

2019 Regular Session

HOUSE BILL NO. 444

BY REPRESENTATIVE MCFARLAND

TAX CREDITS: Establishes the La. Rural Jobs Act Tax Credit Program and authorizes a tax credit for rural growth investments made by rural growth funds

1 AN ACT

2 To enact 47:6016.2, relative to tax credits; to authorize a premium tax credit for rural growth
3 investments made by rural growth funds; to provide for certain definitions; to
4 provide for the amount of the credit; to provide for eligibility, application, usage, and
5 recapture of the credit; to provide for requirements of certain reports; to authorize the
6 promulgation for certain rules and regulations; to provide for requirements and
7 limitations; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6016.2 is hereby enacted to read as follows:

10 §6016.2. Louisiana Rural Jobs Act; premium tax credit

11 A. The provisions of this Section shall be known and cited as the "Louisiana
12 Rural Jobs Act".

13 B. Definitions. As used in this Section, the following words, terms, and
14 phrases have the meaning ascribed to them unless a different meaning is clearly
15 indicated by the context:

16 (1) "Affiliate" means an entity that directly, or indirectly through one or
17 more intermediaries, controls, is controlled by, or is under common control with
18 another entity. For purposes of this Paragraph, an entity is "controlled by" another
19 entity if the controlling person holds, directly or indirectly, the majority voting or

1 ownership interest in the controlled person or has control over the day-to-day
2 operations of the controlled person by contract or by law.

3 (2) "Closing date" means the date on which a rural growth fund has collected
4 all amounts specified by Subparagraph (C)(6)(a) of this Section.

5 (3) "Department" means the Department of Revenue.

6 (4) "Full-time employment position" means an employment position that is
7 filled and requires at least thirty-five hours of work per week or other period of time
8 generally accepted by custom, industry or practice as full-time employment.

9 (5) "Investment authority" means the amount stated on the notice issued
10 under Paragraph (C)(5) of this Section certifying the rural growth fund. At least
11 seventy-five percent of a rural growth fund's investment authority shall be comprised
12 of an amount equal to the authorized investor contributions.

13 (6) "Investor contribution" means an investment of cash in a rural growth
14 fund by a person with state premium tax liability that equals the amount specified on
15 a tax credit certificate issued by the department under Subparagraph (C)(6)(b) of this
16 Section. The investment shall purchase an equity interest in the rural growth fund
17 or purchase, at par value or premium, a debt instrument issued by the rural growth
18 fund that has a maturity date at least five years from the closing date.

19 (7) "Jobs created" means the difference between:

20 (a) The average number of full-time employment positions at a rural business
21 in the preceding calendar year, or if the initial growth investment occurred during the
22 preceding calendar year, the average number of full-time employment positions for
23 the months after the initial rural growth investment was made through the end of the
24 preceding calendar year.

25 (b) The number of full-time employment positions at the rural business on
26 the date of the initial rural growth investment.

27 (8) "Jobs retained" means the number of full-time employment positions that
28 existed before the initial growth investment and for which the rural business's chief

1 executive officer or similar officer certifies that the full-time employment position
2 would have been eliminated but for the initial rural growth investment.

3 (9) "Louisiana bank" means a bank, savings bank, or savings and loan
4 association that is a member of the Federal Deposit Insurance Corporation and is
5 operating in this state with a main office or one or more branches in this state.

6 (10) "Principal business operations" of a business are located at the place or
7 places where at least sixty percent of its employees work or where employees that
8 are paid at least sixty percent of its payroll work. A business that has agreed to
9 relocate or hire employees using the proceeds of a rural growth investment to
10 establish its principal business operations in a rural area in the state shall be deemed
11 to have its principal business operations in this new location provided it satisfies this
12 definition within one hundred eighty days after receiving the rural growth
13 investment, unless the department agrees to a later date.

14 (11) "Rural area" means all locations outside of census places with a
15 population greater than or equal to fifty thousand as of the latest decennial census of
16 the United States and their adjacent and contiguous urbanized areas.

17 (12) "Rural business" means a business that, at the time of the initial rural
18 growth investment in the company by a rural growth fund, meets all of the following
19 criteria:

20 (a) Has fewer than one hundred employees.

21 (b) Has its principal business operations in one or more rural areas in the
22 state.

23 (c) Is engaged in industries assigned a North American Industrial
24 Classification System code within Sectors 11, 21, 23, 31, 32, 33, 42, 48, 49, 54
25 excluding Industry Groups 5411 and 5412, 56, 62, and 81 or, if not engaged in any
26 of these industries, the department determines that the investment will be beneficial
27 to the rural area and the economic growth of the state.

1 (13) "Rural growth fund" means an entity certified as a business investment
2 company pursuant to 15 U.S.C. 681 and is certified by the department under
3 Paragraph (C)(5) of this Section.

4 (14)(a) "Rural growth investment" means any capital or equity investment
5 in a rural business or any loan to a rural business with a stated maturity of at least
6 one year after the date of issuance. A rural business obtaining a rural growth fund
7 investment shall maintain its operating deposit account at the same Louisiana bank
8 that is participating in the loan unless the Louisiana bank agrees to waive this
9 requirement or, if no Louisiana bank is participating in the loan, then the rural
10 business shall maintain its operating deposit account at the Louisiana bank that
11 makes the loan.

12 (b) A rural growth investment shall not include any of the following:

13 (i) A loan secured by accounts receivable or inventory of a rural business.

14 (ii) Any loan that is secured by immovable property or other movable
15 property of a rural business unless a Louisiana bank has an outstanding loan to the
16 rural business, a Louisiana bank participates in the loan, or prior to making the loan,
17 the rural growth fund and the chief executive officer or similar officer of the rural
18 business certifies all of the following:

19 (aa) That the rural business applied for and was declined financing of a
20 similar amount as the proposed rural growth investment from a Louisiana bank with
21 a main office or branch located in the parish or a parish contiguous to the parish
22 containing the location of the rural business's principal businesses operations.

23 (bb) That the rural growth fund submitted a written proposal to participate
24 in the loan to a Louisiana bank with a main office or branch located in the parish or
25 a parish contiguous to the parish containing the location of the rural business's
26 principal business operations which disclosed the name of the rural business, the
27 general terms of the proposed rural growth investment and the loan participation and
28 the Louisiana bank declined to participate or respond within thirty days of receiving
29 the proposal.

1 (iii) All certifications shall identify the Louisiana banks, points of contact
2 and dates of contact at each Louisiana bank. A rural growth fund shall submit the
3 certification to the department prior to making a rural growth investment secured by
4 immovable property or other movable property.

5 (15) "Rural parish" means a nonmetropolitan parish as designated by the
6 United States Office of Management and Budget.

7 (16) "State premium tax liability" means any liability incurred by any entity
8 under the provisions of R.S. 22:831, 836, 838, and 842, except for liability incurred
9 under R.S. 22:842(C).

10 C.(1) Beginning October 1, 2019, the department shall accept applications
11 for approval as a rural growth fund. On a form prescribed by the department, the
12 application shall include all of the following:

13 (a) The total investment authority sought by the applicant.

14 (b) Evidence that:

15 (i) The applicant or an affiliate of the applicant is licensed as a rural business
16 investment company issued pursuant to 7 U.S.C. 2009cc and the regulations and
17 procedures thereunder, or as a small business investment company issued pursuant
18 to 15 U.S.C. 681 and the regulations and procedures thereunder.

19 (ii) At least one principal in a rural business investment company or small
20 business investment company is, and has been for at least four years, an officer or
21 employee of the applicant or an affiliate of the applicant on the date the application
22 is submitted.

23 (iii) The applicant or affiliates of the applicant have invested at least one
24 hundred million dollars in nonpublic companies located in nonmetropolitan counties
25 as defined by the Office of Management and Budget within the Office of the
26 President of the United States on the basis of county or county-equivalent units,
27 exclusive of any investments made pursuant to the provisions of this Section.

28 (c) An estimate of the number of jobs created and jobs retained in this state
29 because of the applicant's proposed rural growth investments.

1 (d) A business plan that includes a revenue impact assessment projecting
2 state and local tax revenue to be generated by the applicant's proposed rural growth
3 investments prepared by a nationally recognized third-party independent economic
4 forecasting firm using a dynamic economic forecasting model that analyzes the
5 applicant's business plan over the ten years following the date the application is
6 submitted to the department.

7 (e) A signed affidavit from each investor stating the amount of investor
8 contributions each investor shall commit.

9 (2) The department shall grant or deny the application, within thirty days
10 after receipt of a completed application containing the information set forth in
11 Paragraph (1) of this Subsection. The department shall deem applications received
12 on the same day to have been received simultaneously. The allocation of investment
13 authority and investor contributions shall be on a first-come, first-served basis. The
14 department shall not approve more than one hundred fifty million dollars in
15 investment authority and not more than one hundred twelve million five hundred
16 thousand dollars in investor contributions under this Section over the life of the
17 program. If requests for investment authority exceed this limitation, the department
18 shall proportionally reduce the investment authority and the investor contributions
19 for each approved application as necessary to avoid exceeding the limit.

20 (3) The department shall deny an application for any of the following:

21 (a) The application is incomplete.

22 (b) The applicant does not satisfy the criteria of Subparagraph (1)(b) of this
23 Subsection.

24 (c) The revenue impact assessment submitted under Subparagraph (1)(d) of
25 this Subsection does not demonstrate that the applicant's business plan will result in
26 a positive economic impact on this state over a ten-year period that exceeds the
27 cumulative amount of tax credits that would be issued to the applicant's investors.

1 (d) The combined investor contributions described in affidavits submitted
2 under Subparagraph (1)(e) of this Subsection do not equal at least seventy-five
3 percent of the total amount of investment authority for which the applicant applied.

4 (e) The department has already approved the maximum amount of
5 investment authority and investor contributions allowed under Paragraph (2) of this
6 Subsection.

7 (4) If the department denies an application for any reason other than
8 Subparagraph (3)(d) of this Subsection, the applicant may provide additional
9 information to the department to complete, clarify, or cure defects in the application
10 within fifteen days of the notice of denial for reconsideration and determination. The
11 department shall review and reconsider such applications within thirty days and if
12 approved, the application shall be considered approved as of its original submission
13 date and shall receive the pro rata allocation the application would have received if
14 it was approved on the original date of submission.

15 (5) The department shall not reduce the requested investment authority or
16 deny a rural growth fund application for reasons other than those described in
17 Paragraphs (2) and (3) of this Subsection. Upon approval of an application, the
18 department shall certify the applicant as a rural growth fund specifying:

19 (a) The amount of the applicant's investment authority.

20 (b) The investor contributions required from each taxpayer that submitted
21 an affidavit with the rural growth fund's application.

22 (c) The number of jobs created and jobs retained required of the rural growth
23 fund as prorated based on the investment authority awarded to the rural growth fund.

24 (6)(a) The rural growth fund shall collect all investor contributions and
25 collect additional investments of cash that, when added to the investor contributions,
26 equal to at least the amount of the rural growth fund's investment authority, within
27 sixty days of receiving the approval issued under Paragraph (5) of this Subsection.
28 At least ten percent of the rural growth fund's investment authority shall be
29 comprised of equity investments directly or indirectly contributed by affiliates of the

1 rural growth fund, including employees, officers, and directors of such affiliates. A
2 rural growth fund shall send to the department documentation sufficient to prove that
3 the amounts required have been collected, within sixty-five days of receiving the
4 approval issued under Paragraph (5) of this Subsection.

5 (b) The department shall provide a tax credit certificate to each investor that
6 made an investor contribution in the amount of the investor's investor contribution,
7 upon receipt of the documentation required by Subparagraph (a) of this Paragraph.

8 (7) If the rural growth fund fails to fully comply with Subparagraph (6)(a)
9 of this Subsection, the rural growth fund's certification shall lapse and the
10 corresponding investment authority and investor contributions shall not count toward
11 the limits on the program size prescribed by Paragraph (2) of this Subsection. The
12 department shall first award lapsed investment authority pro rata to each rural growth
13 fund that was awarded less than the investment authority for which it applied. A
14 rural growth fund may allocate the associated investor contribution authority to any
15 of its investors with state premium tax liability at its discretion. Any remaining
16 investment authority may be awarded by the department to new applicants.

17 D.(1) Any taxpayer that makes an investor contribution and receives a tax
18 credit certificate pursuant to Subparagraph (C)(6)(b) of this Section shall be vested
19 with an earned credit against state premium tax liability, subject to the recapture
20 provisions of Subsection (E) and Paragraph (G)(3) of this Section. The amount of
21 the credit shall be equal to the amount of the investor contribution. Credits
22 authorized pursuant to the provisions of this Section shall first be applicable to the
23 state premium tax liability of the investor that begins in the taxable year containing
24 the second anniversary of the closing date. No more than one-fifth of the total
25 amount of the credit shall be applied in each of the taxable years beginning with the
26 taxable year containing the third anniversary of the closing date through the taxable
27 year containing the seventh anniversary of the closing date, exclusive of any carried
28 forward amounts authorized pursuant to Paragraph (2) of this Subsection.

1 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, the
2 amount of the credit claimed by a taxpayer shall not exceed the amount of such
3 taxpayer's state premium tax liability for the tax year for which the credit is claimed.
4 Any amount of tax credit that the taxpayer does not claim in a taxable year may be
5 carried forward for use in future taxable years for a period not to exceed ten years.

6 (3) The credit authorized pursuant to the provisions of this Section shall be
7 nonrefundable and shall not be sold, transferred, or allocated to any other entity
8 except that a credit may be sold, transferred, or allocated to an affiliate that had state
9 premium tax liability at the time of the submission of the investor's affidavit included
10 in the rural growth fund's application.

11 (4) A taxpayer claiming a credit under this Section shall submit a copy of the
12 tax credit certificate to the Department of Insurance with the taxpayer's return for
13 each taxable year for which the credit is claimed.

14 (5) No additional retaliatory tax shall be due as a result of the claiming of the
15 credit under this Section.

16 E.(1) The department shall recapture any tax credit allowed pursuant to this
17 Section if any of the following occur before a rural growth fund exits the program
18 in accordance with Paragraph (5) of this Subsection:

19 (a) The rural growth fund has not invested at least one hundred percent of
20 its investment authority in rural growth investments in this state, including at least
21 fifty percent of its investment authority in rural businesses that maintain their
22 principal business operations in rural parishes, within two years of the closing date.

23 (b) The rural growth fund, after satisfying Subparagraph (1)(a) of this
24 Subsection, fails to maintain rural growth investments equal to at least one hundred
25 percent of its investment authority, including at least fifty percent of its investment
26 authority in rural businesses that maintain their principal business operations in rural
27 parishes, until the seventh anniversary of the closing date. For the purposes of this
28 Subparagraph, an investment is "maintained" even if it is sold or repaid so long as
29 the rural growth fund reinvests an amount equal to the capital returned or recovered

1 from the original investment, exclusive of any profits realized, in other rural growth
2 investments in this state within twelve months of the receipt of the capital. Amounts
3 received periodically by a rural growth fund shall be treated as continuously invested
4 in rural growth investments if the amounts are reinvested in one or more rural growth
5 investments by the end of the following calendar year. A rural growth fund shall not
6 be required to reinvest capital returned from rural growth investments after the sixth
7 anniversary of the closing date, and the rural growth investments shall be considered
8 held continuously by the rural growth fund through the seventh anniversary of the
9 closing date.

10 (c) The rural growth fund, before exiting the program in accordance with
11 Paragraph (5) of this Subsection, makes a distribution or payment that results in the
12 rural growth fund having less than one hundred percent of its investment authority
13 invested in rural growth investments in this state or available for investment in rural
14 growth investments and held in cash and other marketable securities.

15 (d)(i) The rural growth fund makes a rural growth investment in a rural
16 business that directly, or indirectly through an affiliate, does any of the following:

17 (I) Owns the rural growth fund, or an affiliate of or investor of the rural
18 growth fund.

19 (II) Has the right to acquire an ownership interest in the rural growth fund,
20 or an affiliate of or investor in the rural growth fund.

21 (III) Makes a loan to the rural growth fund, or an affiliate of or investor in
22 the rural growth fund.

23 (IV) Makes an investment to the rural growth fund, or an affiliate of or
24 investor in the rural growth fund.

25 (ii) This Paragraph shall not apply to investments in publicly traded
26 securities by a rural business or an owner or affiliate of such rural business. For
27 purposes of this Subparagraph, a rural growth fund shall not be considered an
28 affiliate of a rural business solely because of its rural growth investment.

1 (2) For purposes of the investment amounts required by Subparagraphs
2 (1)(a) and (b) of this Subsection, a rural growth fund shall be allowed to take into
3 account up to five million dollars of rural growth investments per rural business,
4 including amounts invested in affiliates of the rural business. Any amounts
5 reinvested by a rural growth fund with the proceeds of repaid or redeemed rural
6 growth fund investments shall not be included in the five million dollar cap.

7 (3) Before recapturing any tax credit certificates under this Subsection, the
8 department shall notify the rural growth fund of the reasons for the pending
9 revocation. The rural growth fund shall have ninety days from the date the notice
10 was received to correct any violation outlined in the notice to the satisfaction of the
11 department and avoid recapture of the tax credit certificate.

12 (4) If tax credit certificates are recaptured under this Subsection, the
13 associated investment authority and investor contributions shall not count toward the
14 limit on total investment authority and investor contributions described by Paragraph
15 (C)(2) of this Section. The department shall first award reverted investment
16 authority pro rata to each rural growth fund that was awarded less than the requested
17 investment authority for which it applied. Such a rural growth fund may allocate the
18 associated investor contribution authority to any taxpayer with state premium tax
19 liability in its discretion. The department may award any remaining investment
20 authority to new applicants.

21 (5) A rural growth fund may apply to the department to exit the program and
22 no longer be subject to regulation, on or after the seventh anniversary of the closing
23 date. The department shall respond to the application within thirty days of receipt
24 of the request to exit the program. In evaluating the application, there shall be a
25 presumption that the rural growth fund is eligible for exit if no tax credit certificates
26 have been recaptured and the rural growth fund has not received a notice of recapture
27 that has not been cured pursuant to Paragraph (3) of this Subsection. The department
28 shall not unreasonably deny an application to exit the program submitted in
29 accordance with the provisions of this Paragraph. If the application is denied, the

1 notice of denial shall include the reasons for the determination. A rural growth fund
2 may not exit the program unless it has made rural growth investments equal to at
3 least one hundred fifty percent of its investment authority.

4 (6) Upon exit from the program in accordance with Paragraph (5) of this
5 Subsection a rural growth fund shall not make any distribution in excess of the
6 amount of its investor contributions until it first remits to the department a payment
7 equal to the difference between its investor contributions and the product of its
8 investor contributions and a fraction, the numerator of which is the aggregate number
9 of jobs created and jobs retained reported annually to the department pursuant to
10 Subsection (G)(1)(d) and the denominator of which is the number of jobs created and
11 jobs retained set forth in the rural growth fund's certification under Subsection
12 (C)(5). No payment is due if the aggregate number of jobs created and jobs retained
13 equals or exceeds the amount specified in the rural growth fund's certification.

14 (7) The department shall not recapture a tax credit certificate after a rural
15 growth fund exits from the program.

16 F. A rural growth fund, before making a rural growth investment, may
17 request from the department a written opinion as to whether the business in which
18 it proposes to invest satisfies the definition of a rural business. The department, not
19 later than the fifteenth business day after the date of receipt of the request, shall
20 notify the rural growth fund of its determination. If the department fails to notify the
21 rural growth fund by the fifteenth business day of its determination, the business in
22 which the rural growth fund proposes to invest shall be considered a rural business.

23 G.(1) Each rural growth fund shall submit an annual report to the
24 department, the House Committee on Ways and Means, and the Senate Committee
25 on Revenue and Fiscal Affairs on or before the fifth business day after each
26 anniversary of the closing date. The report shall provide documentation as to each
27 rural growth investment and shall include all of the following:

28 (a) A bank statement evidencing each rural growth investment.

1 (b) The name, location, and industry of each rural business receiving a rural
2 growth investment, including either the determination letter set forth in Subsection
3 F of this Section or evidence that the business qualified as a rural business at the time
4 the investment was made, and the certification referred to in Subsection (B)(11)(d)
5 if applicable with respect to the rural growth investment.

6 (c) The number of full-time employment positions at the rural business on
7 the date of the initial rural growth investment and jobs retained as a result of the
8 initial growth investment.

9 (d) The number of jobs created and jobs retained, provided the number of
10 jobs retained shall not exceed the number of jobs retained reported in the first annual
11 report and such number of jobs retained shall be reduced in subsequent annual
12 reports if the full-time employment positions drop below the number of jobs retained
13 reported in Subparagraph (c) of this Paragraph.

14 (e) Any other information required by the department.

15 (2) The rural growth fund shall not be required to provide the annual report
16 set forth in Paragraph (1) of this Subsection for rural growth investments that have
17 been redeemed or repaid but shall provide this information if the information is
18 available.

19 (3) In the event a report required by this Subsection is not timely submitted,
20 tax credits claimed by a taxpayer pursuant to this Section shall be disallowed until
21 the required report has been submitted.

22 (4) Within fifteen business days of submitting any report required by
23 Paragraph (1) of this Subsection, the rural growth fund shall provide the report with
24 the information required by Subparagraph (1)(a) of this Subsection and any other
25 confidential information redacted to the House Committee on Ways and Means and
26 the Senate Committee on Revenue and Fiscal Affairs.

27 H.(1) The department may promulgate rules and regulations in accordance
28 with the Administrative Procedure Act to implement the provisions of this Section.

1 (2) The department shall issue all forms and notices in accordance with the
2 provisions of this Section.

3 I. The department shall notify the Department of Insurance of the name of
4 any insurance company allocated tax credits pursuant to the provisions of this
5 Section and the amount of the credits.

6 Section 2. This Act shall become effective upon signature by the governor or, if not
7 signed by the governor, upon expiration of the time for bills to become law without signature
8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
10 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 444 Engrossed

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 certain NAICS codes.

Proposed law defines a "rural growth fund" as an entity certified as a business investment company pursuant to federal law and certified by the Dept. of Revenue. Further defines a "La. bank" as a bank, savings bank, or savings and loan association that is a member of the Federal Deposit Insurance Corporation and is operating in this state with a main office or one or more branches in this state.

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

Proposed law requires a rural business obtaining a rural growth fund investment to maintain its operating deposit account at the same La. bank participating in the loan unless the bank agrees to waive this requirement or, if no La. bank is participating in the loan, then the rural business shall maintain its operating deposit account at the La. bank that makes the loan.

Proposed law excludes a loan secured by accounts receivable or inventory of a rural business or any loan secured by property of a rural business from being considered a rural growth investment. However, proposed law provides for an exception to the loan secured by property of a rural business if the La. bank has an outstanding loan to the rural business, a La. bank participates in the loan, or prior to making the loan, the rural growth fund and the chief executive officer of the rural business makes certain certifications. A rural growth fund shall submit the certification to the department prior to making a rural growth investment secured by immovable property or other movable property.

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 applications 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. If an application is subsequently approved, the application shall be considered approved as of its original submission date and shall receive the pro rata allocation the application would have received if it was approved on the original date of submission.

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 excludes taxes collected from healthcare premium assessments paid by Medicaid-enrolled managed care organizations from state premium tax liability under proposed law.

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., including at least 50% of its investment authority in rural businesses that maintain their principal business operations in rural parishes within 2 years of the closing date, fails to maintain investments equal to at least 100% of its investment authority, including at least 50% of its investment authority in rural businesses that maintain their principal business operations in rural parishes 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. Additionally requires the rural growth fund to submit a redacted annual report to the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs which includes bank statements evidencing each rural growth investment within 15 business days of submitting any report required pursuant to proposed law.

Proposed law authorizes 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 of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6016.2)

Summary of Amendments Adopted by House

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

1. Define "Louisiana bank" and "rural parish" for purposes of proposed law.
2. Add requirement that a rural business obtaining a rural growth fund investment maintain its operating deposit account at the La. bank participating in the loan.
3. Exclude certain loans from being considered rural growth investments.
4. Require the rural growth fund and the chief executive officer of the rural business to make certain certifications before a loan secured by property of a rural business can qualify as a rural growth investment.
5. Exclude taxes collected from healthcare premium assessments paid by Medicaid-enrolled managed care organizations from state premium tax liability under proposed law.
6. Specify when applications that were originally denied and subsequently approved are considered approved and set forth the applications's pro rata allocation.
7. Add authorization for the recapture of credits if the rural growth fund does not invest at least 50% of its investment authority in rural businesses that maintain their principal business operations in rural parishes.
8. Add provisions relative to the amount of the payment due to the department when a rural growth fund exits the program.
9. Require the rural growth fund to submit a redacted annual report to the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs which includes bank statements evidencing each rural growth investment.