

Prior law, relative to the Louisiana Capital Companies Tax Credit Program, provided 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.

Prior law provided 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 prior law, such company shall remit to the Louisiana Economic Development Fund ("fund") 25% of all distributions, other than tax distributions and management fees, until the 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 fund. Provided that if a certified Louisiana capital company has not decertified an investment pool formed after December 31, 2001, pursuant to prior law within 10 years from the investment date, such company shall remit to the fund 50% percent of all distributions until the 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 fund.

New 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 prior law, such company shall remit to the Louisiana Economic Development Fund as provided in prior law. Otherwise retains prior law.

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

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