HLS 23RS-704 ORIGINAL

2023 Regular Session

HOUSE BILL NO. 429

1

BY REPRESENTATIVES PRESSLY, DAVIS, AND WILLARD

TAX CREDITS: Provides relative to the Angel Investor Tax Credit Program

AN ACT

2	To amend and reenact R.S. 47:6020(D)(2)(a) and (b), (G), and (H), relative to the Angel
3	Investor Tax Credit Program of the Department of Economic Development; to
4	provide relative to credits against income and corporation franchise tax liability
5	approved through the program; to eliminate a requirement that such credits granted
6	to investors be divided in equal portions for two years; to extend the tax credit
7	program for a certain duration; to make technical changes; and to provide for related
8	matters.
9	Be it enacted by the Legislature of Louisiana:
10	Section 1. R.S. 47:6020(D)(2)(a) and (b), (G), and (H) are hereby amended and
11	reenacted to read as follows:
12	§6020. Angel Investor Tax Credit Program
13	* * *
14	D. Tax credits.
15	* * *
16	(2)(a) An investor may apply for and, if qualified, be granted a credit on any
17	income or corporation franchise tax liability owed to the state by the taxpayer
18	seeking to claim the credit in the amount approved by the secretary of the
19	department. The amount of the tax credit shall be based upon the amount of money
20	invested by the investor in the Louisiana Entrepreneurial Business, which investment

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shall not exceed seven hundred twenty thousand dollars per year per business and one million four hundred forty thousand dollars total per business. Except as otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed against the income tax for the taxable period in which the credit is earned and the franchise tax for the taxable period following the period in which the credit is earned. The credits approved by the department shall be granted at the rate of twenty-five percent of the amount of the investment with the credit divided in equal portions for two years.

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

* * *

G.(1) Except as provided for in Paragraph (3) (4) of this Subsection, applications received on or after July 1, 2020, for investments that meet the requirements of Subsection C of this Section, and the requirements of 26 U.S.C. 1400Z-1; and 1400Z-2, and applicable federal regulations shall be entitled to an enhanced credit in accordance with the provisions of this Subsection.

(1) (2) The amount of the credit granted by the department shall be thirty-five percent of the amount of the investment with the credit divided in equal portions for two years.

(2) (3) In addition to the credit cap provided for in Subsection D of this Section, the total amount of credits granted under this Subsection shall not exceed three million six hundred thousand dollars per year for a total program cap of seven million two hundred thousand dollars per year. If the department does not grant the entire three million six hundred thousand dollars in tax credits in any calendar year authorized pursuant to this Subsection, the amount of unused tax credits shall carry

1 forward to subsequent calendar years and may be granted in any year without regard 2 to the three million six hundred thousand dollar annual cap provided for in this 3 Subsection. 4 (3) (4) To the extent that federal laws and regulations relative to opportunity zones require that business revenues be derived from within the opportunity zone, 5 6 otherwise eligible businesses shall be exempt from the requirement that fifty percent 7 or more of sales shall come from out of state as specified in Subsection C of this 8 Section. 9 H. No credits shall be granted or reserved under this program for reservation 10 applications received by the department on or after July 1, 2025 2029.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 429 Original

2023 Regular Session

Pressly

Abstract: Eliminates a requirement that certain corporate income and franchise tax credits granted through the Angel Investor Tax Credit Program be divided in equal portions for two years and extends the tax credit program by four years.

<u>Present law</u> establishes the Angel Investor Tax Credit Program. Provides for administration of the program by the Department of Economic Development (department). Provides that the program is intended to achieve the following purposes:

- (1) To encourage third parties to invest in early stage wealth-creating businesses in the state.
- (2) To expand the economy of the state by enlarging its base of wealth-creating businesses.
- (3) To enlarge the number of quality jobs available to retain the presence of young people educated in La.

<u>Present law</u> provides that, through this program, investors may apply for and, if qualified, be granted credits on their income or corporation franchise tax liability. Provides for all of the following with respect to the credits:

- (1) A credit shall be based upon the amount of money that the investor invests in a La. entrepreneurial business, as defined in <u>present law</u>.
- (2) A credit shall be granted in an amount approved by the secretary of the department.
- (3) A credit approved by the department shall be divided in equal portions for two years.

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<u>Proposed law</u> repeals <u>present law</u> requiring that credits approved by the department shall be divided in equal portions for two years. Otherwise, retains <u>present law</u>.

<u>Present law</u> stipulates that no credits shall be granted or reserved pursuant to <u>present law</u> for reservation applications received by the department on or after July 1, 2025. <u>Proposed law</u> revises <u>present law</u> to extend this period and provide instead that no credits shall be granted or reserved for reservation applications received by the department on or after July 1, 2029.

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