

2019 Regular Session

SENATE BILL NO. 124

BY SENATOR WALSWORTH

TAX/TAXATION. Provides relative to the Angel Investor Tax Credit Program. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:6020(D)(1), (2)(a) and (b), and (G), relative to the Angel
3 Investor Tax Credit Program; to provide for the annual program cap; to provide for
4 the credit rate; to provide for utilization of the credit; to provide for the sunset date
5 of the credit program; to provide for effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6020(D)(1), (2)(a) and (b), and (G) are hereby amended and
8 reenacted to read as follows:

9 §6020. Angel Investor Tax Credit Program

10 * * *

11 D. Tax credits. (1) The total amount of tax credits granted by the department
12 in any calendar year shall not exceed ~~three million six hundred thousand~~ **five million**
13 dollars. The department shall by rule establish the method of allocating available tax
14 credits to investors including but not limited to a first-come, first-served system,
15 reservation of tax credits for a specific time period, or other method which the
16 department, in its discretion, may find beneficial to the program. If the department
17 does not grant the entire ~~three million six hundred thousand~~ **five million** dollars in

1 tax credits in any calendar year, the amount of residual unused tax credits shall carry
2 forward to subsequent calendar years and may be granted in any year without regard
3 to the ~~three million six hundred thousand~~ **five million** dollar per year limitation.
4 After the approval of an investor pool, the department shall issue a letter identifying
5 the amount of tax credits that are available to that pool; however, no tax credit shall
6 be granted to an investor until the investment has been made in the Louisiana
7 Entrepreneurial Business.

8 (2)(a) An investor may apply for and, if qualified, be granted a credit on any
9 income or corporation franchise tax liability owed to the state by the taxpayer
10 ~~seeking to claim the credit~~ in the amount approved by the secretary of the
11 department. The amount of the tax credit shall be based upon the amount of money
12 invested by the investor in the Louisiana Entrepreneurial Business, which investment
13 shall not exceed seven hundred twenty thousand dollars per year per business and
14 one million four hundred forty thousand dollars total per business. Except as
15 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed
16 against the income tax for the taxable period in which the credit is earned and the
17 franchise tax for the taxable period following the period in which the credit is earned.
18 The credits approved by the department shall be granted at the rate of ~~twenty-five~~
19 **thirty** percent of the amount of the investment with the credit divided in equal
20 portions for ~~three~~ **two** years.

21 (b) After certifying the eligibility of the Louisiana Entrepreneurial Business
22 and the amount of the investment, the secretary of the department shall issue a tax
23 credit certificate, a copy of which is to be attached to the tax return of the angel
24 investor. The tax credit ~~available in the first year shall become deductible from~~
25 **certified shall become available to offset** tax liability in the taxpayer's income tax
26 year ~~which occurs twenty-four months from~~ **that begins on or after January first**
27 **of the year after** the date the department certifies the amount of the investment.

28 * * *

29 G. No credits shall be granted or reserved under this program for reservation

1 applications received by the department on or after July 1, ~~2021~~ **2023**.

2 Section 2. The provisions of this Act shall apply to reservation applications received
3 on or after January 1, 2020.

4 Section 3. This Act shall become effective upon signature by the governor or, if not
5 signed by the governor, upon expiration of the time for bills to become law without signature
6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
7 vetoed by the governor and subsequently approved by the legislature, this Act shall become
8 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 124 Original	2019 Regular Session	Walsworth

Present law provides for an annual program cap for the Angel Investor Tax Credit Program of \$3.6 million.

Proposed law increases the annual program cap to \$5 million.

Present law provides for a tax credit of 25% of eligible investments.

Proposed law increases the tax credit to 30% of eligible investments.

Present law divides credits earned under the program into equal parts to be used over three tax years.

Proposed law divides credits earned under the program into equal parts to be used over two tax years.

Present law does not allow taxpayers to use the credits to offset their tax liability until 24 months after receipt of a tax credit certificate from the Department of Economic Development.

Proposed law allows taxpayers to use these tax credits to offset their tax liabilities beginning January first after receipt of the tax credit certificate.

Present law limits the program to applications received by the Department of Economic Development before July 1, 2021.

Proposed law extends the expiration period to July 1, 2023.

Proposed law applies to applications received by the Department of Economic Development on or after January 1, 2020.

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

(Amends R.S. 47:6020(D)(1), (2)(a) and (b), and (G))