

## Sound Recording FAQs

### **What is a distribution plan?**

The distribution plan needs to be as detailed as possible. It is how you plan to distribute your sound recording once it is finished. Will it go on sale at stores, over the Internet, through a distribution company, etc.?

### **What is an attesting statement of a “State Certified Production/Infrastructure Project”?**

The attesting statement is one that the applicant believes from his/her interpretation of the Sound Recording Investor Tax Credit that the sound recording production or infrastructure project will qualify as a state-certified production or infrastructure project.

### **What is a statement of credit worthiness?**

This statement is assuring the Office of Entertainment Industry Development that the applicant does not owe or has not defaulted on any money owed to the State of Louisiana. It is also stating that the applicant has never declared bankruptcy.

### **What is considered a “complete” application?**

A complete application is one that is filled out entirely and that all supporting documentation and requested information are submitted to the Office of Entertainment Industry Development. Only complete applications will be able to proceed with the certification process.

### **What is an initial certification?**

Initial Certification is a letter that is sent to the applicant confirming the applicant name, project name, and base investment once a complete application has been submitted. It serves as notice to the applicant that according to the Office of Entertainment Industry Development, the project applied for looks like it will qualify for tax credits as long as the project continues within the confines of LA R.S. 47:6023. It also outlines the next steps in the process of final certification.

### **What is the minimum I have to invest to get tax credits?**

There is a minimum \$15,000 “Louisiana Spend” to qualify for tax credits. This may take place over a twelve month period and may include more than one production in order to reach the minimum threshold.

### **What does and does not qualify for tax credits?**

The only expenses that will qualify for tax credits are those that are directly related to the production of a sound recording or directly related to the infrastructure of a sound recording studio. For a production, the following expenses will qualify: travel (if purchased through a Louisiana travel agent), studio rental and fees, packager’s fee, producer fee, composer fee, musicians’ fees, and any other costs directly related to production. Those that will not qualify are: distribution, marketing, promotion, advertising, and any indirect costs or expenses incurred after the production is complete – this includes expenses that the applicant may incur while obtaining tax credits. For an infrastructure project, the following expenses will qualify: any sound recording /mixing equipment that will permanently reside in the infrastructure project, instruments, microphones, land costs, building purchase costs, any construction materials and labor costs directly associated with the infrastructure project. Those that will

not qualify: any money paid to a business that is not located in the State of Louisiana, any indirect costs and expenses incurred while applying for tax credits.

### **What is considered “Louisiana Spend”?**

“Louisiana Spend” is money that is spent in the State of Louisiana expended on a project. The only money that is eligible for tax credits is money that is spent in Louisiana.

### **How much is the tax credit worth?**

The tax credit is 25% of the base investment. The Office of Entertainment Industry Development considers the base investment the money that is spent in Louisiana that is directly related to the infrastructure or sound recording production project.

### **How does this benefit my recording studio?**

If you are a studio owner, you can market the tax credits as an incentive for talent to come record their album in Louisiana. They will get the credit, but you get the business because the talent can get a 25% return on their investment.

### **Why do I need to submit a cost/audit report?**

La R.S. 47:6023 requires that the applicant submit a cost/audit report from a Louisiana CPA in order to get tax credits. This helps the Office of Entertainment Industry Development to ensure that all expenditures being applied for do in fact qualify for the tax credits. It also serves as verification that the expenses being claimed were spent and were spent in Louisiana. Any project from \$15,000.00 to \$49,999.99 must submit just a cost report. Any project \$50,000 or more must submit an audit report.

### **What is “Advance Notification”?**

Advance Notification is written confirmation that the applicant intends to apply for the Sound Recording Investor Tax Credit. It can come in the form of a letter, email or application to the Office of Entertainment Industry Development. Only the money spent after advance notification is eligible for tax credits.

### **Who will send me the check once I get certified for tax credits?**

Louisiana Economic Development (OEID) is just responsible for certifying the tax credits. The Louisiana Department of Revenue will be the office the applicant needs to file the final certification letter with and LDR will send the check to the applicant, not OEID.