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## DIGEST

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HB 725 Engrossed

2015 Regular Session

Leger

**Abstract:** Authorizes \$65 million in investment authority for \$29 million in tax credits allocated under the La. New Markets Jobs Act for investments made on or after Aug. 1, 2015.

Present law establishes the La. New Markets Jobs Act for purposes of a tax credit which may be claimed against insurance premium tax. Eligibility for the credit is based on the investment of private capital in a low-income community business located in La. The amount of the tax credit shall be the product of multiplying the amount of the investment purchase price (investment authority) by the following percentages: 14% for the 1<sup>st</sup> and 2<sup>nd</sup> credit allowance dates and 8.5% for the 3<sup>rd</sup> and 4<sup>th</sup> credit allowance dates.

Proposed law retains present law but changes the tax credit percentages for qualified equity investments issued on or after Aug. 1, 2015, as follows: 0% for the 1<sup>st</sup> through 3<sup>rd</sup> credit allowance dates and 15% for the 4<sup>th</sup> through 6<sup>th</sup> credit allowance dates (a total of 45%).

Proposed law retains present law and adds authority for certification and allocation of \$65 million in equity investments, for up to \$29 million in tax credits, beginning Aug. 1, 2015.

Proposed law requires that a qualified community development entity together with its transferees invest an aggregate amount equal to no less than 25% of the price of its total certified qualified equity investments in qualified active low-income community businesses located in non-metropolitan parishes in La. as identified by the Community Development Financial Institutions Fund.

Proposed law prohibits an affiliate of a qualified active low-income community business that receives a qualified low-income community investment from owning or having the right to own an interest in a qualified community development entity or member or affiliate of a qualified community development entity.

Proposed law prohibits an affiliate of a qualified active low-income community business from making a loan or investing in a qualified community development entity or member or affiliate of a qualified community development entity.

Proposed law provides that for qualified equity investments issued after Dec. 1, 2015, the requirement for a federal qualified equity investment with the Community Development Financial Institutions Fund shall not apply.

Applicable for all tax periods beginning on and after Jan. 1, 2016.

Effective July 1, 2015.

(Amends R.S. 47:6016.1(B)(1); Adds R.S. 47:6016.1(N))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the amount of new authority for equity investments eligible for certification and allocation from \$100 to \$65 million. This reduces the amount of tax credits authorized from \$45 to \$29 million.
2. Add a requirement that a community development entity must invest 25% of its aggregate amount of certified qualified equity investments in qualified active low-income community businesses located in non-metropolitan parishes.
3. Add prohibitions regarding affiliates and related entities of a qualified community development entity or qualified active low-income community business.
4. Add an exemption from the requirement for a federal match for investments made after December 1, 2015.