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 incentitive program aims to do for the state’s film industry.

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 its Louisiana venues, a Novatour client can use SMG’s expertise and contacts in the live touring business to look at Louisiana in a way that needs it: tour financing.

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 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. “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.”

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