
DIGEST

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HB 454 Engrossed

2017 Regular Session

Abramson

Abstract: Extends the sunset of the Angel Investor Tax Credit Program and provides for the amount of and period of time to claim the credit.

Present law establishes the Angel Investor Tax Credit Program which authorizes a tax credit for certain investments in a qualifying 'La. Entrepreneurial Business' (business), as such term is defined under present law. The program is administered by the Dept. of Economic Development (Dept.).

Present law sunsets the program on July 1, 2017.

Proposed law extends the sunset through July 1, 2021.

Present law establishes requirements for eligibility of investments for award of the tax credit, including a requirement that prior to an investment in a business, the business shall have been approved by the Dept. as one which meets the qualifications of a La. Entrepreneurial Business.

Proposed law changes present law by changing the conditions based on the timing of the Dept.'s certification of the La. Entrepreneurial Business from before the investment is made to before the award of the tax credit.

Present law effective July 1, 2018, provides that the amount of the tax credit shall be equal to 35% of the amount of the investment, and that the credit be divided into equal portions over five years.

Proposed law changes present law effective July 1, 2018, by reducing the amount of the credit from 35% to 25% of the investment, and by reducing the number of years over which the credit shall be taken from five to two years.

Present law effective July 1, 2018, limits the amounts of qualified investments which may be made in a La. Entrepreneurial Business, with an annual limit of \$1 million per year per business, and an overall total limit per business of \$2 million.

Proposed law changes present law effective July 1, 2018, by reducing the annual limit per business from \$1 million to \$720,000, and the overall limit per business from \$2 million to \$1.44 million.

Present law provides that after a tax credit certificate has been issued by the Dept., the tax credit available in the first year shall become deductible from tax liability in the taxpayer's income tax year

which occurs 24 months from the date the Dept. certifies the amount of the investment.

Proposed law changes present law by changing the time period during which the tax credit available in the first year may be applied based upon the date the Dept. certifies the amount of the investment, from the tax year occurring 24 months from the certification date to the tax year occurring 12 months from the certification date.

Present law establishes conditions under which a tax credit shall be recaptured from an investor during the three-year period after the tax credit certificate is issued based upon the the investor transferring the equity received in connection with the qualified investment.

Proposed law changes present law by adding an exception for the instance where the investor transfers the equity in the business to an entity, trust, or other organization under the control of the investor.

Provisions of proposed law concerning the sunset of the program and effectiveness provisions of this Act become effective July 1, 2017.

Provisions of proposed law concerning the amount of the credit, the number of years over which it may be taken, and other program modifications become effective July 1, 2018.

(Amends R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and (F)(2); Adds R.S. 47:6020(G); Repeals R.S. 47:6020(D)(1) and (2)(a))