana production expenditures for Producers Fees (for the calculation, Louisiana production expenditures exclude any producer fees), which shall be considered fair market value. While applicants may enter into producer agreements with fees in excess of LED's approved benchmark, producer fee payments exceeding 20 percent may not be eligible to earn tax credits.

c. LED establishes a benchmark of up to 12 percent of total qualifying Louisiana production expenditures (for the calculation, Louisiana production expenditures exclude any producer fees), for related-party producer fee expenditures, which must be supported by a cost report or audit, when applicable, and documentation of services provided. Fair market value for related-party services

rendered must also be established by submission of third-party contracts for similarly-sized projects and scope of work or other documents as approved by LED. While productions may enter into agreements with fees in excess of LED's approved benchmark, payments exceeding 12 percent will not be eligible to earn tax credits unless the benchmark is exceeded through expenditures (supported by a cost report or audit, when applicable, and documentation of services provided) under third-party contracts only with no related-party expenditures.

3. ...

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 47:6023.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of Business Development, Office of Entertainment Industry Development, LR 42:38 (January 2016), repromulgated by the Department of Economic Development, Office of Business Development, LR 45:885 (July 2019), amended by the Department of Economic Development, Office of Entertainment Industry Development, LR 46:

**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**

All entities requesting funding from this program must provide documents sufficient to show eligibility for and compliance with all requirements for funding. A handful of small businesses, mainly musicians and artists may be impacted, but the benefit from additional funding for their projects, at a nominal cost of some additional planning and paperwork associated with the application process, reports and invoices for reimbursement should provide a positive impact to any small businesses that choose to apply to the program.

**Public Comments**

Interested persons should submit written comments on the proposed Rules to Lacey Chataignier through the close of business on Friday, April 24, 2020 at Department of Economic Development, 617 North Third Street, 11th Floor, Baton Rouge, LA 70802 or via email to Lacey.Chataignier@la.gov.

**Public Hearing**

A meeting for the purpose of receiving the presentation of oral comments will be held at 1 p.m. on Monday, April 27, 2020 at the La Salle Building, La Belle Room, Department of Economic Development, 617 North Third Street, Baton Rouge, LA 70802.

Anne G. Villa  
Undersecretary

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES  
RULE TITLE: Sound Recording Investor  
Tax Credit Program**

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

There is no impact on expenditures of the Louisiana Department of Economic Development (LED) as a result of the proposed rule setting forth guidelines required by portions of Act 275 of 2017. Revisions align the rules with statutory provisions and administrative practices, including deleting provisions relating to the now sunset infrastructure program and reducing the costs of expenditure verification fees. Any administrative duties brought about by the proposed rule change will be carried out by utilizing existing staff and resources at LED.

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

There will be reductions in revenues to the State General Fund (Direct) to the extent that entities take advantage of this tax credit; any decrease is indeterminable at this time. All activity must operate within the auspices of the \$2.16 M program cap and \$100,000 project cap per calendar year.

The Sound Recording Investor Tax Credit Program, established in 2005, encourages development in Louisiana of a strong capital and infrastructure base for sound recording productions in order to achieve an independent, self-supporting sound recording industry. The current program cap is \$2.16 M; however, LED has never issued the maximum amount of credits allowed per year. The total credits certified per year for 2017-2020 are as follows: FY 2017 \$57,343; FY 2018 \$41,672; FY 19 \$43,278; FY 20 \$74,166.

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)**

There will be reduced costs for businesses as a result of reduced expenditure verification report fees. These fees are held in escrow and used by LED for payment of the expenditure verification report; any remaining balance is later refunded to the entity.

**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  
2002#017

Evan Brasseaux  
Staff Director  
Legislative Fiscal Office

**NOTICE OF INTENT**

**Economic Development  
Office of Entertainment Industry Development**

Sound Recording Investor Tax Credit Program  
Qualified Music Company Payroll Tax Credit Program  
(LAC 61:I.Chapter 71)

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

## Stephanie Le Grange

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**From:** Chris Stelly  
**Sent:** Tuesday, April 28, 2020 11:50 AM  
**To:** Gregory Kallenberg  
**Cc:** Stephanie Le Grange  
**Subject:** Re: Feedback on Film Fund...

Gregory:

Appreciate the insight and input!

Take care and stay safe....see you soon(er – than later)!

C

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**From:** "gregory@rationalmiddle.com" <gregory@prize.foundation>  
**Date:** Tuesday, April 28, 2020 at 10:42 AM  
**To:** Christopher Stelly <Chris.Stelly@LA.GOV>  
**Subject:** Feedback on Film Fund...

**EXTERNAL EMAIL:** Please do not click on links or attachments unless you know the content is safe.

Chris,

Thanks for the hard work you're doing in these precarious times.

I talked with my team and here are some thoughts.

- We'd like there to a number put in that would allow for us to take some of the grant funds for management and overhead. Our number would be between 15-20% depending on the program and what needed to be done to manage it.

- We'd like there to be clarification on the fact that Film Prize Foundation could be a qualified non-profit to distribute funds and we could also apply for grants from these funds. For example, we'd like to distribute the funds as grants to Film Prize filmmakers, but the Film Prize Foundation's production company called Film Prize Feature Factory should also get to apply for funding.

- We'd love for the grant values to be higher than 100,000 per entity. Film Prize Foundation covers such a large area, and we are one of the only ones doing what we do in north Louisiana.

Thanks for your consideration of these suggestions. Stay strong and keep leading the change and being awesome!

Best,

Gregory

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Gregory Kallenberg  
Prize Foundation  
Film/Food/Music/Startup Prize

## Stephanie Le Grange

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**From:** Chris Stelly  
**Sent:** Tuesday, April 28, 2020 11:46 AM  
**To:** Jay Weigel  
**Cc:** Stephanie Le Grange  
**Subject:** Re: Comments

Jay - it was great to hear from you.

Thanks for your insight and inputs below and verbally.

You can register to receive updates via:

<https://info.opportunitylouisiana.com/email-sign-up>

take care and stay safe.

Chris

On 4/28/20, 11:11 AM, "Jay Weigel" <jay@jayweigel.com> wrote:

EXTERNAL EMAIL: Please do not click on links or attachments unless you know the content is safe.

Here is a summary of my comments from yesterday's hearings. Please put me on the email notice list for any public hearings regarding the entertainment programs.

- 1) Sound Recording - explore anyway to make the "application fee" payable after the project is certified.
- 2) Development Fund - If the department chooses to utilize a third party to help distribute the awards, I suggest it use at least two. Those two should be from different geographical regions in the state
- 3) I would suggest some guidance be in the language suggesting what percentage of money could be used to cover "the overhead" of any non-profit being awarded a grant. I'd like to see as much money go to the filmmakers as possible.
- 4) I would suggest that the amount of match allowed from in-kind services being articulated. Guidance in this area is always helpful.

Thanks Chris, I hope to see you soon.

Jay Weigel  
Composer/Producer  
504-258-8299  
[https://urldefense.proofpoint.com/v2/url?u=http-3A\\_\\_www.jayweigel.com&d=DwIFaQ&c=xIPCXuHzMdaH2F1c1sgyicYpGQbQbU9KDEmgNF3\\_wl0&r=zm0vO4-Q389En5yFjySSQK2X0kO22Jel6AMfz0yu01E&m=RdoxtmLw0CSPnmgTFF8tq\\_uNt\\_IVfUrspRhP6LqhlUQ&s=DaiSfRfO5AnK1CPad21R0lbuo2A0e8kMJkXtEIKYHHM&e=](https://urldefense.proofpoint.com/v2/url?u=http-3A__www.jayweigel.com&d=DwIFaQ&c=xIPCXuHzMdaH2F1c1sgyicYpGQbQbU9KDEmgNF3_wl0&r=zm0vO4-Q389En5yFjySSQK2X0kO22Jel6AMfz0yu01E&m=RdoxtmLw0CSPnmgTFF8tq_uNt_IVfUrspRhP6LqhlUQ&s=DaiSfRfO5AnK1CPad21R0lbuo2A0e8kMJkXtEIKYHHM&e=)

## Stephanie Le Grange

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**From:** Chris Stelly  
**Sent:** Tuesday, April 28, 2020 11:05 AM  
**To:** Julie Bordelon; Lacey Chataignier  
**Cc:** Stephanie Le Grange  
**Subject:** Re: Sound Recording and QMC public hearing call

Thanks Julie – appreciate the written comments.

Lacey – can you answer the question regarding SR and a live show below? That isn't related to the rules.

Chris

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**From:** Julie Bordelon <julie.adventures@gmail.com>  
**Date:** Tuesday, April 28, 2020 at 10:58 AM  
**To:** Lacey Chataignier <Lacey.McRight@LA.GOV>, Christopher Stelly <Chris.Stelly@LA.GOV>  
**Subject:** Re: Sound Recording and QMC public hearing call

**EXTERNAL EMAIL:** Please do not click on links or attachments unless you know the content is safe.

I don't know if you are supposed to list who I work with:

Ada Ventures  
#CreateLouisiana  
Southern Screen

**Julie Bordelon**  
Consultant | Producer | Coordinator  
Music | Film | Live  
[julie.adventures@gmail.com](mailto:julie.adventures@gmail.com)

On Tue, Apr 28, 2020 at 10:56 AM Julie Bordelon <[julie.adventures@gmail.com](mailto:julie.adventures@gmail.com)> wrote:

Hey y'all! Thanks for the call yesterday. I had to step away on the second call for a second and when I came back the call was ending. I'm guessing it was all the same people with no additional questions or comments.

For the most part I agreed with everyone and would like to reiterate that the fees are a bit high, especially for musicians. I like what Reid said about using the Development Fund to help offset some cost...not sure that's even a possibility. Could this be a grant given by #CreateLouisiana? For instance, if a Louisiana musician has been "pre approved" for the program, would it be possible to give them a sort of letter of approval that they could then use to apply for the application fee through a #CL grant? Just spitballing.

Could there be a lower fee for in-state musicians and/or QMC?

Also, would the sound recording credit be available for a live show? Sorry if that is written somewhere and I missed it.

Thanks,

Julie

**Julie Bordelon**  
**Consultant | Producer | Coordinator**  
**Music | Film | Live**  
[julie.adventures@gmail.com](mailto:julie.adventures@gmail.com)

## Stephanie Le Grange

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**From:** Chris Stelly  
**Sent:** Tuesday, April 28, 2020 11:44 AM  
**To:** Sherri McConnell; Lacey Chataignier  
**Cc:** Stephanie Le Grange  
**Subject:** Re: 4/28 Public hearing comments for SR & Film programs

Thanks for your comments Sherri.

Appreciate the input and insight.

Chris

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**From:** Sherri McConnell <sherri@sherrimac.com>  
**Date:** Tuesday, April 28, 2020 at 11:41 AM  
**To:** Christopher Stelly <Chris.Stelly@LA.GOV>, Lacey Chataignier <Lacey.McRight@LA.GOV>  
**Subject:** 4/28 Public hearing comments for SR & Film programs

**EXTERNAL EMAIL:** Please do not click on links or attachments unless you know the content is safe.

Hi Lacey and Chris,

Please find my comments and concerns regarding the proposed rules for the SR/QMC and Film programs below. Thanks

### SR/QMC

The fees in the proposed rules are the most egregious of the proposals. They are way too high, burdensome and a disincentive for business attraction and growth.

- The .05 non-refundable application fee is not only ridiculously high on the front end of a process for an applicant who may never be initially certified, but they will also deter most small and start-up businesses from applying and ultimately considering Louisiana as a place to do business. This is counter to the purpose of the incentive and the fundamental principles of economic development. What are the fees for? Where do they go in the Department? It is stated in the fiscal impact note of the NOI that "Administration of the tax credits will be carried out utilizing existing staff and resources at LED". So where is the cost to LED to justify the fee?
- The rules continue with a proposal for an upfront advance deposit of \$7500 for the expenditure verification report once the applicant is found qualified ( at initial certification?). Though refundable, this again requires additional dollars be spent before a single credit is granted. In addition, the need for any CPA review whether by audit or simple review seems unnecessary when LED has the ability to verify those W2 wage expenditures with the La. Work Commission as they regularly do now with the Quality Jobs program.
- The Department also proposes to charge another fee of \$250 every time the contract is amended! One has to wonder what all these fees are paying for.

### FILM/Film Makers Grant Program

I feel the proposed rules are generally scant on details and leaves too much up to the discretion of LED - requiring each applicant to have to negotiate individual contracts with few guidelines on where to start and what is required. This will cause an overly burdensome, bureaucratic and slow process. There is a way to have some minimal guidelines while allowing for the ability to customize applicant contracts that meet the needs of their film projects.

More specially here are some of my comments:

- The proposal should consider " in-kind" as matching funds. Many non-profits will be able to offer services, equipment and facilities that have great value such as cameras, editing bays, sound stages, legal services etc and these costs can easily be verified by FMV.

- Prohibit the third party administrator from being an applicant as well. This could be a conflict of interest.
- Set reasonable maximum amount that an applicant can charge for administrative services of the program
- State whether an applicant can have a slate of film projects in a given year. Clarify “projects”
- Create some minimum criteria in rule for the filmmakers so that the applicants have some guidelines to follow for the projects they will be supporting
- Raise the minimum amount of \$100K to \$250K per applicant per year particularly if a slate of projects is allowed. As I said in the hearing – the concerns I raised in the workforce NOI public hearing where the maximum is \$250K per year could deplete the Entertainment fund, leaving more crucial initiatives unfunded or underfunded such as the Filmmakers Grant Program. Workforce, while important, is not as necessary as it used to be. We have a strong crew base for instance and all of them are looking for work. Above the Line workforce initiatives will be less costly When film production starts up again - post pandemic, there will be little need to train an below the line workforce.
- There are no guidelines or rules for “ a third part administrator”. What is this for? Is this administrator going to negotiate with each applicant? Vet film projects? The rules need to spell out the role of the Third Party Administrator and the minimum qualifications to be considered.
- This grant program should not be on a reimbursable basis, but should be given up front to help these La filmmakers make their movies. That’s it’s purpose. You can not assume that they have the money or can get a loan from a bank. There should be enough safeguards and vetting in place by the applicants to ensure proper usage of those dollars. Addressing my fifth bullet will help too. And you always have the option of “clawback” if necessary.

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