



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **SB 108** SLS 23RS 318  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 5, 2023 9:13 AM **Author:** HARRIS, JIMMY  
**Dept./Agy.:** Economic Development **Analyst:** Deborah Vivien  
**Subject:** Extends the Angel Investor Credit by 4 years to 7/1/29

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1  
 Provides relative to the Angel Investor Tax Credit Program. (gov sig)

Present law provides for 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 \$3.6 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) with a separate cap of \$3.6 M. All program credits, with or without enhancement can be spread over two years. 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).

Proposed law extends the program applications until July 1, 2030, and allows use of the regular program cap if the Opportunity Zone cap exceeds capacity. Federal code related to the Opportunity Zone Fund and federal guideline constraints are removed in the bill. Effective January 1, 2024

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

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

**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 (essentially \$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.

Since the program has never reached the cap, allowing the Opportunity Zone investments to utilize the regular program cap if necessary has no impact, unless investments increase beyond the historical levels. According to LED, the current program cap for FY 23 with carry forwards is \$14,604,971 for the regular credit and the Opportunity Zone portion is \$4,027,007, which together help gauge the state's exposure when weighed against actual utilization in the future.

LED indicates that removal of the Opportunity Zone federal guidelines and the statute related to Opportunity Zone Fund will not impact the program investment.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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