

Proposed bill seeks happy Hollywood ending for Louisiana film industry's woes

By Mike Scott, NOLA.com | The Times-Picayune

When the Louisiana Legislature adopted its game-changing, oft-copied filmmaking tax incentives program in 2002, it succeeded in building a thriving local industry, but at the cost to taxpayers of hundreds of millions of dollars. Now, 15 years later -- and with the cash-strapped state in the throes of an extended budget crunch -- some industry leaders think they might see a way for the state to get some hard cash in return for its investment while at the same time shoring up the now-slumping industry.

To that end, state Rep. Chris Broadwater (R-Hammond) has filed House Bill 530 for consideration in the current legislative session, the first of what is seen as a two-part revamping of the state's film incentive program. One part would target smaller, independent productions, said Will French, president of the film financing outfit Film Production Capital LLC, and who is working with Broadwater on shaping HB 530. The other part would be geared toward major-studio productions.

In both cases, the state of Louisiana, in exchange for its investment in a given film -- which is essentially what tax credits are -- would receive a share of profits from many of the films it helps finance.

"Really, what it comes down to is this issue of the return on investment for the program," French said. "You've heard this time and time again for the last several years, that the Legislature and the (past two) administrations wanted to see a better return on investment for their tax incentive dollars -- not just for film, but all programs across the board.

Who's filming in NOLA? Kristen Stewart, Jim Caviezel, more

A rundown of recent production activity in the Crescent City

According to a state-commissioned analysis, Louisiana gets back about

23 cents for every dollar it invests in the filmmaking tax incentive program. As a former president of the Louisiana Film and Entertainment Association trade group, French has argued in the past that the method of calculating that figure fails to take into account a number of income sources, including tourism. But with that argument falling on deaf ears, resulting in 2015 legislative changes to the program that many say are behind the industry's recent slump, French said it is time for a new approach.

That new approach, he said, is HB 530.

Primarily, in lieu of tax credits the bill would offer loan guarantees to smaller independent production companies that agree to relocate their headquarters to Louisiana. Those loans would have to be repaid, and the state would also earn 10 percent profits on qualifying productions.

"We'll give them what they want, which is -- instead of a tax credit on the back end -- we'll give them the ability to get financing on the front end," French said. "But the stipulation is they've got to pay (the loans) back and they've got to cut the state in on the back end."

In addition, by relocating to the state, such companies would add to Louisiana's corporate base.

Gov. Edwards proposes Netflix, streaming services tax

Landscaping, pest control and debt services would also be newly taxed.

A second aspect of the bill, which doesn't appear in its original 14-page text but which French says will be pitched as it works its way through committee, targets major-studio films. It would see the state earning a "box office bonus" from such projects -- similar to that earned by actors and directors -- if a film exceeds certain financial benchmarks. If a production fails to hit those benchmarks, the profit-sharing clause wouldn't be triggered.

French said he expects the profit-sharing part of the plan to receive fairly strenuous pushback from major studios, which have an active lobby. But, he said, it only makes sense for the state to receive a

dollars-and-cents return for what can be a sizeable investment by the state, often to the tune of tens of millions of dollars for a single production.

"Louisiana has played the role of an equity investor in hundreds of films," he said. "It's time that we start compensating the state accordingly."

In addition to HB 530, French said it is vital that legislators act to eliminate confusion resulting from the cap placed on the film incentive program during the 2015 legislative session. The cap, and the resulting uncertainty it introduced to the program, is widely blamed for the extended production slump that has hit the Louisiana film and TV industry over the past two years.

But even with those cap tweaks, he said it's time for the state -- which has in the past 15 years built up a solid filmmaking infrastructure and an experienced crew base -- to think of ways to make the program bear more fruit.

Shia LaBeouf's NOLA-shot 'Man Down' sells 1 ticket in U.K. debut

It's opening weekend haul? A mere \$8.70.

"Here's the end goal," French said. "If we can craft these repayment mechanisms for the studios and for the independents, then in future years we're going to be talking about cash in-flow to the state for both of these groups. Then, what you can do for these cash in-flows is expand the program without costing more money -- or you can start to wean the industry off of state subsidies altogether."

He added: "We don't have to be the best place in the country (for tax incentives). But let's be one of the best places -- and let's have the smartest system."