

2025 Regular Session

SENATE BILL NO. 186

BY SENATOR REESE

TAX/TAXATION. Provides relative to the New Markets tax credit. (gov sig)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17

AN ACT

To amend and reenact R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c), (2), and (5)(d), and the introductory paragraph of (H)(1) and to enact R.S. 47:6016.1(E)(1)(g) and (5)(e), relative to the New Markets Jobs Act premium tax credit; to provide for the definition of qualified active low-income community business; to provide for the definition of qualified low-income community investment; to provide for the application requirements to be designated a qualified equity investment; to provide for the denial of applications under certain circumstances; to provide relative to the deposit required under certain circumstances; to provide for equity investment authority after a certain date; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c), (2), and (5)(d), and the introductory paragraph of (H)(1) are hereby amended and reenacted and R.S. 47:6016.1(E)(1)(g) and (5)(e) are hereby enacted to read as follows:

§6016.1. Louisiana New Markets Jobs Act; premium tax credit

\* \* \*

1 B. As used in this Section, the following words, terms, and phrases have the  
2 meaning ascribed to them unless a different meaning is clearly indicated by the  
3 context:

4 \* \* \*

5 (8) "Qualified active low-income community business" has the meaning  
6 given such term in Section 45D of the Internal Revenue Code of 1986, as amended,  
7 and 26 CFR 1.45D-1.

8 (a) With respect to qualified equity investments issued on or after August 1,  
9 2020, a qualified active low-income community business shall also be engaged in an  
10 industry assigned a primary North American Industry Classification System code  
11 within sector 11, 21, 23, 31, 32, 33, 42, 48, 49, 54, 56, 62, 72, or 81 and have total  
12 employees that do not exceed the greater of two hundred fifty and the number of  
13 employees set forth for the business's North American Industry Classification  
14 System code sector in 13 CFR 121.201, **provided that the secretary of the**  
15 **department may waive the size limitation if Louisiana Economic Development**  
16 **determines that the investment will be beneficial to the job and economic**  
17 **growth of the state.**

18 \* \* \*

19 (11) "Qualified low-income community investment" means any capital or  
20 equity investment in, or loan to, any qualified active low-income community  
21 business. With respect to any one qualified active low-income community business,  
22 the maximum amount of qualified low-income community investments made in that  
23 business, on a collective basis with all of its affiliates that may be counted towards  
24 satisfaction of Subparagraph (10)(b) of this Subsection is ten million dollars for  
25 qualified equity investments issued prior to August 1, 2020, ~~and~~ five million dollars  
26 for qualified equity investments issued on or after August 1, 2020, **and before**  
27 **August 1, 2025, and ten million dollars for qualified equity investments issued**  
28 **on or after August 1, 2025,** whether issued by one or several qualified community  
29 development entities. Any amounts returned or repaid by such qualified active

1 low-income community business to a qualified community development entity may  
 2 be reinvested in such qualified active low-income community business by such  
 3 qualified community development entity and not be counted against the ten million  
 4 dollar limit provided for in this Paragraph. **The caps on qualified low-income**  
 5 **community investments per qualified low-income community business shall only**  
 6 **apply to awards of qualified equity investment authority on a per application**  
 7 **round basis authorized pursuant to Paragraph (E)(5) of this Section.**

\* \* \*

9 E.(1) A qualified community development entity that seeks to have an equity  
 10 investment designated as a qualified equity investment and eligible for tax credits  
 11 under this Section shall apply to the department. On a form prescribed by the  
 12 department, the qualified community development entity shall include each of the  
 13 following in or attached to its application:

\* \* \*

15 (c) A certificate executed by an executive officer of the applicant attesting  
 16 that **either:**

17 **(i) the allocation agreement remains in effect and has not otherwise been**  
 18 **revoked or cancelled by the Community Development Financial Institutions Fund.**

19 **(ii) The allocation agreement has expired but was not revoked or**  
 20 **cancelled by the Community Development Institutions Fund and the applicant**  
 21 **or its affiliates have received a prior certification of qualified equity investment**  
 22 **authority pursuant to this Section after August 1, 2020.**

\* \* \*

24 **(g) If the applicant, including affiliates, has received a prior certification**  
 25 **of qualified equity investment authority, a certificate executed by an executive**  
 26 **officer of the applicant attesting that the applicant, including affiliates, has not**  
 27 **been subject to a deposit forfeiture pursuant to Subsection H of this Section.**

28 (2) Within thirty days after receipt of a completed application containing the  
 29 information set forth in Paragraph (1) of this Subsection, including the deposit ~~as~~ **if**

1 required in Subsection H of this Section, the department shall grant or deny the  
 2 application in full or in part. If the department denies any part of the application, it  
 3 shall inform the qualified community development entity of the grounds for the  
 4 denial. **The department shall deny all applications that do not satisfy**  
 5 **Subparagraph (1)(g) of this Subsection.** If the qualified community development  
 6 entity provides additional information required by the department or otherwise  
 7 completes its application within fifteen days of the notice of denial, the application  
 8 shall be considered completed as of the original date of the submission. If the  
 9 qualified community development entity fails to provide the information or complete  
 10 its application within the fifteen-day period, the application remains denied and must  
 11 be resubmitted in full with a new submission date, and the department shall refund  
 12 the performance deposit.

13 \* \* \*

14 (5)(a) \* \* \*

15 (d) **A total of one hundred fifty million dollars of qualified equity**  
 16 **investment authority shall be available for certification and allocation for**  
 17 **applications beginning August 1, 2025. The department shall accept applications**  
 18 **beginning on August 1, 2025, for allocation and certification of up to one**  
 19 **hundred fifty million dollars of qualified equity investments.**

20 (e) If a pending request cannot be fully certified due to these limits of  
 21 qualified equity investment authority, the department shall certify the portion of  
 22 qualified equity investment authority that may be certified unless the qualified  
 23 community development entity elects to withdraw its request rather than receive  
 24 partial certification.

25 \* \* \*

26 H.(1) A qualified community development entity that seeks to have an equity  
 27 investment designated as a qualified equity investment and eligible for tax credits  
 28 pursuant to this Section shall pay a deposit in the amount of five hundred thousand  
 29 dollars payable to the department, **provided that this requirement shall not apply**



Present law requires qualified community development entities to include documentation with its application for an equity investment, including an attestation that the allocation agreement executed by the applicant or its controlling entity and the Community Development Financial Institutions Fund.

Proposed law retains present law but also allows for an expired allocation agreement if it was not revoked or cancelled by the Community Development Financial Institutions Fund and the applicant or its affiliate has received a prior certification of qualified equity investment authority after August 1, 2020.

Proposed law requires an applicant to provide an attestation that a prior certification of qualified equity investment authority has not been subject to a deposit forfeiture. Further requires the department to deny all applications that cannot provide such attestation.

Proposed law provides for \$150M of qualified equity investment authority available for certification and allocation for applications beginning August 1, 2025. Further requires the department to begin accepting applications beginning on August 1, 2025 for the allocation of certification of the \$150M of qualified equity investments.

Present law requires a deposit to the department of \$500,000 for each qualified community development entity seeking to have a qualified equity investment eligible for tax credits.

Proposed law retains present law but provides that the deposit requirement does not apply to qualified community development entities or their affiliates who have received prior certification of qualified equity investment authority and have not been subject to forfeiture of previous deposits.

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

(Amends R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c) and (5)(d), and (H)(1)(intro para); adds R.S. 47:6016.1(E)(1)(g) and (5)(e))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Amend the definition of qualified active low-income community business.
2. Amend the definition of qualified low-income community investment.
3. Allow the secretary to waive size limitations of a qualified active low-income community business if LED determines that the investment will be beneficial to the job and economic growth of the state.
4. Provide that investment caps only apply to awards on a per application round basis.
5. Change documentation requirements on the application for a qualified equity investment.
6. Authorize \$150M in qualified equity investment authority for applications received on or after August 1, 2025.
7. Exempt certain qualified community development entities and their affiliates from the deposit requirements.