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

DIGEST

SB Original | 2019 Regular Session | Luneau

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

Proposed law establishes the "Louisiana Rural 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 rural business located in the state.

Proposed law defines "rural business" as a business with fewer than 100 employees, that maintains its principal operations in one or more rural areas of the state, and is engaged in a business with a NAICS code as follows:

(1) Sector 11 - Agriculture, Forestry, Fishing, and Hunting

(2) Sector 21 - Mining

(3) Sector 23 - Construction

(4) Sector 31-33 - Manufacturing

(5) Sector 42 - Wholesale trade

(6) Sector 48-49 - Transportation and Warehousing

(7) Sector 54 - Professional, Scientific, and Technical Services, except those related to the legal and accounting professions

(8) Sector 56 - Administrative and Support and Waste Management and Remediation Services

(9) Sector 62 - Healthcare and Social Assistance

(10) Sector 81 - Other Services, except Public Administration

(11) Any other NAICS code if the department determines that the investment will be in the best interest of the rural area and economic growth of the state.

Proposed law defines a "rural growth fund" as an entity that is a "rural business investment company" pursuant to federal law and is determined by the Dept. of Economic Development as meeting the capitalization, job creation, and revenue impact assessment requirements of the program.

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

Proposed law authorizes a maximum of $150 million of investment authority and $112.5 million of investor contributions for certification and allocation for the purpose of earning tax credits. The department shall begin accepting applications on Oct. 1, 2019.

Proposed law provides that the allocation of investment authority and investor contributions by the department will be on a first-come, first-served basis. However, if requests received on the same day for investment authority exceed this limitation, the department shall proportionally reduce the investment authority and the investor contributions for each approved application.

Proposed law requires that investments eligible for the award of tax credits be approved by the Dept. of Revenue. If an applicant applies for approval as a rural growth fund, the department shall inform the entity within 30 days of application whether the application is approved 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 receipt of the denial.

Proposed law requires the collection of investments by the rural growth fund within 60 days of receiving approval.

Proposed law provides that the amount of the tax credit shall be equal to the amount of the investor contribution.

Proposed law authorizes credits to be used to reduce premium tax to be taken in an amount equal to 1/5 each year beginning with the third year through the seventh year of the investment. 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.

Proposed law does not allow transfer or allocation of the credits except to a related entity that had an insurance premium tax liability at the time the rural growth fund application was originally submitted.

Proposed law provides for conditions under which the Dept. of Insurance shall recapture tax credits, which include a failure to invest an amount equal to 100% of the purchase price of the investment within two years of the closing date, failure to maintain the investment through year seven, and making an unauthorized rural growth investment to a rural business.

Proposed law requires reporting by a rural growth fund to the Dept. of Economic Development, the Senate Committee on Revenue and Fiscal Affairs, and the House Committee on Ways and Means within five days of the second 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 the positions.

Proposed law authorizes a rural growth fund to apply to exit the program on or after the seventh anniversary of the closing date, but only if it has made rural growth investments equal to at least one hundred fifty percent of its investment authority.

Proposed law authorizes the state to receive a portion of any distribution when a rural growth fund exits the program if the rural growth fund fails to create or retain the number of jobs projected in the application.

Proposed law requires the Dept. of Economic Development to notify the Dept. of Insurance of the name of any insurance company allocated tax credits, as well as the amount of any credits.

Proposed law authorizes the Dept. of Economic Development to promulgate rules to implement the provisions of proposed law in accordance with the APA.

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

(Adds R.S. 47:6016.2)