The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 231 Original | 2017 Regular Session | LaFleur

Present law taxes insurers based on the amount of premiums, known as "premium tax".

Proposed law establishes the "Louisiana Rural Jobs Act" for purposes of a tax credit which may be claimed against insurance premium tax. Eligibility for the credit is based on the investment of private capital in a rural business located in the state.

Proposed law defines "rural business" as a business with fewer than 200 employees, maintains its principal operations in one or more rural areas of the state, and is engaged in agribusiness, manufacturing, plant sciences, services, technology, or an industry that is determined to be beneficial to the rural area and the state. Further defines a "rural growth fund" as an entity certified by the Dept. of Economic Development as meeting the capitalization, job creation, and revenue impact assessment requirements of the program.

Proposed law defines the types of investments required for tax credit eligibility.

Proposed law authorizes a maximum of $150,000,000 of investment authority and $90,000,000 of investor contributions for certification and allocation for the purpose of earning tax credits. The department shall begin accepting applications on January 1, 2018.

Proposed law requires that investments eligible for the award of tax credits be certified by the Dept. of Economic Development. If an applicant applies for approval as a rural growth fund, the department shall inform such entity within 30 days of application whether the application is certified or denied. In the case of a denial, the entity shall have the right to provide additional information regarding the application within 15 days of the denial.

Proposed law requires the issuance of investments within 20 days of receiving certification.

Proposed law provides that the amount of the tax credit shall be equal to the investor contribution and will be utilized at 25% per year for the third through sixth years of the investment. The total of all such credits taken cannot exceed the taxpayer's state premium tax liability for the tax year for which the credit is claimed; however, unused credits may be carried forward for up to 10 years. The credit can only be transferred or allocated to a related entity that has an insurance premium tax liability at the time the rural growth fund application was originally submitted.

Proposed law provides for conditions under which the Dept. of Insurance shall revoke tax credits which include a failure to invest an amount equal to 100% of the purchase price of the investment within 24 months of the issuance of the investment or failure to maintain the investment through year six.

Proposed law requires reporting by a rural growth fund to the Dept. of Economic Development within five days of the second anniversary of the initial credit allowance date, as well as annual reporting with regard to the number of employment positions created and retained as a result of the investments and the average annual salary of such positions.

Proposed law authorizes a rural growth fund to apply to exit the program on or after the sixth anniversary of the closing date.

Proposed law requires the Dept. of Economic Development to notify the Dept. of Insurance of the name of any insurance company allocated tax credits, as well as the amount of any credits.

Proposed law authorizes the department to promulgate rules to implement the provisions of proposed law.

Proposed law applies to tax returns or reports originally due on or after Jan. 1, 2018.

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

(Adds R.S. 47:6016.2)