Down On The Bayou

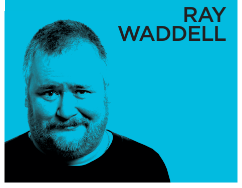
Novatour Targets Louisiana Tax Credit For Concert Tours

Philadelphia-based facility management company SMG and specialty financier Film Production Capital of New Orleans have found another reason for tours to rehearse and launch in Louisiana besides the food and good times.

Through their new joint venture Novatour, SMG and FPC are seeking to take advantage of Louisiana's Live Performance Tax Credit program, which is designed to grow the state's live music and entertainment industry much like a similar incentive program aims to do for the state's film industry.

On The Road

RAY WADDELL



Novatour clients will primarily comprise artists and managers, but a third-party promoter could also be the client, depending on how deals are structured. Though SMG's primary goal is to generate business for its Louisiana venues, a Novatour client can use a location managed by another company, SMG senior VP **Doug Thornton** says.

SMG's venues in the state include the Louisiana Superdome, the New Orleans Arena, Bossier City CenturyTel Arena, Shreveport Municipal Auditorium, Pontchartrain Center in Kenner and the Baton Rouge RiverCenter. Thornton, who runs the Superdome complex, spearheaded its reconstruction after Hurricane Katrina and oversees SMG's efforts in Novatour, says the joint venture "will offer an opportunity for the live touring business to look at Louisiana in a different way."

The venture combines SMG's expertise and contacts in live entertainment with FPC's experience in securing some $200 million in tax incentive-based financing for the motion picture industry since 2002.

Will French, president of FPC and Novatour, says the concept brings innovation to an area that needs it: tour financing.

"I'm not sure there has been any innovation in concert tour finance in decades," French says. "[Touring artists] are accustomed to receiving dollars from promoters, ticket sales and sponsors. What we're really offering to the industry is a whole new revenue pool."

To be eligible for the tax credit, a tour must either originate or rehearse in Louisiana and spend at least $100,000 in Louisiana on production or infrastructure. The value of the credit ranges from 10% for expenditures of $100,000-$300,000, 20% for expenditures of $300,000-$1 million and 25% for expenditures of more than $1 million. Tours are also eligible for other incentives, such as an additional 10% tax credit on payroll costs for Louisiana residents.

Novatour provides its clients various tour-related services in the state, such as transportation, gear rental and stage design, the costs of which accrue toward the earning of a tax credit.

The joint venture also provides financing for artists to launch their tours in the state based on its calculations of anticipated tour costs and tax credits and handles the paperwork required to claim a credit.

When it comes to the type of tours that could be financed, it could be the "largest of the large," Thornton says.

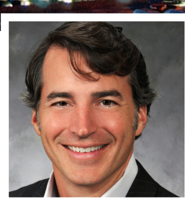
"A two- or three-week technical rehearsal alone is going to be in the $2 million-$2.5 million range in terms of overall expenses by the time you've moved in all equipment and labor," he says. "And then if you play a show date right behind it, all of the expenses related to that show—catering, rigging, stagehands, sounds and lights, and in some cases even the artist guarantee—would be eligible to receive the credit."

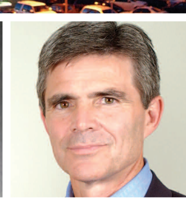
During the two weeks following SMG and FPC's Feb. 7 announcement of their joint venture, four "major" tours have made inquiries, French says.

"When we look at the various tax-credit-qualifying expenditures, these tours can obtain from us something equal to 50% or even 100% of the out-of-pocket tour launch costs," he says. "It's almost like we could add in one or two additional performance grosses without any need to actually perform and without any of the expenditures related. This is pretty impressive stuff at a time when the concert industry is hurting and the economy is hurting."

Given the complexity of the program, "if we can't make it easy for the artists, then nobody will come to Louisiana and the state won't derive any economic benefit," French says. "The only way to make it truly easy for them is to take on all the risk ourselves. In the simplest sense, we pay the artist and the state pays us back."

Big Easy made easier: Louisiana Superdome; Novatour president WILL FRENCH (below left) and SMG senior VP DOUG THORNTON.





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BOXSCORE Concert Grosses

	GROSS/ TICKET PRICE(S)	ARTIST(S) Venue, Date	Attendance Capacity	Promoter
1	$13,910,989 ($14,081,399 Australian) $284.71/$27.86	**U2, JAY-Z** Subiaco Oval, Perth, Australia, Dec. 18-19	108,706 two sellouts	Live Nation Global Touring
2	$13,695,929 ($13,759,478 Australian) $286.97/$29.91	**U2, JAY-Z** ANZ Stadium, Sydney, Dec. 13-14	107,155 two sellouts	Live Nation Global Touring
3	$13,460,407 ($13,810,916 Australian) $281.59/$28.96	**U2, JAY-Z** Etihad Stadium, Melbourne, Australia, Dec. 1, 3	105,312 two sellouts	Live Nation Global Touring
4	$11,031,839 ($11,185,181 Australian) $283.76/$28.95	**U2, JAY-Z** Suncorp Stadium, Brisbane, Australia, Dec. 8-9	85,745 two sellouts	Live Nation Global Touring
5	$8,819,418 ($11,610,763 New Zealand) $232.89/$30.31	**U2, JAY-Z** Mt Smart Stadium, Auckland, New Zealand, Nov. 25-26	93,519 two sellouts	Live Nation Global Touring
6	$6,107,754 (43,752,775 rand) $335.03/$52.35	**U2, SPRINGBOK NUDE GIRLS, AMADOU & MARIAM** Cape Town Stadium, Cape Town, South Africa, Feb. 18	72,532 sellout	Live Nation Global Touring, Big Concerts
7	$4,674,100 ($4,667,801 Australian) $150.10/$90.12	**MICHAEL BUBLÉ, NATURALLY 7** Acer Arena, Sydney, Feb. 14-15, 17	39,385 three sellouts	Dainty Consolidated Entertainment
8	$3,211,580 $175/$49.50	**LADY GAGA, SCISSOR SISTERS** Madison Square Garden, New York, Feb. 21-22	28,949 two sellouts	Live Nation Global Touring
9	$2,652,018 $402/$27	**CHAYANNE** Coliseo de Puerto Rico, Hato Rey, Puerto Rico, Feb. 11-13	39,877 41,766 three shows	Tony Mojena Entertainment
10	$1,801,457 $175/$49.50	**LADY GAGA, SCISSOR SISTERS** United Center, Chicago, Feb. 28	15,845 sellout	Live Nation Global Touring
11	$1,670,331 $178/$52.50	**LADY GAGA, SCISSOR SISTERS** Verizon Center, Washington, D.C., Feb. 24	15,080 sellout	Live Nation Global Touring
12	$1,609,752 $192.50/$54.50	**LADY GAGA, SCISSOR SISTERS** Boardwalk Hall, Atlantic City, N.J., Feb. 19	13,492 sellout	Live Nation Global Touring
13	$1,554,415 $175/$49.50	**LADY GAGA, SCISSOR SISTERS** Consol Energy Center, Pittsburgh, Feb. 26	14,713 sellout	Live Nation Global Touring
14	$1,336,778 $89.50/$79.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Frank Erwin Center, Austin, Jan. 14	16,740 sellout	The Messina Group/AEG Live
15	$1,249,781 $89.50/$79.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Oklahoma City Arena, Oklahoma City, Jan. 15	14,768 14,900	The Messina Group/AEG Live
16	$1,082,846 $89.50/$79.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Save Mart Center, Fresno, Calif., Feb. 4	14,390 sellout	The Messina Group/AEG Live
17	$991,095 $95/$65	**ERIC CLAPTON, LOS LOBOS** KeyArena, Seattle, Feb. 26	12,107 sellout	Beaver Productions
18	$948,445 $72.50/$42.50	**LINKIN PARK, THE PRODIGY** Staples Center, Los Angeles, Feb. 23	15,808 sellout	Goldenvoice/AEG Live
19	$947,095 $89.50/$79.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** St. Pete Times Forum, Tampa, Fla., Jan. 29	13,653 14,500	The Messina Group/AEG Live
20	$912,211 $89.50/$79.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Veterans Memorial Arena, Jacksonville, Fla., Jan. 28	12,173 13,200	The Messina Group/AEG Live
21	$882,069 $89.50/$69.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Conseco Fieldhouse, Indianapolis, Feb. 17	11,730 12,343	The Messina Group/AEG Live
22	$758,732 $89.50/$79.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Tallahassee-Leon Co. Civic Center, Tallahassee, Fla., Jan. 27	10,535 11,659	The Messina Group/AEG Live
23	$738,193 $72.50/$42.50	**LINKIN PARK, THE PRODIGY** MGM Grand Garden, Las Vegas, Feb. 19	12,975 sellout	Live Nation
24	$733,791 $69.50/$39.50	**LINKIN PARK, THE PRODIGY** HP Pavilion, San Jose, Calif., Feb. 22	13,456 sellout	Live Nation
25	$715,646 $89.50/$69.50/ $39.50	**GEORGE STRAIT, REBA, LEE ANN WOMACK** Quicken Loans Arena, Cleveland, Feb. 18	11,186 12,098	The Messina Group/AEG Live
26	$675,234 $59/$49	**BRAD PAISLEY, DARIUS RUCKER, JERROD NIEMANN** Bridgestone Arena, Nashville, Feb. 26	13,567 sellout	Live Nation
27	$644,205 (1,072,273 reais) $240.31/$60.08	**BACKSTREET BOYS** Credicard Hall, São Paulo, Feb. 26	6,462 6,949	T4F-Time For Fun
28	$629,643 $59/$39	**BRAD PAISLEY, DARIUS RUCKER, JERROD NIEMANN** KFC Yum! Center, Louisville, Ky., Feb. 19	13,890 sellout	Live Nation
29	$569,723 $44.75/$30.75	**JASON ALDEAN, ERIC CHURCH, THE JANEDEAR GIRLS** Greensboro Coliseum, Greensboro, N.C., Feb. 4	15,316 sellout	Live Nation
30	$568,420 $44.75/$30.75	**JASON ALDEAN, ERIC CHURCH, THE JANEDEAR GIRLS** Thompson-Boling Arena, Knoxville, Tenn., Feb. 25	14,669 sellout	Live Nation
31	$534,896 $59/$39	**BRAD PAISLEY, DARIUS RUCKER, JERROD NIEMANN** Amway Arena, Orlando, Fla., Feb. 24	10,345 12,455	Live Nation
32	$534,166 ($691,764 New Zealand) $153.28/$76.06	**STING** CBS Canterbury Arena, Christchurch, New Zealand, Feb. 10	4,992 7,167	Live Nation
33	$516,914 $44.75/$25	**JASON ALDEAN, ERIC CHURCH, THE JANEDEAR GIRLS** Nationwide Arena, Columbus, Ohio, Feb. 26	13,622 sellout	Live Nation
34	$512,778 $59/$39	**BRAD PAISLEY, DARIUS RUCKER, JERROD NIEMANN** Giant Center, Hershey, Pa., Feb. 17	9,124 sellout	Live Nation
35	$497,198 (830,320 reais) $179.64/$95.81	**PARAMORE** Citibank Hall, Rio de Janeiro, Feb. 19	7,912 8,433	T4F-Time For Fun