

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 25** HLS 202ES 94

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: October 6, 2020 1:02 PM	Author: FARNUM
Dept./Agy.: Revenue / Insurance	Analyst: Greg Albrecht
Subject: New Markets Tax Credit	

TAX CREDITS EG NO IMPACT GF RV See Note Page 1 of 1
Expands the Louisiana New Markets Jobs Act tax credit to certain recovery zones (Item #65)

Present law provides tax credits against premium tax for investments in Community Development Entities organized to participate in the federal New Markets Tax Credit Program. Tax credits are percentages of the investment in the entity that are used to make subsequent investments in qualified rural active low-income businesses in the state engaged in various designated industries.

Proposed law allows for investments in businesses located in Recovery Zones, defined to be any parish for which FEMA has determined that the parish is eligible for both individual and public assistance under declaration of major disaster for the state of Louisiana docket number FEMA 4559-DR. This is the Hurricane Laura disaster declaration, covering 21 parishes eligible for both individual and public assistance. Effective upon governor's signature.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The current New Markets Tax Credit Program (Act 17 of 2020 ES1) has a fixed amount of state tax credit available (\$41.25 million) for utilization in the program. This bill allows for additional investments to participate in the program under the existing capital and credit structure, but does not change the amount of tax credit available for use by the program.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Christopher A. Keaton
Legislative Fiscal Officer