

2019 Regular Session

HOUSE BILL NO. 586

BY REPRESENTATIVE JIMMY HARRIS AND SENATORS MORRELL AND
WALSWORTH

TAX CREDITS: Authorizes an enhanced Angel Investor tax credit for investments made
in Louisiana Entrepreneurial Businesses located in federally established opportunity
zones

1 AN ACT

2 To amend and reenact R.S. 47:6020(D)(2)(a) and (G) and to enact R.S. 47:6020(H), relative
3 to tax credits; to provide with respect to the Angel Investor Tax Credit program; to
4 authorize an enhanced tax credit for certain eligible investments; to provide for
5 certain limitations and requirements; to extend the termination date of the program;
6 to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6020(D)(2)(a) and (G) are hereby amended and reenacted and
9 R.S. 47:6020(H) is hereby enacted to read as follows:

10 §6020. Angel Investor Tax Credit Program

11 * * *

12 D. Tax credits.

13 * * *

14 (2)(a) An investor may apply for and, if qualified, be granted a credit on any
15 income or corporation franchise tax liability owed to the state by the taxpayer
16 seeking to claim the credit in the amount approved by the secretary of the
17 department. The amount of the tax credit shall be based upon the amount of money
18 invested by the investor in the Louisiana Entrepreneurial Business, which investment
19 shall not exceed seven hundred twenty thousand dollars per year per business and

1 one million four hundred forty thousand dollars total per business. Except as
 2 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed
 3 against the income tax for the taxable period in which the credit is earned and the
 4 franchise tax for the taxable period following the period in which the credit is earned.
 5 The credits approved by the department shall be granted at the rate of twenty-five
 6 percent of the amount of the investment with the credit divided in equal portions for
 7 ~~three~~ two years.

* * *

9 G. Except as provided for in Paragraph (3) of this Subsection, applications
 10 received on or after July 1, 2019, for investments that meet the requirements of
 11 Subsection C of this Section and the requirements of 26 U.S.C. 1400Z-1, 1400Z-2,
 12 and applicable federal regulations shall be entitled to an enhanced credit in
 13 accordance with the provisions of this Subsection.

14 (1) The amount of the credit granted by the department shall be thirty-five
 15 percent of the amount of the investment with the credit divided in equal portions for
 16 two years.

17 (2) In addition to the credit cap provided for in Subsection D of this Section,
 18 the total amount of credits granted under this Subsection shall not exceed three
 19 million six hundred thousand dollars per year for a total program cap of seven
 20 million two hundred thousand dollars per year. If the department does not grant the
 21 entire three million six hundred thousand dollars in tax credits in any calendar year
 22 authorized pursuant to this Subsection, the amount of unused tax credits shall carry
 23 forward to subsequent calendar years and may be granted in any year without regard
 24 to the three million six hundred thousand dollar per year cap provided for in this
 25 Subsection.

26 (3) To the extent that federal laws and regulations relative to opportunity
 27 zones require that business revenues be derived from within the opportunity zone,
 28 otherwise eligible businesses shall be exempt from the requirement that fifty percent

1 or more of sales must come from out of state as specified in Subsection C of this
2 Section.

3 H. No credits shall be granted or reserved under this program for reservation
4 applications received by the department on or after ~~July 1, 2021~~ July 1, 2025.

5 Section 2. This Act shall become effective upon signature by the governor or, if not
6 signed by the governor, upon expiration of the time for bills to become law without signature
7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
8 vetoed by the governor and subsequently approved by the legislature, this Act shall become
9 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 586 Engrossed

2019 Regular Session

Jimmy Harris

Abstract: Authorizes an enhanced Angel Investor tax credit for investments made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones and authorizes the pay out of the credit to the taxpayer in divided portions over two years.

Present law establishes the Angel Investor Tax Credit program which authorizes a 25% income or corporate franchise tax credit on investments in Louisiana small businesses that are certified by Louisiana Economic Development as "Louisiana Entrepreneurial Businesses."

Present law limits the total amount of credits granted under the program to \$3.6 million per year but authorizes the department to carry forward residual unused credits in any calendar year to subsequent calendar years without regard to the annual credit cap.

Present law provides that the amount of the tax credit shall be based on the amount of money invested in the La. Entrepreneurial Business, which shall not exceed \$720,000 per year per business and \$1,440,000 total per business. The credits approved by the department shall be granted at the rate of 25% of the amount of the investment with the credit divided in equal portions for three years.

Proposed law retains present law but changes the granting of the credit from 25% of the amount of the investment with the credit divided in equal portions for *three* years to 25% of the amount of the investment with the credit divided in equal portions for *two* years.

Proposed law retains present law and authorizes an enhanced tax credit equal to 35% of the amount of the investment made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones. The credit shall be divided into equal portions over two years.

Proposed law establishes a cap of \$3.6 million per calendar year for the enhanced tax credit which is in addition to the \$3.6 million per year cap on Angel Investor tax credits thereby establishing a total program cap of \$7.2 million per calendar year.

Present law prohibits credits from being granted or reserved under the program for applications received on or after July 1, 2021.

Proposed law extends the sunset of the program from July 1, 2021, to July 1, 2025.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6020(D)(2)(a) and (G); Adds R.S. 47:6020(H))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the number of years the enhanced credit granted pursuant to proposed law can be paid to the taxpayer from equal portions over *three* years to equal portions for *two* years.
2. Change the number of years the credit provided for in present law for investments in La. Entrepreneurial Business can be paid to the taxpayer from 25% of the amount of the investment with the credit divided in equal portions over *three* years to equal portions for *two* years.