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## DIGEST

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HB 160 Original

2021 Regular Session

DeVillier

**Abstract:** Expands the types of investments that qualify for the Angel Investor Tax Credit to include investments secured or guaranteed by the La. Entrepreneurial Business and to provide for alternative investment instruments considered as equity for purposes of recapturing an Angel Investor Tax Credit.

Present law establishes the Angel Investor Tax Credit program which authorizes a 25% income or corporate franchise tax credit on investments in certain La. businesses certified by the Department of Economic Development (LED) as "Louisiana Entrepreneurial Businesses."

Present law provides eligible investments must be at risk and not secured or guaranteed. "At risk" investment means an investment in which the repayment is entirely dependent on the success of the La. Entrepreneurial Business.

Proposed law retains present law but permits a guarantee by the La. Entrepreneurial Business itself.

Present law limits the total amount of credits granted by 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.

Present law provides that the amount of the tax credit shall be based on the amount of money invested in the La. Entrepreneurial Business, not to exceed \$720,000 per year per business and \$1,440,000 total per business.

Present law mandates a tax credit be recaptured from an investor under certain scenarios including when the investor within three years of the tax credit certificate being issued transfers the equity received in connection with the investment. Provides for limited exceptions to this requirement.

Proposed law retains present law but adds notes, convertible debt, and other similar investment instruments as things received in connection with the qualified investment that if transferred trigger recapture of the tax credit.

Proposed law provides that recapture does not apply if the note, convertible debt, or other similar investment instrument is transferred to an entity, trust, or other organization under the control of the investor.

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

(Amends R.S. 47:6020(C)(1)(a) and (D)(5)(b)(intro. para.) and (iv))