

ACT No. 345

2017 Regular Session

HOUSE BILL NO. 454

BY REPRESENTATIVE ABRAMSON

1 AN ACT

2 To amend and reenact R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and
3 (F)(2), to enact R.S. 47:6020(G), and to repeal R.S. 47:6020(D)(1) and (2)(a) as
4 amended by Section 5 of Act No. 125 of the 2015 Regular Session of the Legislature
5 and Section 3 of Act No. 414 of the 2011 Regular Session of the Legislature, as
6 amended by Act No. 104 of the 2015 Regular Session of the Legislature, relative to
7 tax credits; to provide for the termination date for the Angel Investor Tax Credit
8 Program; to provide for the amount of the credit; to provide with respect to the
9 claiming of the credit; to provide for effectiveness; and to provide for related
10 matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 47:6020(G) is hereby enacted to read as follows:

13 §6020. Angel Investor Tax Credit Program

14 * * *

15 G. No credits shall be granted or reserved under this program for reservation
16 applications received by the department on or after July 1, 2021.

17 Section 2. R.S. 47:6020(C)(2)(b), (D)(1), (2)(a) and (b), and (5)(a) and (b), and
18 (F)(2) are hereby amended and reenacted to read as follows:

19 §6020. Angel Investor Tax Credit Program

20 * * *

21 C. Qualifications.

22 * * *

1 (2) To qualify for an angel investor tax credit, the Louisiana Entrepreneurial
 2 Business in which the investment is made shall meet all the following requirements:

3 * * *

4 (b) Prior to the ~~investment~~ award of the credit, the department has approved
 5 certified the business as ~~one which may receive investments which may qualify for~~
 6 ~~a tax credit~~ a Louisiana Entrepreneurial Business under the program.

7 * * *

8 D. Tax credits. (1) The total amount of tax credits granted by the
 9 department in any calendar year shall not exceed three million six hundred thousand
 10 dollars. The department shall by rule establish the method of allocating available tax
 11 credits to investors including but not limited to a first-come, first-served system,
 12 reservation of tax credits for a specific time period, or other method which the
 13 department, in its discretion, may find beneficial to the program. If the department
 14 does not grant the entire three million six hundred thousand dollars in tax credits in
 15 any calendar year, the amount of residual unused tax credits shall carry forward to
 16 subsequent calendar years and may be granted in any year without regard to the three
 17 million six hundred thousand dollar per year limitation. After the approval of an
 18 investor pool, the department shall issue a letter identifying the amount of tax credits
 19 that are available to that pool; however, no tax credit shall be granted to an investor
 20 until the investment has been made in the Louisiana Entrepreneurial Business.

21 (2)(a) An investor may apply for and, if qualified, be granted a credit on any
 22 income or corporation franchise tax liability owed to the state by the taxpayer
 23 seeking to claim the credit in the amount approved by the secretary of the
 24 department. The amount of the tax credit shall be based upon the amount of money
 25 invested by the investor in the Louisiana Entrepreneurial Business, which investment
 26 shall not exceed seven hundred twenty thousand dollars per year per business and
 27 one million four hundred forty thousand dollars total per business. Except as
 28 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed
 29 against the income tax for the taxable period in which the credit is earned and the
 30 franchise tax for the taxable period following the period in which the credit is earned.

1 The credits approved by the department shall be granted at the rate of twenty-five
 2 percent of the amount of the investment with the credit divided in equal portions for
 3 three years.

4 (b) After certifying the eligibility of the Louisiana Entrepreneurial Business
 5 and the amount of the investment, the secretary of the department shall issue a tax
 6 credit certificate, a copy of which is to be attached to the tax return of the angel
 7 investor. The tax credit available in the first year shall become deductible from tax
 8 liability in the taxpayer's income tax year which occurs twenty-four months from the
 9 date the department certifies the amount of the investment.

10 * * *

11 (5)(a) If at the close of any calendar year in the five-year period beginning
 12 with the first year in which a tax credit certificate was issued to an investor, the
 13 Louisiana Entrepreneurial Business is no longer domiciled in Louisiana, the tax
 14 credit shall be recaptured from the investor unless change of domicile is the result
 15 of a merger, consolidation, or other acquisition of such business or all or
 16 substantially all of the assets of the business with or by a party not affiliated with the
 17 business.

18 (b) If at the close of any calendar year in the three-year period beginning
 19 with the first year a tax credit certificate was issued to an investor, the investor
 20 transfers the equity received in connection with the qualified investment, the tax
 21 credit shall be recaptured from the investor unless the transfer results from any of the
 22 following circumstances:

- 23 (i) The liquidation of the business issuing the equity;
- 24 (ii) The merger, consolidation, or other acquisition of ~~such~~ the business or
 25 all or substantially all of the assets of the business with or by a party not affiliated
 26 with the business; ~~or~~
- 27 (iii) The death of the investor; .
- 28 (iv) The transfer of the equity in the Louisiana Entrepreneurial Business by
 29 the investor is to an entity, trust, or other organization under the control of the
 30 investor. For purposes of this Subparagraph, an entity shall be deemed to be in

1 control of an investor if the investor is the beneficiary owner of at least a majority
2 of the outstanding equity securities of the entity or has the right to control the voting
3 power of the entity, trust, or other organization to which the securities are
4 transferred.

5 * * *

6 F. Transferability of the credit. Any Angel Investor Tax Credits not
7 previously claimed by any taxpayer against its tax may be transferred or sold to
8 another Louisiana taxpayer, subject to the following conditions:

9 * * *

10 (2) Transferors and transferees shall submit to the Department of Revenue,
11 in writing, a notification of any transfer or sale of tax credits within ten business days
12 after the transfer or sale of such tax credits. The notification shall include the
13 transferor's tax credit balance prior to transfer, a copy of any tax credit certificate
14 issued by the secretary of the Department of Economic Development, the transferor's
15 remaining tax credit balance after transfer, all tax identification numbers for both
16 transferor and transferee, the date of transfer, the amount transferred, the price paid
17 by the transferee to the transferor, and any other information required by the
18 department or the Department of Revenue. Any information submitted by a
19 transferor or transferee shall be treated by the department and the Department of
20 Revenue as proprietary to the entity or person reporting such information and
21 therefore confidential. However, this shall not prevent the publication of summary
22 data that includes no fewer than three transactions.

23 * * *

24 Section 3. The provisions of Section 5 of Act No. 125 of the 2015 Regular Session
25 of the Legislature as amended by Act No. 29 of the 2016 First Extraordinary Session of the
26 Legislature amending R.S. 47:6020(D)(1) and (2)(a) and Section 3 of Act No. 414 of the
27 2011 Regular Session of the Legislature as amended by Act No. 104 of the 2015 Regular
28 Session of the Legislature are hereby repealed in their entirety.

1 Section 4. Sections 1, 4, and 5 of this Act shall become effective on July 1, 2017.

2 Section 5. Sections 2 and 3 of this Act shall become effective on July 1, 2018.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____