LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 665** HLS 25RS 1038
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 6, 2025 7:28 PM
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Dept./Agy.: Louisiana Economic Development / Department of Revenue
Analyst: Noah O'Dell
Subject: Income Tax Credit: Extends the Angel Investor Tax Credit

TAX CREDITS EG DECREASE GF RV See Note
Provides relative to the Angel Investor Tax Credit Program

Current law provides for the Angel Investor Tax Credit Program, which awards transferable income tax credits for investments in qualified businesses. The credit rate is currently 25% of eligible investments to be taken over two years, with an annual program credit award cap of $7.2M (unused capacity carries forward) for applications received on or before June 30, 2025. Provides an enhanced credit of 35% for investments in businesses located in federal opportunity zones. Taxpayers may carry forward or transfer the credit within ten taxable years. All program credits, with or without the enhancement may be claimed beginning two years after the investment is certified. The annual program credit award cap is $7.2M ($720,000 per business) with a lifetime investment cap of $1.44M per business.; 3.6M credits are reserved for opportunity zones.

Proposed law extends the program until Dec. 31, 2026, after which no new credits shall be authorized. Credits no longer have to be split in equal portions for two years.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total					**$0**	**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

LED reports the ability to continue issuing credits through 2026. The current program's rolling cap is $19.2M in 2025 due to unused capacity carrying forward. So far, $4.2 M credits have been issued in 2025.

REVENUE EXPLANATION

Beyond extending the current program, the bill does not change the parameters upon which credits are issued. The bill changes the timing that those credits may be taken.

Program Extension

The current program can accept applications for the tax credits through FY25, with realization of those credits against state tax liabilities beginning in FY27 and occurring through FY29. Thus, some program credit costs will occur throughout the fiscal note horizon regardless of the program application extension proposed by the bill. The bill's extension of the program will add increasing costs each year relative to the baseline expectation of annually declining costs sometime after FY27. Based on the program's 24-month delay between credit certification and the ability of taxpayers to utilize the credits, the earliest year of potential impact is FY28, with costs rising each year, maintaining roughly $5M per year normal cost of the program. Use of outstanding credits could affect the timing of the impact.

Credit Timing

Considering FY22-FY24 as a baseline of credit awards that the bill is likely to maintain, an average of $5M is awarded annually. Though credits can only be taken two years after the investment is certified, the bill accelerates the payments of the credits by allowing 100% to be taken in one year instead of the current 50% over two years. The bill appears to first allow 100% of credits to be taken in FY26.

Because the transition year of FY26 would include 50% of prior years credits plus 100% of current year credits, the bill could increase the amount of credits claimed in FY26 by an estimated $5M to $9.1M ($1.6M + $7.5M). Subsequent years with 100% of credits claimed in each year is roughly equivalent to the current program, subject to typical fluctuations.

Note: The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

Senate Dual Referral Rules
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House
☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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