

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, 2015, there is authorized a refundable credit against the state income tax for investments made in state certified sound recording productions.

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 per calendar year.

A Sound Recording application must be received by the Office of Entertainment Industry Development (OEID) **prior** to starting the sound recording production. Any production expense prior to the receipt of the Sound Recording application by OEID will disqualify those expenditures for the Sound Recording Incentive Program.

ELIGIBILITY

- A. Business and or Individuals engaged in sound recording meaning a recording of music, poetry, or spoken-word performance made in Louisiana, in whole or in part.
- B. The term sound recording shall not include the audio portions of dialogue or words spoken and recorded as part of television news coverage or athletic events.
- C. **Must invest a minimum of \$15,000 in Louisiana on the project(s) applied for.**

BENEFITS

A. Return on Investment

- a. The Sound Recording Tax Credit is 25% of all certified Louisiana expenditures
- b. 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.
- c. If the applicant has some tax liability, but not enough to use the entire amount of tax credits, the Louisiana Department of Revenue may 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.

APPLICATION PROCEDURES

A. ADVANCE NOTIFICATION

- a. An Sound Recording application 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 receipt of an application, only the expenses that are incurred after OEID receives the application will be counted toward the base investment.
- c. Advance Notification must come in the form of a Sound Recording Application.

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.
- b. Visit www.LouisianaEntertainment.gov and click on the music link to download an application.

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 have 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. Upon final certification, LED shall submit the tax credit certification letter to the department of Revenue on behalf of the investor who earned the Sound Recording Tax credit.
- b. The Department of Revenue may require the investor to submit additional information as necessary .
- c. Upon receipt of the tax credit certification letter and any necessary additional information, the secretary of the Department of Revenue shall make payment to the investor, usually within 30 days.

GENERAL INFORMATION

- A. There is a required minimum base investment of \$15,000 spent in Louisiana.
- B. The investment may take place over a twelve month period and may include more than one production project to total \$15,000 or more.
- C. The production of a sound recording, in whole or in part, must take place in the state of Louisiana.

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