HLS 15RS-877 ORIGINAL

2015 Regular Session

1

HOUSE BILL NO. 217

BY REPRESENTATIVE BOUIE

TAX CREDITS: Changes the definition of "qualified community development business" for purposes of the insurance premium tax credit available through the La. New Markets Jobs Act

AN ACT

2	To amend and reenact R.S. 47:6016.1(B)(6), relative to tax credits; to provide with respect
3	to the Louisiana New Markets Jobs Act program; to provide for eligibility
4	requirements for the tax credit; to provide for definitions; to provide for
5	applicability; to provide for effectiveness; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. 47:6016.1(B)(6) is hereby amended and reenacted to read as follows:
8	§6016.1. Louisiana New Markets Jobs Act; premium tax credit
9	* * *
10	B. As used in this Section, the following words, terms, and phrases have the
11	meaning ascribed to them unless a different meaning is clearly indicated by the
12	context:
13	* * *
14	(6) "Qualified community development entity" has the meaning given such
15	term in Section 45D of the Internal Revenue Code of 1986, as amended; provided
16	that such entity has entered into, for the current year or any prior year, an allocation
17	${\color{blue} \textbf{agreement with the Community Development Financial Institutions Fund of the U.S.}}$
18	Department of the Treasury with respect to credits authorized by Section 45D of the
19	Internal Revenue Code of 1986, as amended, which includes the state of Louisiana

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

within the service area set forth in such allocation agreement. The term shall include
qualified community development entities that are controlled by or under common
control with any such qualified community development entity.

\* \* \*

Section 2. This Act shall become effective upon signature by the governor or, if not
signed by the governor, upon expiration of the time for bills to become law without signature
by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

vetoed by the governor and subsequently approved by the legislature, this Act shall become

9 effective on the day following such approval.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 217 Original

8

2015 Regular Session

Bouie

**Abstract:** Changes the definition of "qualified community development entity" by eliminating the requirement that the entity enters into an allocation agreement with the U.S. Treasury Department.

<u>Present law</u> provides an insurance premium tax credit based on the investment of private capital in a low-income community business through the La. New Markets Jobs Act program. 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 ten years. Unclaimed tax credits are transferable to one or more transferees.

<u>Present law</u> authorizes a total of \$55 million of investment authority for certification and allocation for the purpose of earning tax credits.

<u>Present law</u> defines the specific types of investments required for tax credit eligibility, including a definition of "qualified community development entity".

<u>Proposed law</u> changes the definition of "qualified community development entity" by eliminating the requirement that the entity enter into an allocation agreement with the U.S. Treasury Department.

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

(Amends R.S. 47:6016.1(B)(6))