
DIGEST

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HB 444 Original

2019 Regular Session

McFarland

Abstract: Establishes the "La. Rural Jobs Act" and allows a premium tax credit for investment made in certain rural businesses. The maximum amount of investment authority permitted by the Dept. of Revenue is \$150 million and the maximum amount of investor contributions is capped at \$112,500,000 for certification and allocation of tax credits.

Present law taxes insurers based on the amount of premiums, known as "premium tax."

Proposed law establishes the "La. Rural 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 rural business located in the state.

Proposed law defines "rural business" as a business with fewer than 100 employees, which maintains its principal operations in one or more rural areas of the state, and is engaged in a business with a NAICS code of: Sector 11- Agriculture, Forestry, Fishing, and Hunting, Sector 21- Mining, Sector 23- Construction, Sector 31-33-Manufacturing, Sector 42- Wholesale trade, Sector 48-49- Transportation and Warehousing, Section 54- Professional, Scientific, and Technical Services, excluding Legal Services and Accounting, Tax Preparation, Bookkeeping, and Payroll Services, Sector 56- Administrative and Support and Waste Management and Remediation Services, Sector 62- Health Care and Social Assistance, and Sector 81- Other Services except Public Administration.

Proposed law defines a "rural growth fund" as an entity that is a rural business investment company pursuant to 7 U.S.C. 2009cc or a small business investment company pursuant to 15 U.S.C. 681 and certified by the Dept. of Revenue.

Proposed law defines the types of investments required for tax credit eligibility.

Proposed law authorizes a maximum of \$150 million of investment authority and \$112,500,000 of investor contributions for certification and allocation for the purpose of earning tax credits. The department shall begin accepting application on Oct. 1, 2019.

Proposed law requires that investments eligible for the award of tax credits be certified by the Dept. of Revenue. If an applicant applies for approval as a rural growth fund, the department shall inform the entity within 30 days of application whether the application is certified or denied. In the case of denial, the entity shall have the right to provide additional information regarding the application within 15 days of receipt of the denial.

Proposed law provides that the amount of the tax credit shall be equal to the investor contribution and shall be allowed to be taken in an amount equal to 1/5 each year beginning with the 3rd year through the 7th year of the investment. The total of all such credits taken cannot exceed the taxpayer's state premium tax liability for the tax year for which the credit is claimed; however, unused credits may be carried forward for up to 10 years. The credit can only be sold, transferred, or allocated to a related entity that has an insurance premium tax liability at the time the rural growth fund application was originally submitted.

Proposed law provides for the Dept. of Revenue to recapture any tax credit if the rural growth fund exits the program when the rural growth fund has not invested 100% of its investment authority in investments in La. within 2 years of the closing date, fails to maintain investments equal to at least 100% of its investment authority until the 7th anniversary of the closing date, makes a distribution or payment that results in the rural growth fund having less than 100% of its investment authority invested in rural growth investments in the state or available for investment in rural growth investments or held in case or other marketable securities, or makes an investment in certain rural business.

Proposed law requires reporting by each rural growth fund to the Dept. of Revenue, the House Committee on ways and Means, and the senate Committee on Revenue and Fiscal Affairs within 5 days of each anniversary closing date.

Proposed law authorize a rural growth fund to apply to exit the program on or after the seventh anniversary of the closing date.

Proposed law requires the Dept. of Revenue to notify the Dept. of Insurance of the name of any insurance company allocated tax credits, as well as the amount of any credits.

Proposed law authorizes the Dept. of Revenue to promulgate rules to implement the provisions of proposed law in accordance with the Administrative Procedure Act.

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

(Adds R.S. 47:6016.2)