
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jerry J. Guillot.

DIGEST

Present law, relative to the Louisiana Capital Companies Tax Credit Program, provides that the calculation of internal rate of return shall include all cash distributions to equity investors out of the certified capital company's investment pool, except for tax distributions and management fees. Provides that management fees shall not exceed two and one-half percent per annum of the total certified capital of the pool without the prior approval of the secretary.

Present law provides for all certified capital pools formed after December 31, 2001, if a certified Louisiana capital company does not place (1) 40% of the investment pool in qualified investments within three years after the investment date, (2) 60% of the investment pool in qualified investments within five years of the investment date, and (3) 100% of the investment pool in qualified investments within seven years of the investment date, then following a decertification pursuant to present law, such company shall remit to the Louisiana Economic Development Fund 25% of all distributions, other than tax distributions and management fees, until the Louisiana Economic Development Fund shall have received 100% of the tax credits granted for such pool and thereafter the company shall remit 10% of all distributions, other than tax distributions and management fees to the Louisiana Economic Development Fund. Provides that if a certified Louisiana capital company has not decertified an investment pool formed after December 31, 2001, pursuant present law within 10 years from the investment date, such company shall remit to the Louisiana Economic Development Fund 50% percent of all distributions until the Louisiana Economic Development Fund shall have received 100% of the tax credits granted for such pool, and thereafter the company shall remit 20% of all distributions to the Louisiana Economic Development Fund.

Proposed law provides for all certified capital pools formed after December 31, 2001, if a certified Louisiana capital company does not place (1) 40% of the investment pool in qualified investments within three years after the investment date, (2) 60% of the investment pool in qualified investments within five years of the investment date, and (3) upon the company's option either (a) 100% of the investment pool in qualified investments within seven years of the investment date or (b) 110% of the investment pool in qualified investments within eight years of the investment date, then following a decertification pursuant to present law, such company shall remit to the Louisiana Economic Development Fund as provided in present law. Otherwise retains present law.

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

(Amends R.S. 51:1927.1(C))