



BATON ROUGE BAR ASSOCIATION • JULY 21-23, 2016
POINT CLEAR, ALABAMA • GRAND HOTEL MARRIOTT RESORT

DEMYSTIFYING FILM CREDITS

SPEAKER:
BRANDON A. LAGARDE

SATURDAY, JULY 23, 2016 • 9 - 10 AM

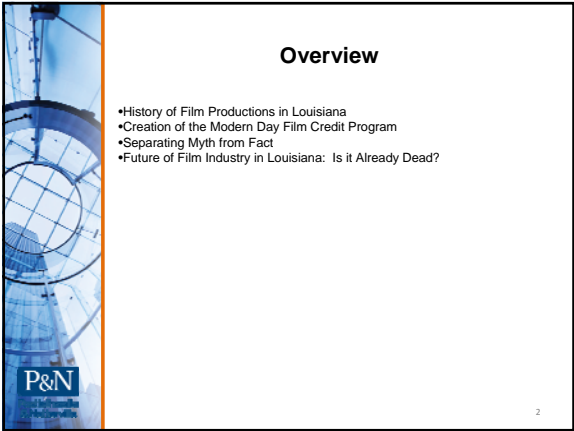


DEMYSTIFYING LOUISIANA'S FILM TAX PROGRAM

By: Brandon A. Lagarde, CPA, JD



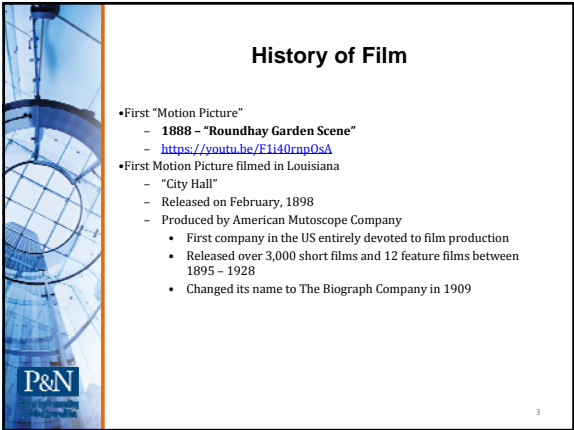
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Overview

- History of Film Productions in Louisiana
- Creation of the Modern Day Film Credit Program
- Separating Myth from Fact
- Future of Film Industry in Louisiana: Is it Already Dead?






History of Film


- First "Motion Picture"
 - 1888 - "Roundhay Garden Scene"
 - <https://youtu.be/F1140rmp0sA>
- First Motion Picture filmed in Louisiana
 - "City Hall"
 - Released on February, 1898
 - Produced by American Mutoscope Company
 - First company in the US entirely devoted to film production
 - Released over 3,000 short films and 12 feature films between 1895 - 1928
 - Changed its name to The Biograph Company in 1909






History of Film

- History of Film in Louisiana
 - 1898 - 2002 (modern day film credit is created)
 - 1900s - 11 films
 - 1910s - 82 films
 - 1920s - 32 films
 - 1930s - 47 films
 - Gone With the Wind (1939)
 - 1940s - 53 films
 - 1950s - 68 films
 - A Streetcar Named Desire (1951)
 - Long Hot Summer (1958)
 - 1960s - 49 films
 - The Wacky World of Dr. Morgus (1962)
 - Cincinnati Kid (1965)
 - 1970s - 93 films
 - Live and Let Die (1973)



History of Film

- History of Film in Louisiana
 - 1898 - 2002 (modern day film credit is created)
 - 1980s - 130 films
 - Steel Magnolias (1989)
 - The Toy (1982)
 - 1990s - 190 films
 - JFK (1991)
 - The Pelican Brief (1993)
 - Blue Chips (1994)
 - Interview with the Vampire (1994)
 - Dead Man Walking (1995)
 - Heaven's Prisoners (1995)
 - Con Air (1997)
 - Out of Sight (1998)
 - The Waterboy (1998)
 - The Green Mile (1999)
 - Double Jeopardy (1999)
 - The Real World Season 9 (1992)



History of Film

- History of Film in Louisiana
 - 2000
 - 26 films
 - Dracula 2000
 - 2001
 - 28 films
 - Monster's Ball
 - 2002
 - 30 films
 - Catch Me If You Can
 - Divine Secrets of the Yaya Sisterhood
 - 2003
 - 26 films
 - Runaway Jury
 - Haunted Mansion
 - 2004
 - 50 films
 - Ray
 - Mr. 3000



History of Film

- History of Film in Louisiana
 - 2005
 - 54 films
 - Because of Winn Dixie
 - The Dukes of Hazzard
 - Fantastic Four
 - The Skeleton Key
 - 2006
 - 114 films
 - All the King's Men
 - Big Momma's House 2
 - Click
 - Déjà Vu
 - Failure to Launch
 - Glory Road
 - Jackass: Number Two
 - 2007
 - 92 films
 - The Reaping
 - K-Ville (TV Series)
 - Imagination Mover Season 1 (TV Series)

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History of Film

- History of Film in Louisiana
 - 2008
 - 142 Films
 - Harold and Kumar Escape from Guantanamo Bay
 - Curious Case of Benjamin Button
 - 2009
 - 130 films
 - X-Men Origins: Wolverine
 - Final Destination
 - Imagination Movers Season 2 (TV Series)
 - Treme Season 1 (TV Series)
 - 2010
 - 120 films
 - Real World Season 24 (TV Series)
 - Memphis Beat (TV Series)
 - 2011
 - 107 films
 - Twilight Saga – Breaking Dawn Part 1
 - Battle Los Angeles
 - Green Lantern
 - Rise of the Planet of the Apes
 - The Breakout Kings (TV Series)
 - Sons of Guns (Reality TV)


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History of Film

- History of Film in Louisiana
 - 2012
 - 128 films
 - 21 Jump Street
 - Abraham Lincoln: Vampire Hunter
 - Battleship
 - Beasts of the Southern Wild (Best Picture Nomination)
 - The Campaign
 - Django Unchained (Best Picture Nomination)
 - Expendables 2
 - G.I. Joe Retaliation
 - Looper
 - The Paperboy
 - Pitch Perfect
 - Twilight Saga – Breaking Dawn Part 2
 - True Blood Season 5 (TV Series)
 - Bayou Billionaires (Reality TV)
 - Cajun Pawn Stars (Reality TV)
 - My Big Redneck Vacation (Reality TV)
 - Swamp People (Reality TV)
 - Duck Dynasty (Reality TV)


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History of Film

- History of Film in Louisiana
 - 2013
 - 147 films
 - 12 Years a Slave (Best Picture Winner)
 - Anchorman 2: the Legend Continues
 - Dallas Buyers Club (Best Picture Nomination)
 - Olympus Has Fallen
 - Percy Jackson; Sea of Monsters
 - This is the End
 - 2 Guns
 - Lee Daniels' The Butler
 - 2014
 - 131 films
 - 22 Jump Street
 - Our Brand is Crisis
 - Dawn of the Planet of the Apes
 - Left Behind
 - Maze Runner
 - NCIS Season 1 (TV Series)
 - American Horror Story: Freak Show (TV Series)
 - Nightwatch (TV Series)
 - Astronaut Wives Club (TV Series)
 - Country Buck (Reality TV)


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History of Film

- History of Film in Louisiana
 - 2015
 - 156 films
 - American Soldier
 - Daddy's Home
 - Fantastic Four
 - Focus
 - Get Hard
 - Hot Tub Time Machine 2
 - Jurassic World
 - Pitch Perfect 2
 - Terminator Genisys
 - True Detective (HBO Series)
 - American Horror Story: Coven (TV Series)
 - Top Chef Season 11 (TV Series)
 - 10 Cloverfield Lane
 - Scream Queens (TV Series)
 - The Big Short

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CREATION OF MODERN DAY PROGRAM

- La. R.S. 47:6007
 - Passed during the 2002 1st Extraordinary Session
 - Program allowed for the following:
 - 10% credit to be earned on projects between \$300k-\$1M with an additional 10% for LA payroll.
 - 15% credit for investment over \$1M and an additional 20% for LA payroll
 - Also a sales tax exemption for purchases of \$250k or more in LA
 - Credit was non-refundable and non-transferable
 - Prior law required an income offset for "investment" base. In addition, there existed a requirement that the production have "substantial Louisiana content". These requirements were removed in 2002.

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CREATION OF MODERN DAY PROGRAM

- 2003
 - Minor changes (on their face)
 - Credits were made transferable
 - Program allowed for the following:
 - 10% credit to be earned on projects between \$300k-\$8M with an additional 10% for LA payroll.
 - 15% credit for investment over \$8M and an additional 20% for LA payroll
 - Also a sales tax exemption for purchases of \$250k or more in LA
 - Set to expire in 2007



CREATION OF MODERN DAY PROGRAM

- 2005
 - Major changes
 - 25% credit from 1/1/06-12/31/09, 20% credit from 1/1/10-12/31/11, and 15% thereafter
 - Additional LA payroll credit became 10%
 - Infrastructure Incentive Program was enacted for 40% credit – was only to last 2 years
 - Sales Tax exemption was removed and audit became mandatory
 - State buy-back program began at rate of 72% and increased every 2 years by 2% until 80%
- 2007
 - Infrastructure Incentive Program extended one year (2008)
- 2009
 - Production Credit raised to 30%
 - LA payroll was reduced to 5% (limit on first \$1M per Louisiana resident, per project)
 - Buy-back increased to 85%



CREATION OF MODERN DAY PROGRAM

- 2013
 - Created the Louisiana Tax Credit Registry
 - Track transferable credits from film studios to user of the credit
 - Required a production audit report with certain additional requirements and procedures
 - Administratively redefined the term "Independent" for purposes of audits of cost reports



CREATION OF MODERN DAY PROGRAM

- 2015
 - The Heat is On
 - House Committee on Ways and Means and Senate Committee on Revenue and Fiscal are required to review the credit and make a recommendation no later than March 1, 2017.
 - \$30M cap on any single production
 - \$180M back-end cap on number of credits allowed or bought back by the state
 - Increases the LA payroll credit from 5% to 10% and increases the cap on payroll from \$1M to \$3M. Tightened LA resident definition to someone that has lived in the state for no less than 12 consecutive months.
 - Created a 30% credit for productions between \$50k-300k (Indigenous Provisions)
 - Additional requirements required to prove the production used LA residents for 90% of its labor for "above-line-services"
 - Also created a 15% credit for use of a screenplay, copyright material or music owned by a LA company



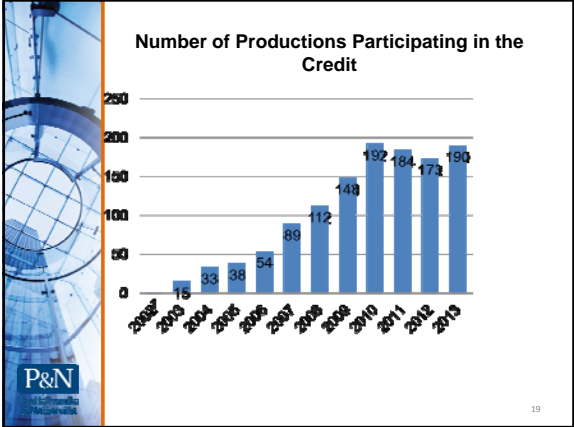
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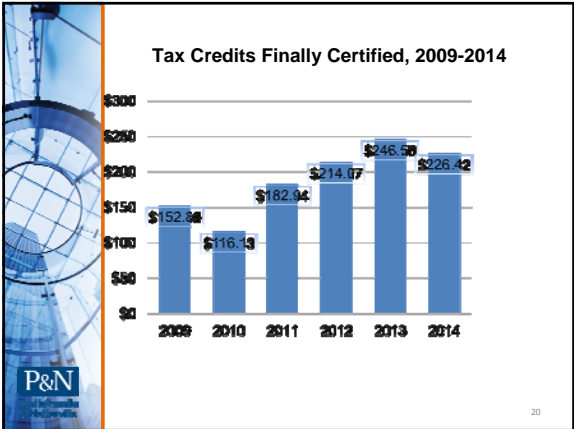
- 2015
 - Louisiana Department of Economic Development now hires the accounting firms that audit the following programs:
 - Motion Picture Investor Tax Credit
 - Research and Development Credit
 - Digital Media and Software Credit
 - Sound Recording Investor Credit
 - Musical and Theatrical Production
 - Imposed certain education requirements, peer review standards and other requirements for any CPA that audits one of the above programs

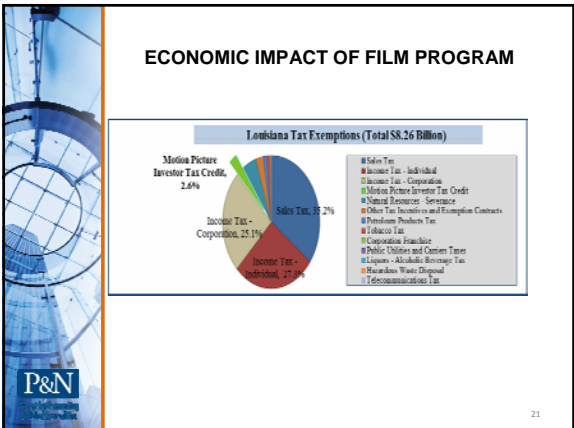


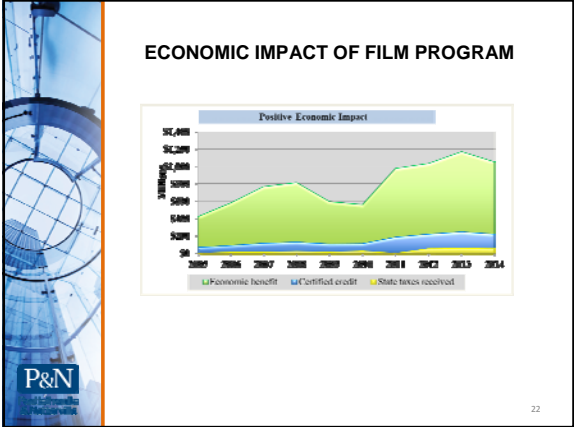
STUDIOS

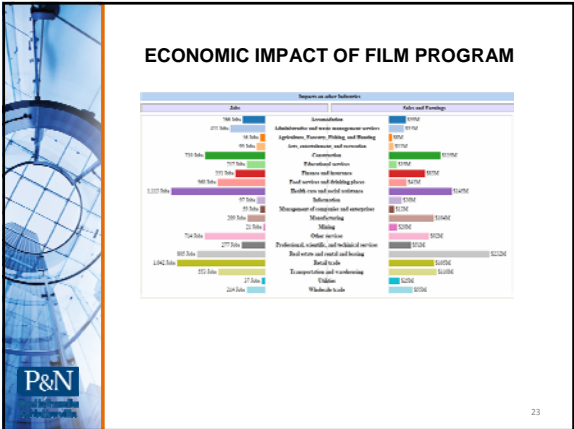












What are our competitors doing?

State	Credit	Additional Incentive	Cap	Program Cap	Economic Multiplier	Multiplier Rank
Georgia	20%	+10% (logo)	No	-	1.4838	4
Louisiana	30%	+10% (payroll)	Yes	\$180M	1.4161	7
New Mexico	25%	+5% (QPF)	Yes	\$50M	1.3854	11
Texas	5% + 20%	+2.5% (EDA)	No	-	1.3782	12
North Carolina	25%	-	Yes	\$10M	1.3167	23
Michigan	25%	+3% (QPF)	Yes	\$50M	1.3143	24
Alabama	25%	+35% (payroll)	Yes	\$20M	1.2326	40
Arkansas	20%	+10% (payroll)	Yes	\$5M	1.2017	45
Mississippi	25%	+30% (payroll)	Yes	\$20M	1.1947	47

P&N
