

2020 First Extraordinary Session

SENATE BILL NO. 24

BY SENATOR HARRIS

TAX/TAXATION. Provides for eligibility for the Angel Investor Tax Credit for investments made in federal opportunity zones. (Item #19) (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:6020(D)(2)(a) and (G) and to enact R.S. 47:6020(H), relative  
3 to the Angel Investor Tax Credit; to authorize an enhanced tax credit for certain  
4 eligible investments; to provide for certain limitations and eligibility requirements;  
5 to extend the termination date of the program; to provide for an effective date; and  
6 to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6020(D)(2)(a) and (G) are hereby amended and reenacted and  
9 R.S. 47:6020(H) is hereby enacted to read as follows:

10 §6020. Angel Investor Tax Credit Program

11 \* \* \*

12 D. Tax credits.

13 \* \* \*

14 (2)(a) An investor may apply for and, if qualified, be granted a credit on any  
15 income or corporation franchise tax liability owed to the state by the taxpayer  
16 seeking to claim the credit in the amount approved by the secretary of the  
17 department. The amount of the tax credit shall be based upon the amount of money

1 invested by the investor in the Louisiana Entrepreneurial Business, which investment  
2 shall not exceed seven hundred twenty thousand dollars per year per business and  
3 one million four hundred forty thousand dollars total per business. Except as  
4 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed  
5 against the income tax for the taxable period in which the credit is earned and the  
6 franchise tax for the taxable period following the period in which the credit is earned.  
7 The credits approved by the department shall be granted at the rate of twenty-five  
8 percent of the amount of the investment with the credit divided in equal portions for  
9 ~~three~~ **two** years.

10 \* \* \*

11 G. **Except as provided for in Paragraph (3) of this Subsection,**  
12 **applications received on or after July 1, 2020, for investments that meet the**  
13 **requirements of Subsection C of this Section and the requirements of 26 U.S.C.**  
14 **1400Z-1, 1400Z-2, and applicable federal regulations shall be entitled to an**  
15 **enhanced credit in accordance with the provisions of this Subsection.**

16 **(1) The amount of the credit granted by the department shall be thirty-**  
17 **five percent of the amount of the investment with the credit divided in equal**  
18 **portions for two years.**

19 **(2) In addition to the credit cap provided for in Subsection D of this**  
20 **Section, the total amount of credits granted under this Subsection shall not**  
21 **exceed three million six hundred thousand dollars per year for a total program**  
22 **cap of seven million two hundred thousand dollars per year. If the department**  
23 **does not grant the entire three million six hundred thousand dollars in tax**  
24 **credits in any calendar year authorized pursuant to this Subsection, the amount**  
25 **of unused tax credits shall carry forward to subsequent calendar years and may**  
26 **be granted in any year without regard to the three million six hundred thousand**  
27 **dollar annual cap provided for in this Subsection.**

28 **(3) To the extent that federal laws and regulations relative to opportunity**  
29 **zones require that business revenues be derived from within the opportunity**

1           zone, otherwise eligible businesses shall be exempt from the requirement that  
 2           fifty percent or more of sales shall come from out of state as specified in  
 3           Subsection C of this Section.

4           H. No credits shall be granted or reserved under this program for reservation  
 5           applications received by the department on or after ~~July 1, 2021~~ July 1, 2025.

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.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Leonore Heavey.

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#### DIGEST

SB 24 Original

2020 First Extraordinary Session

Harris

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 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 proposed law enhanced tax credit, which is in addition to the present law \$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))