LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB** **47** SLS 23RS 197

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Louisiana Legislative Fiscal Office
Fiscal Notes

Date: March 29, 2023 1:09 PM	**Author:** CONNICK
Dept./Agy.: Economic Development	
Subject: Extends the Angel Investor Credit by 4 years to 7/1/29	**Analyst:** Deborah Vivien

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1
Provides for the Angel Investor Tax Credit. (8/1/23)

<u>Present law</u> provides the Angel Investor Tax Credit Program which awards transferable income and franchise tax credits for investments in qualified businesses. The credit rate is currently 25% of eligible investments to be taken over two years, with an annual program credit award cap of $7.2 M (unused capacity carries forward) for applications received before July 1, 2025. Provides an enhanced credit of 35% for investments in businesses located in federal opportunity zones (Tax Cuts and Jobs Act enacted in late 2017). All program credits, with or without enhancement can be spread over two years rather. The annual program credit award cap is $7.2 M ($720,000 per business) with a lifetime investment cap of $1.44 M per business; $3.6 M for opportunity zone investments provided in this bill).

<u>Proposed law</u> extends the program applications through fiscal year 2029.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	$0
Agy. Self-Gen.	$0	$0	$0	$0	$0	$0
Ded./Other	$0	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0	$0
Local Funds	$0	$0	$0	$0	$0	$0
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	DECREASE	DECREASE	$0
Agy. Self-Gen.	$0	$0	$0	$0	$0	$0
Ded./Other	$0	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0	$0
Local Funds	$0	$0	$0	$0	$0	$0
Annual Total	**$0**	**$0**	**$0**			**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Dept. of Economic Development indicates that the changes to the program proposed by this bill will not require additional resources to administer.

REVENUE EXPLANATION

The current program can award tax credits though FY 25, with realization of those credits against state tax liabilities beginning in FY 27 and occurring through FY 29. Thus, some program credit costs will occur throughout the fiscal note horizon regardless of the program application extension proposed by this bill.

Considering FY 18 - FY 22 as a baseline of credit awards that the bill is likely to maintain; an average of $2.5 M is awarded annually. These costs do not account for any additional participation in the program attributable to this bill, beyond a continued baseline assumption. LED has not typically fully awarded the available current law program cap of credit ($7.2 M with unused cap carried forward). The bill's extension of the program will add increasing costs each year relative to the baseline expectation of annually declining costs sometime after FY 27. Based on the program's 24-month delay between credit certification and the ability of taxpayers to utilize the credits, the earliest year of potential impact is FY 27, with costs rising each year, maintaining the roughly $2.5 M per year normal cost of the program.

Senate	Dual Referral Rules	House	
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

Alan M. Boxberger

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Interim Legislative Fiscal Officer