

RÉSUMÉ DIGEST

ACT 345 (HB 454)

2017 Regular Session

Abramson

Existing 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 existing law. The program is administered by the Dept. of Economic Development (Dept.).

Prior law sunset the program on July 1, 2017.

New law extends the sunset through July 1, 2021, and prohibits the granting or reservation of credits under this program for applications received by the department after that date.

Existing 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.

Prior law effective July 1, 2018, would have provided that the amount of the tax credit be equal to 35% of the amount of the investment, and that the credit be divided into equal portions over five years.

New law changes prior 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.

Prior law effective July 1, 2018, would have limited the amounts of qualified investments authorized to 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.

New law changes prior 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.

Existing 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 investor transferring the equity received in connection with the qualified investment.

New law adds 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 new law concerning the sunset of the program and effectiveness provisions of new law become effective July 1, 2017.

Provisions of new 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 §3 of Act No. 414 of the 2011 R.S. as amended by Act No. 104 of the 2015 R.S.)