

GREEN SHEET REDIGEST

HB 454

2017 Regular Session

Abramson

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX CREDITS: Extends the sunset and provides for the amount of the Angel Investor Tax Credit

DIGEST

Present law establishes the Angel Investor Tax Credit Program which authorizes a tax credit for certain investments in a qualifying 'La. Entrepreneurial Business' (business), as such term is defined under present law. The program is administered by the Dept. of Economic Development (Dept.).

Present law sunsets the program on July 1, 2017.

Proposed law extends the sunset through July 1, 2021 and provides that no credits shall be granted or reserved under the program for applications received by the department after the sunset date.

Present law establishes requirements for eligibility of investments for award of the tax credit, including a requirement that prior to an investment in a business, the business shall have been approved by the Dept. as one which meets the qualifications of a La. Entrepreneurial Business.

Proposed law changes present law by changing the conditions based on the timing of the Dept.'s certification of the La. Entrepreneurial Business from before the investment is made to before the award of the tax credit.

Present law effective July 1, 2018, provides that the amount of the tax credit shall be equal to 35% of the amount of the investment, and that the credit be divided into equal portions over five years.

Proposed law changes present law effective July 1, 2018, by reducing the amount of the credit from 35% to 25% of the investment, and by reducing the number of years over which the credit shall be taken from five to three years.

Present law effective July 1, 2018, limits the amounts of qualified investments which may be made in a La. Entrepreneurial Business, with an annual limit of \$1 million per year per business, and an overall total limit per business of \$2 million.

Proposed law changes present law effective July 1, 2018, by reducing the annual limit per business from \$1 million to \$720,000, and the overall limit per business from \$2 million to \$1.44 million.

Present law establishes conditions under which a tax credit shall be recaptured from an investor during the three-year period after the tax credit certificate is issued based upon the the investor transferring the equity received in connection with the qualified investment.

Proposed law changes present law by adding an exception for the instance where the investor transfers the equity in the business to an entity, trust, or other organization under the control of the investor.

Provisions of proposed law concerning the sunset of the program and effectiveness provisions of this Act become effective July 1, 2017.

Provisions of proposed law concerning the amount of the credit, the number of years over which it may be taken, and other program modifications become effective July 1, 2018.

(Amends R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and (F)(2); Adds R.S. 47:6020(G); Repeals R.S. 47:6020(D)(1) and (2)(a) as amended by §5 of Act No. 125 of the 2015 R.S. and Sec. 3 of Act No. 414 of the 2011 R.S. as amended by Act No. 104 of the 2015 R.S.)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Change the number of years during which the credit is paid out from two to three.
2. Remove the reduction in the duration of the waiting period for the time until the credit can be taken.
3. Repeal obsolete provisions from Act No. 414 of the 2011 R.S.

Summary of Amendments Adopted by Senate

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

1. Make technical changes to title to repeal conflicting provisions in Section 8 of Act No. 125 of the 2015 R.S.
2. Technical change wording of sunset provision to conform it to program terminology.