

Sound Recording Tax Incentive Program THE FACTS

The primary objective of the La. R.S. 47: 6023 Sound Recording [SR] Investor Tax Credit Program is to encourage development in Louisiana of a strong capital and infrastructure base for musical recording productions in order to achieve a more independent, self-supporting music industry. Until January 1, 2010, there is authorized a refundable credit against the state income tax for investments made in state certified productions and musical sound recording studio infrastructure projects.

The tax credit shall 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.

A written advance notification or a SR application must be received by Office of Entertainment Industry Development (OEID) *prior* to starting the sound recording production or infrastructure project construction, receiving purchases, installing equipment, or hiring. Any production expense or above mentioned activity expense prior to the receipt of the advance notification or the SR application by OEID will disqualify those expenditures for the SR Incentive Program.

ELIGIBILITY

- A. Businesses engaged in sound recording and/or musical recorded productions are eligible.
- B. Must invest a minimum of \$15,000 in Louisiana on the project applied for.
- C. Only those infrastructure projects permanently domiciled in Louisiana may apply.

BENEFITS

A. TAX CREDITS

- a. Once the project expenditures are certified by Office of Entertainment Industry Development, the applicant may claim the credits against their income taxes.
- b. If the applicant has a tax liability to the State of Louisiana, it will be credited toward the liability to reduce the amount owed to the State.

B. RETURN ON INVESTMENT

- a. If the applicant has no tax liability to the State of Louisiana, the Louisiana Department of Revenue will refund the amount of certified tax credits to the applicant in the form of a check.
- b. If the applicant has some tax liability, but not enough to use the entire amount of tax credits, the Louisiana Department of Revenue will put some of the credits toward the remaining tax liability and view the left over credits as an “overpayment” and refund the remaining amount of tax credits to the applicant in the form of a check.
- c. The Sound Recording Tax Credit is 25% of all certified Louisiana expenditures.

APPLICATION PROCEDURES

A. ADVANCE NOTIFICATION

- a. Advance Notification should be filed with the OEID within Louisiana Economic Development before any expenses are incurred, indicating the applicant’s intent to use the Sound Recording Program.
- b. If the project has started prior to Advance Notification, only the expenses that are incurred after the OEID is notified will be counted toward the base investment.

- c. Advance Notification may come in the form of an application, email or letter.

B. APPLICATION

- a. Once a **complete** application is received by OEID, it will be initially certified or denied within about 30 days and no longer than 180 days.

C. INITIAL CERTIFICATION

- a. Initial certification means that OEID believes the project looks to be one that would qualify if it continues within the confines of La. R.S. 47:6023 and its' rules and regulations.
- b. Upon initial certification, the OEID will send the applicant an "Initial Certification Letter" to be signed by the applicant and returned to OEID before the certification process can continue

D. COST/AUDIT REPORTS

- a. Upon completion of the project, the applicant must furnish to OEID a Louisiana CPA prepared cost report of expenditures being applied for.
- b. If the project is \$50,000 or more, the applicant must furnish a Louisiana CPA **audited** cost report.
- c. With the cost/audit report, the CPA must fill out and submit the CPA Certification Form.
- d. There are guidelines for the CPA to follow that will be outlined in the Initial Certification Letter.
- e. Once the **complete** cost/audit report and all supporting documentation are received by OEID, the project's expenditures will be approved or denied within 180 days, pending any questions or requests for more information by OEID.

E. FINAL CERTIFICATION

- a. Once OEID and LED has certified the expenditures of a project, the applicant will receive a "Final Certification Letter" confirming the certified amount that was spent and the certified amount of tax credits the applicant will receive.

F. RECEIVING CREDITS

- a. Once the applicant has received the Final Certification Letter, they may file that letter with their income taxes for the year in which the credits are earned.
- b. If the applicant is not domiciled within Louisiana and does not have a tax liability with the State of Louisiana, the applicant may file an income tax return for the previous year and may receive a refund.

GENERAL INFORMATION

- A.** There are two types of credit – production and infrastructure.
- B.** There is a required minimum base investment of \$15,000 spent in Louisiana.
- C.** The investment may take place over a twelve month period and may include more than one production project to total \$15,000 or more.
- D.** The same applicant may not receive credits more than three out of any five year period.
- E.** Both the production of a sound recording and the infrastructure project must take place in the State of Louisiana.

For additional information contact:

Lynnwood "Lynn" Ourso, Director

Louisiana Music Commission

Louisiana Economic Development

Office of Entertainment Industry Development

P.O. Box 94185, Baton Rouge, LA 70804

1051 North Third Street, Baton Rouge, LA 70802

Phone: 225.342.5403

Fax: 225.342.5554

[Email: ourso@la.gov](mailto:ourso@la.gov)