

Thank you for your interest in Louisiana's Digital Interactive Media incentive program. Below is a list of Frequently Asked Questions about the program, a link to the legislation itself, and contact info for the administrators of the program.

## Basics

### **Q. What is digital interactive media?**

A. In the context of Louisiana's Digital Interactive Media program, it's essentially an interactive software product (e.g. video game, training software, web platform, etc.) that's built for commercial export, and not for the producer's internal use.

### **Q. Is Louisiana's Digital Interactive Media incentive a grant program?**

A. No, it is an incentive that awards state tax credits to producers of Digital Interactive Media.

### **Q. What's a tax credit?**

A. A tax credit is a credit that can be used against Louisiana tax liability. In the case of the Digital Interactive Media program, it's a transferrable credit.

### **Q. What can I do with the tax credits once I receive them?**

A. Firstly, you can cover your Louisiana state tax liability. Since the credits awarded in the Digital Interactive Media program are transferrable, the remainder of your credits can be sold on the secondary market. Often, recipients also give the excess credits to investors. *PLEASE NOTE: As per Louisiana law, tax credits cannot be sold or transferred until they are received by the applicant in the Final Certification stage (see below in the "Post-Application" section)*

### **Q. How long are the credits good for?**

A. The credits awarded in this program have a ten year "carry-forward", meaning that they can be redeemed against Louisiana state tax liability for up to ten years after they're originally issued.

### **Q. Will I need to hire anyone to help me apply for the program?**

A. LED's Office of Entertainment Industry Development has full-time staff whose job it's to help companies through the process of applying for and receiving the Digital Interactive Media tax credit. We strive to continually improve the transparency and ease with which firms can apply and enter the program.

### **Q. Will I need to hire a CPA?**

A. Yes, but only at the end of the process. In the 2009 legislative session the program was altered to no longer require an audit, but instead a cost report performed by a CPA. *(For more information on the steps involved in participating in the program, please see the sections titled "Applying" and "After Application")*

## The Incentive

### **Q. How much do I receive back in tax credits for what I spend?**

A. Digital Interactive Media projects are awarded a 25% tax credit on qualified production expenses paid to a Louisiana entity/vendor, and labor costs (for Louisiana residents) are awarded an additional 10% (an effective 35% total awarded on labor costs paid to Louisiana residents).

**Q. Can I still get tax credits for hiring out-of-state labor?**

A. Any qualified expenditures can receive the tax credit award of 25%, regardless of whether the labor is performed by Louisiana residents, so long as the work is done in the state of Louisiana. Any work performed outside of the state would not qualify.

**Q. What project expenses costs qualify?**

A. The simple answer is costs that are directly related to the project itself. This includes items such as hardware and software, labor and lease costs- but not for costs associated with running the company (administrative, clerical, etc.) or marketing/distributing the product.

**Q. What constitutes a purchase made in Louisiana?**

A. An expenditure paid to a Louisiana company that has an active registration with the Louisiana Secretary of State.

**Q. Is there a minimum investment?**

A. For the Digital Interactive Media tax credit program, there is no minimum spend required.

**Q. Is there a maximum for how many tax credits my project or company can receive?**

A. There isn't a maximum amount of tax credits that a project or company can earn, nor is there a cap on the program as a whole.

**Q. Can this incentive be used in combination with other LED incentives?**

A. LED has many business incentives, and some of which may be combined with the Digital Interactive Media Incentive. Other incentives may carry their own "anti-stacking" clauses, and the various branches of LED can work with your firm to see what all you might be eligible for.

**Q. Can this incentive be used in combination with LED's Quality Jobs program?**

A. A specific exclusion in the Digital Media program prohibits a firm from taking advantage of both the additional Digital Media incentive as well as LED's Quality Jobs program for the same employee. However, a firm may have some employees enrolled in the Quality Jobs program, while others are claimed under the Digital Media incentive.

**[Applying](#)**

**Q. Before I can apply, do I have to begin production or expend any money in the state?**

A. An applicant can apply before beginning production or expending funds in Louisiana.

**Q. How much does it cost to apply for each project?**

A. Application to the Digital Interactive Media program does not carry a fee.

**Q. If I apply, does that obligate me to do the production in Louisiana?**

A. No, an applicant to the Digital Interactive Media program is not obligated to expend funds in the state- even after an application has been pre-certified.

**Q. Do I apply once, as a company?**

A. No, firms interested in joining the program should separately apply for each project. By doing this, we can more easily separate production costs and tax credits awarded.

**Q. Does my project qualify?**

A. The best way to determine this is to apply. Applying to the program is free, and the form should take less than half an hour to complete. If you have any questions about filling-out the application, please contact Yosef Javed at [yjaved@la.gov](mailto:yjaved@la.gov)

**Post-Application**

**Q. Once I've applied, what happens?**

A. Here's are the key steps in the process, with more details in the questions below:

1. Submit the application ( <http://www.louisianaentertainment.gov/interactive/default.cfm>) LED will contact applicant, and discuss any follow-up that's needed to determine eligibility
2. Once both the project is qualified as eligible and qualified expenses are determined, LED issues a "Pre-Certification" letter that details guidelines for expenditures for that project.
3. Once the project is completed, applicant then submits the cost report called for in the law to LED
4. Pending review of cost report and final authorization, LED issues a "final certification" letter, which officially issues the tax credit.
5. To redeem the tax credit, by the original applicant or another party, one works with a designated representative from the Louisiana Department of Revenue.

**Q. When do I receive my tax credits?**

A. As above in step #5, tax credits are issued with a project's final certification.

**Q. How do I know if my project has been accepted into the program?**

A. As soon as we've had a chance to review and clear-up any outstanding issues in the application (which we strive to complete as quickly as possible), we would then send the applicant a letter of "pre-certification" that acknowledges a project's applicable expenditures of those proposed in the application.

**Q. When can I transfer the tax credits that I've earned?**

A. By law, they cannot be sold or otherwise transferred until they are officially issued by LED (in step #5 above).

**Q. How many times can the tax credits be transferred?**

A. By law, there is no limitation on how many times the credits can change hands during their ten year life.

## **Contacts**

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## **The Digital Interactive Media statute**

A copy of Act 454 can be downloaded here:  
<http://www.legis.state.la.us/lss/lss.asp?doc=321886>