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DIGEST

Riser (SB 265)

Creates the Louisiana Entrepreneurial Assistance and Development (LEAD) Program which grants a tax reduction to insurance companies under certain circumstances, provided that both the division of administration and the legislative fiscal office provide written certification that the cost to the state of the premium tax credit will be offset by the economic impact on the state because of the premium tax credit earned from investments of eligible capital in a LEAD fund.

Provides for definitions, including the definition of revenue neutrality.

Provides with respect to premium tax credits, applications for certification as a LEAD fund, and applications for tax credits.

Specifies that certain information be communicated to the secretary of the La. Dept. of Economic Development (LED) once an entity has received eligible capital.

Provides that a LEAD fund shall not invest more than 15% of its eligible capital in any one eligible business, without the permission of the secretary of the LED.

Requires that each LEAD fund maintain compliance with the policies, requirements, and conditions established for such funds.

Provides that the LED is responsible for the administration of the program. Requires that applicants who receive an allocation of eligible capital under the program shall bear any cost, not to exceed \$15,000 per fiscal year, to cover the administrative costs of the department. Provides that such monies shall be appropriated to the department.

Requires each LEAD fund to provide a written report to the secretary of the LED, the Senate Committee on Revenue and Fiscal Affairs, and the House Committee on Ways and Means, not later than January 31st of each year.

Requires the secretary of the LED to review each annual report to ensure compliance with proposed law.

Authorizes the legislative auditor to audit any LEAD fund, the businesses in which the fund invests, and investors who earn a premium tax credit from fund investments.

Provides that if the secretary of the LED determines, or is provided with written notification by the legislative auditor, that a LEAD fund is not in compliance with proposed law, he shall notify

the fund officers, in writing, that the fund may be subject to decertification unless the deficiencies are waived by the secretary or are corrected and the fund returned to compliance.

Requires the LED to file an annual report with the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means regarding the manner in which all LEAD funds have invested eligible capital, the businesses in which investments have been made, and in what amount, the jobs created by such businesses and their success and failure, the share of LEAD fund distributions received by the state, and whether investment tax credits achieved "revenue neutrality" as defined in proposed law.

Effective August 15, 2011.

(Adds R.S. 22:832.1 and R.S. 51:3121-3132)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill.

1. Requires LED to file an annual report with the House Ways and Means and Revenue and Fiscal Affairs committees regarding the manner in which all LEAD Funds which have received eligible capital have invested such capital; in which eligible businesses have the investments been made and the amount thereof; the jobs created by and the success or failure of such eligible businesses; the share received by the state of LEAD Fund distributions; and whether the investment tax credit has achieved "revenue neutrality", that is, the cost to the state of the credit is offset by value received by the state.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill.

1. Requires the legislative auditor to certify when eligible capital investments under the program achieve revenue neutrality.
2. Defines revenue neutrality as the certification by the legislative auditor to the secretary of the department of economic development that the cost to the state of the premium tax credit will be offset by the revenue to be received by the state from the investments made in eligible businesses by the LEAD fund.
3. Requires that applicants who receive an allocation of eligible capital under the program shall bear any cost, not to exceed \$15,000 per fiscal year, to cover the administrative costs of the department of economic development. Such monies shall be appropriated to the department.

Senate Floor Amendments to reengrossed bill.

1. Redefines "revenue neutrality."
2. Provides for joint certification of revenue neutrality by the division of administration and the legislative fiscal office instead of by the legislative auditor.
3. Requires each LEAD fund to submit an annual report to the LED secretary, the Senate Committee on Revenue and Fiscal Affairs, and the House Committee on Ways and Means.
4. Authorizes the legislative auditor to audit any LEAD fund, businesses in which the fund invests, and investors receiving a tax credit from investing in a fund.
5. Provides for noncompliance criteria and grounds for fund decertification and tax credit forfeiture.