

Leger (HB 726)**Act No. 265**

Existing law taxes insurers based on the amount of premiums, known as "premium tax".

New law establishes the Louisiana New Markets 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 low-income community business located in La.

New law defines "qualified active low-income community business" (QALICB or business) as an entity which under federal law is defined as a business located in either a census tract with a poverty rate of at least 20% or a census tract with a median income that does not exceed 80% of the benchmark median income. Further defines a "qualified community development entity" (QCDE or entity) as a privately managed investment entity that has received New Market Tax Credit allocation authority.

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

New law provides that the amount of the tax credit shall be the product of multiplying the amount of the investment purchase price (investment authority) by the following percentages: 14% for the first and second years and 8.5% for the third and fourth years. 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. Unclaimed tax credits are transferable to one or more transferees.

New law authorizes a total of \$55,000,000 of investment authority for certification and allocation for the purpose of earning tax credits. The department shall begin accepting applications on August 1, 2013, for allocation and certification of up to \$55,000,000 of QEI.

New law requires that investments eligible for the award of tax credits be certified by the Dept. of Revenue. If a QCDE applies for certification of investments, the department shall inform such entity within 30 days of application whether the application is certified or denied. In the case of a denial, the entity shall have the right to provide additional information regarding the application within 15 days of the denial.

New law requires the issuance of investments within 20 days of receiving certification.

New law provides for conditions under which the Dept. of Insurance shall recapture tax credits which include a recapture of federal tax credits by the federal government, or a failure to invest an amount equal to 100% of the purchase price of the investment within 12 months of the issuance of the investment.

New law requires the payment of a deposit of \$500,000 for an application for qualification of an investment. The deposit shall be paid to the Dept. of Revenue and deposited into the New Markets performance guarantee account which is established by new law. The deposit is returnable after compliance with the requirements of new law.

New law requires reporting by a QCDE to the Dept. of Revenue within five days of the first anniversary of the initial credit allowance date, as well as annual reporting with regard to the number of employment positions created and retained as a result of the investments and the average annual salary of such positions.

New 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.

New law authorizes the department to promulgate rules to implement the provisions of new law.

New law applies to tax returns or reports originally due on or after Jan. 1, 2014.

Effective August 1, 2013.

(Adds R.S. 47:6016.1)