

2019 Regular Session

HOUSE BILL NO. 586

BY REPRESENTATIVE JIMMY HARRIS AND SENATOR MORRELL

TAX CREDITS: Authorizes an enhanced Angel Investor tax credit for investments made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones

1 AN ACT

2 To amend and reenact R.S. 47:6020(G) and to enact R.S. 47:6020(H); relative to tax credits;
3 to provide with respect to the Angel Investor Tax Credit program; to authorize an
4 enhanced tax credit for certain eligible investments; to provide for certain limitations
5 and requirements; to extend the termination date of the program; to provide for an
6 effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6020(G) is hereby amended and reenacted and R.S. 47:6020(H)
9 is hereby enacted to read as follows:

10 §6020. Angel Investor Tax Credit Program

11 * * *

12 G. Except as provided for in Paragraph (3) of this Subsection, applications
13 received on or after July 1, 2019, for investments that meet the requirements of
14 Subsection C of this Section and the requirements of 26 U.S.C. 1400Z-1, 1400Z-2,
15 and applicable federal regulations shall be entitled to an enhanced credit in
16 accordance with the provisions of this Subsection.

17 (1) The amount of the credit granted by the department shall be thirty-five
18 percent of the amount of the investment with the credit divided in equal portions for
19 three years.

1 (2) In addition to the credit cap provided for in Subsection D of this Section,
 2 the total amount of credits granted under this Subsection shall not exceed three
 3 million six hundred thousand dollars per year for a total program cap of seven
 4 million two hundred thousand dollars per year. If the department does not grant the
 5 entire three million six hundred thousand dollars in tax credits in any calendar year
 6 authorized pursuant to this Subsection, the amount of unused tax credits shall carry
 7 forward to subsequent calendar years and may be granted in any year without regard
 8 to the three million six hundred thousand dollar per year cap provided for in this
 9 Subsection.

10 (3) To the extent that federal laws and regulations relative to opportunity
 11 zones require that business revenues be derived from within the opportunity zone,
 12 otherwise eligible businesses shall be exempt from the requirement that fifty percent
 13 or more of sales must come from out of state as specified in Subsection C of this
 14 Section.

15 H. No credits shall be granted or reserved under this program for reservation
 16 applications received by the department on or after ~~July 1, 2021~~ July 1, 2025.

17 Section 2. This Act shall become effective upon signature by the governor or, if not
 18 signed by the governor, upon expiration of the time for bills to become law without signature
 19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 21 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 586 Original

2019 Regular Session

Jimmy Harris

Abstract: Authorizes an enhanced Angel Investor tax credit for investments made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones.

Present law establishes the Angel Investor Tax Credit program which authorizes a 25% income or corporate franchise tax credit on investments in Louisiana small businesses that

are certified by Louisiana Economic Development as "Louisiana Entrepreneurial Businesses."

Present law limits the total amount of credits granted under the program to \$3.6 million per year but authorizes the department to carry forward residual unused credits in any calendar year to subsequent calendar years without regard to the annual credit cap.

Proposed law retains present law and authorizes an enhanced tax credit equal to 35% of the amount of the investment made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones. The credit shall be divided into equal portions over three years.

Proposed law establishes a cap of \$3.6 million per calendar year for the enhanced tax credit which is in addition to the \$3.6 million per year cap on Angel Investor tax credits thereby establishing a total program cap of \$7.2 million per calendar year.

Present law prohibits credits from being granted or reserved under the program for applications received on or after July 1, 2021.

Proposed law extends the sunset of the program from July 1, 2021 to July 1, 2025.

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

(Amends R.S. 47:6020(G); Adds R.S. 47:6020(H))