

2016 First Extraordinary Session

SENATE BILL NO. 7

BY SENATOR DONAHUE

TAX/TAXATION. Establishes a baseline limit on all claims against income and franchise tax for Angel Investor Tax Credit Program filed during a fiscal year on a first-income, first-served basis and gives claims above the amount priority in the next fiscal year. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:6020(B)(1) and (D)(1), to enact R.S. 47:6020(G), and to
3 repeal R.S. 47:6020(D)(1) and (2)(a) as amended by Acts 2015, No. 125, Section 5,
4 relative to income and corporation tax credits; to reduce the amount of the Angel
5 Investor Tax Credits that can be granted annually; to provide a baseline amount of
6 credits that may be claimed in a fiscal year; to provide a termination date for the
7 credit; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

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

11 §6020. Angel Investor Tax Credit Program

12 * * *

13 B. Administration. (1) Program. ~~Investments~~ **For investments** made on or
14 after January 1, 2011, **and before July 1, 2021,** by qualifying individuals or entities
15 that invest in a Louisiana Entrepreneurial Business as defined by R.S. 51:2303(5)
16 may apply for, and if qualified, be granted a tax credit. The administration of tax
17 credit applications, certification of eligibility and qualification of applicants for tax

1 credits, and the provision for these credits shall be known as the Angel Investor Tax
2 Credit Program, hereinafter referred to as "program".

3 * * *

4 D. Tax credits. (1)(a) The total amount of tax credits granted by the
5 department in any calendar year **through 2015** shall not exceed three million six
6 hundred thousand dollars.

7 **(b) For the period from January 1, 2016, through June 30, 2016, the total**
8 **amount of tax credits granted by the department shall not exceed two million**
9 **dollars.**

10 **(c) Beginning Fiscal Year 2016-2017, the total amount of tax credits**
11 **granted by the department in any fiscal year through Fiscal Year 2020-2021**
12 **shall not exceed three million dollars. No credits shall be granted after June 30,**
13 **2021. Credits granted before July 1, 2021, shall be applied as provided in this**
14 **Section; however, no additional credits shall be granted.**

15 **(d) The Subject to the provisions of Subsection G of this Section, the**
16 department shall by rule establish the method of allocating available tax credits to
17 investors including but not limited to a first-come, first-served system, reservation
18 of tax credits for a specific time period, or other method which the department, in its
19 discretion, may find beneficial to the program. **If For calendar years before 2016,**
20 **if the department does not grant the entire three million six hundred thousand dollars**
21 **in amount of allowable** tax credits in any calendar year, the amount of residual
22 unused tax credits shall carry forward to subsequent calendar years and may be
23 granted in any year without regard to the ~~three million six hundred thousand~~
24 **applicable** dollar per year limitation, **however, no grant of residual unused credits**
25 **shall be permitted after December 31, 2015.** After the approval of an investor pool,
26 the department shall issue a letter identifying the amount of tax credits that are
27 available to that pool; however, no tax credit shall be granted to an investor until the
28 investment has been made in the Louisiana Entrepreneurial Business.

29 * * *

1 **G. Notwithstanding any other provision of this Section, for each fiscal**
2 **year beginning Fiscal Year 2016-2017, no more than three million dollars, the**
3 **baseline average of the aggregate amount of claims filed for the credits provided**
4 **for in this Section during the five fiscal years from Fiscal Year 2008-2009 to**
5 **Fiscal Year 2013-2014, shall be allowed as a credit against income or corporate**
6 **franchise tax liability, or both, for all such claims for the credit filed during a**
7 **fiscal year. Claims for the credit shall be allowed on a first-come, first-served**
8 **basis. Any taxpayer whose claim for such tax credit is disallowed may use the**
9 **tax credit against income or corporate franchise tax liability due in a return**
10 **filed in the next fiscal year, or both, and his claim shall have priority over other**
11 **claims filed after the date and time of his original claim.**

12 Section 2. R.S. 47:6020(D)(1) and (2)(a) as amended by Acts 2015, No. 125, Section
13 5 are hereby repealed.

14 Section 3. This Act shall become effective upon signature by the governor or, if not
15 signed by the governor, upon expiration of the time for bills to become law without signature
16 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
17 vetoed by the governor and subsequently approved by the legislature, this Act shall become
18 effective on the day following such approval.

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

DIGEST

SB 7 Original

2016 First Extraordinary Session

Donahue

Present law provides for the Angel Investor Tax Credit Program. Provides relative to the purpose of, administration of, and qualifications for participation in the program. Provides for calculation and transferability of the credits granted.

Proposed law retains present law.

Present law caps the amount of credits that may be granted by the Dept. of Economic Development at \$3.6 million per calendar year. Provides that, to the extent the \$3.6 million cap is not reached in a particular year, the residual unused credits shall carry forward to subsequent years and may be granted in any year without regard to the \$3.6 million cap.

Proposed law retains present law through Dec. 31, 2015.

Proposed law eliminates the granting of residual unused credits and caps the amount of credits that may be granted by DED for the six-month period from Jan. 1, 2016, through

June 30, 2016, at \$2 million.

Proposed law establishes a cap of \$3 million on the total amount of credits that may be granted in a fiscal year beginning with FY 2016-17.

Proposed law terminates the program June 30, 2021.

Proposed law establishes a cap of \$3 million on the total amount of credits that may be claimed by taxpayers in a fiscal year beginning with FY 2016-17. The cap is the baseline average of the aggregate amount of claims filed for the credits provided for in present law during the five fiscal years from FY 2008-09 to FY 2013-14.

Proposed law provides that claims for the credit shall be allowed on a first-come, first-served basis. Provides that any taxpayer whose claim for the credit is disallowed may use the credit against income or corporate franchise tax liability due in a return filed in the next fiscal year and his claim shall have priority over other claims filed after the date and time of his original claim.

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

(Amends R.S. 47:6020(B)(1) and (D)(1); adds R.S. 47:6020(G); repeals R.S. 47:6020(D)(1) and (2)(a) as amended by Acts 2015, No. 125, §5)