
DIGEST

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HB 586 Engrossed

2019 Regular Session

Jimmy Harris

Abstract: Authorizes an enhanced Angel Investor tax credit for investments made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones and authorizes the pay out of the credit to the taxpayer in divided portions over two years.

Present law establishes the Angel Investor Tax Credit program which authorizes a 25% income or corporate franchise tax credit on investments in Louisiana small businesses that are certified by Louisiana Economic Development as "Louisiana Entrepreneurial Businesses."

Present law limits the total amount of credits granted under the program to \$3.6 million per year but authorizes the department to carry forward residual unused credits in any calendar year to subsequent calendar years without regard to the annual credit cap.

Present law provides that the amount of the tax credit shall be based on the amount of money invested in the La. Entrepreneurial Business, which shall not exceed \$720,000 per year per business and \$1,440,000 total per business. The credits approved by the department shall be granted at the rate of 25% of the amount of the investment with the credit divided in equal portions for three years.

Proposed law retains present law but changes the granting of the credit from 25% of the amount of the investment with the credit divided in equal portions for *three* years to 25% of the amount of the investment with the credit divided in equal portions for *two* years.

Proposed law retains present law and authorizes an enhanced tax credit equal to 35% of the amount of the investment made in Louisiana Entrepreneurial Businesses located in federally established opportunity zones. The credit shall be divided into equal portions over two years.

Proposed law establishes a cap of \$3.6 million per calendar year for the enhanced tax credit which is in addition to the \$3.6 million per year cap on Angel Investor tax credits thereby establishing a total program cap of \$7.2 million per calendar year.

Present law prohibits credits from being granted or reserved under the program for applications received on or after July 1, 2021.

Proposed law extends the sunset of the program from July 1, 2021, to July 1, 2025.

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

(Amends R.S. 47:6020(D)(2)(a) and (G); Adds R.S. 47:6020(H))

Summary of Amendments Adopted by House

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

1. Change the number of years the enhanced credit granted pursuant to proposed law can be paid to the taxpayer from equal portions over *three* years to equal portions for *two* years.
2. Change the number of years the credit provided for in present law for investments in La. Entrepreneurial Business can be paid to the taxpayer from 25% of the amount of the investment with the credit divided in equal portions over *three* years to equal portions for *two* years.