

July 14, 2005

Mr. Alfred W. Speer  
Clerk of the House of Representatives  
State Capitol  
Baton Rouge, LA 70804

RE: House Bill No. 797 by Representative Gary Beard  
Funds/Funding: Creates the Louisiana Film Institute

Dear Mr. Speer:

This year, I proposed an aggressive economic development package including a piece of legislation that improves the film and video tax incentives offered by the state. That new legislation, House Bill No. 731 by Representative Hammett, refocuses the legislation with an intention of making the film industry permanent in Louisiana. The bill targets only those investments made in Louisiana by productions such as movies, television series, and commercials, and increases the incentive from a tiered 10 and 15 percent approach to that of a flat rate of 25 percent. The bill also adds a new incentive for developing state of the art film industry infrastructure in the state, such as sound stages, post production facilities, and studios. My staff and I intend to work hard to educate the financiers of film projects about the improvements made this session to Louisiana's film incentives, including a trip to Los Angeles by the Governor's Office of Film and Television by the end of this month to present the new legislation to studios.

Because of these significant changes in our program, it is critical that our state speak with one voice about developing the industry. For that reason, I have substantial concerns about House Bill No. 797 by Representative Gary Beard. I believe the author's intention to target the development of film infrastructure and talent at our colleges and universities was forward thinking. We must improve the skills of our workforce, and doing so by giving them practical on-the-job experience as intended by the legislation is a good model for film workforce development.

Unfortunately, the legislation could do more harm than good. First, the bill does not allow for any oversight or approval by the Governor's Office of Film and Television in the creation of these "Film Institutes" at our universities. An approval process is necessary so that a standard is set in the quality and goals of institutes, and assures that the structure for film productions won't be done in a manner that could possibly hurt the image of this fledgling industry for Louisiana. Second, the provision for credits being transferred to a university is drawn in a strict way that may cause confusion and legal disputes over ownership issues between institutes and film productions. Third and most concerning,

Mr. Speer  
Page Two  
July 14, 2005

the language regarding tax increment financing (TIF) is not clear. The hole that it potentially creates in TIF laws causes serious concern about potential abuses that could follow. Because there is no oversight from the Film Office, there is no approval needed before an entity embarks on a path that could unintentionally damage the film industry and broaden the powers provided for under current TIF laws.

In addition, I have been informed by the Film Office staff that everything that is contemplated by House Bill No. 797 can be accomplished under the current film incentives passed this session and through partnership agreements with universities. A film institute could be created and could be given the tax credits already under current law. This could positively benefit the development of a film workforce and can be done within the existing oversight and powers provided through statute and through the Governor's Office of Film and Television Development.

Further, I would encourage the Film Office and the author to pursue these agreements to create the film institutes, either through agreements with universities and films, or in possible future legislation that could be written in partnership with the Film Office. Secretary Mike Olivier and I have every intention of building a permanent film industry in Louisiana, and developing a strong and vibrant Louisiana film workforce over the coming years.

For these reasons, I am vetoing House Bill No. 797 and returning it to the House of Representatives.

Sincerely,

Kathleen Babineaux Blanco  
Governor

jw