

2025 Regular Session

SENATE BILL NO. 186

BY SENATOR REESE

TAX/TAXATION. Provides relative to the New Markets tax credit. (gov sig)

AN ACT

To amend and reenact R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c), (2), and (5)(d), and the introductory paragraph of (H)(1) and to enact R.S. 47:6016.1(E)(1)(g) and (5)(e) and (J)(4) and (5), relative to the New Markets Jobs Act premium tax credit; to provide for the definition of qualified active low-income community business; to provide for the definition of qualified low-income community investment; to provide for the application requirements to be designated a qualified equity investment; to provide for the denial of applications under certain circumstances; to provide relative to the deposit required under certain circumstances; to provide for equity investment authority after a certain date; to provide for reporting requirements; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c), (2), and (5)(d), and the introductory paragraph of (H)(1) are hereby amended and reenacted and R.S. 47:6016.1(E)(1)(g) and (5)(e) and (J)(4) and (5) are hereby enacted to read as follows:

§6016.1. Louisiana New Markets Jobs Act; premium tax credit

\* \* \*

1 B. As used in this Section, the following words, terms, and phrases have the  
2 meaning ascribed to them unless a different meaning is clearly indicated by the  
3 context:

4 \* \* \*

5 (8) "Qualified active low-income community business" has the meaning  
6 given such term in Section 45D of the Internal Revenue Code of 1986, as amended,  
7 and 26 CFR 1.45D-1.

8 (a) With respect to qualified equity investments issued on or after August 1,  
9 2020, a qualified active low-income community business shall also be engaged in an  
10 industry assigned a primary North American Industry Classification System code  
11 within sector 11, 21, 23, 31, 32, 33, 42, 48, 49, 54, 56, 62, 72, or 81 and have total  
12 employees that do not exceed the greater of two hundred fifty and the number of  
13 employees set forth for the business's North American Industry Classification  
14 System code sector in 13 CFR 121.201.

15 \* \* \*

16 (11) "Qualified low-income community investment" means any capital or  
17 equity investment in, or loan to, any qualified active low-income community  
18 business. With respect to any one qualified active low-income community business,  
19 the maximum amount of qualified low-income community investments made in that  
20 business, on a collective basis with all of its affiliates that may be counted towards  
21 satisfaction of Subparagraph (10)(b) of this Subsection is ten million dollars for  
22 qualified equity investments issued prior to August 1, 2020, ~~and~~ five million dollars  
23 for qualified equity investments issued on or after August 1, 2020, **and before**  
24 **August 1, 2025, and ten million dollars for qualified equity investments issued**  
25 **on or after August 1, 2025,** whether issued by one or several qualified community  
26 development entities. Any amounts returned or repaid by such qualified active  
27 low-income community business to a qualified community development entity may  
28 be reinvested in such qualified active low-income community business by such  
29 qualified community development entity and not be counted against the ten million

dollar limit provided for in this Paragraph. The caps on qualified low-income community investments per qualified low-income community business shall only apply to awards of qualified equity investment authority on a per application round basis authorized pursuant to Paragraph (E)(5) of this Section.

\* \* \*

E.(1) A qualified community development entity that seeks to have an equity investment designated as a qualified equity investment and eligible for tax credits under this Section shall apply to the department. On a form prescribed by the department, the qualified community development entity shall include each of the following in or attached to its application:

\* \* \*

(c) A certificate executed by an executive officer of the applicant attesting that either:

(i) the allocation agreement remains in effect and has not otherwise been revoked or cancelled by the Community Development Financial Institutions Fund.

(ii) The allocation agreement has expired but was not revoked or cancelled by the Community Development Institutions Fund and the applicant or its affiliates have received a prior certification of qualified equity investment authority pursuant to this Section after August 1, 2020.

\* \* \*

(g) If the applicant, including affiliates, has received a prior certification of qualified equity investment authority, a certificate executed by an executive officer of the applicant attesting that the applicant, including affiliates, has not been subject to a deposit forfeiture pursuant to Subsection H of this Section.

(2) Within thirty days after receipt of a completed application containing the information set forth in Paragraph (1) of this Subsection, including the deposit ~~as~~ if required in Subsection H of this Section, the department shall grant or deny the application in full or in part. If the department denies any part of the application, it shall inform the qualified community development entity of the grounds for the

denial. The department shall deny all applications that do not satisfy Subparagraph (1)(g) of this Subsection. If the qualified community development entity provides additional information required by the department or otherwise completes its application within fifteen days of the notice of denial, the application shall be considered completed as of the original date of the submission. If the qualified community development entity fails to provide the information or complete its application within the fifteen-day period, the application remains denied and must be resubmitted in full with a new submission date, and the department shall refund the performance deposit.

\* \* \*

(5)(a)

\* \* \*

(d) A total of one hundred fifty million dollars of qualified equity investment authority shall be available for certification and allocation for applications beginning August 1, 2025. The department shall accept applications beginning on August 1, 2025, for allocation and certification of up to one hundred fifty million dollars of qualified equity investments.

(e) If a pending request cannot be fully certified due to these limits of qualified equity investment authority, the department shall certify the portion of qualified equity investment authority that may be certified unless the qualified community development entity elects to withdraw its request rather than receive partial certification.

\* \* \*

H.(1) A qualified community development entity that seeks to have an equity investment designated as a qualified equity investment and eligible for tax credits pursuant to this Section shall pay a deposit in the amount of five hundred thousand dollars payable to the department, provided that this requirement shall not apply to qualified community development entities, including affiliates, that have received prior certifications of qualified equity investment authority pursuant to this Section and have not been subject to forfeiture of prior deposits. The

entity shall forfeit the deposit in its entirety if either:

\* \* \*

J.(1) \* \* \*

**(4) Qualified community development entities that issue qualified equity investments after August 1, 2025, shall submit a report to the secretary of Louisiana Economic Development within the first five business days after the first anniversary of the initial credit allowance date and thereafter an annual report within forty-five days of the beginning of the calendar year during the compliance period, that contains the following information:**

**(a) The name of each qualified active low-income community business that received a qualified low-income community investment and a brief description of the qualified active low-income community business, including its sector assigned by the North American Industry Classification System code.**

**(b) The location of each qualified active low-income community business, including whether the business is an impact business as defined in this Section.**

**(c) The amount of the qualified low-income community investment made in each qualified active low-income community business.**

**(d) The number of employment positions created and retained as a result of the qualified low-income community investment and the average salary of such positions, including whether the positions offer benefits and training.**

**(e) The number of employment positions expected to be created as a result of each such qualified low-income community investment.**

**(f) The poverty rate and median family income, based on the most recent census estimate by the United States Census Bureau, for each low-income community with a qualified active low-income community business that received a qualified low-income community investment.**

**(g) The preceding twelve-month average monthly unemployment rate, based on United States Bureau of Labor Statistics data, for each low-income community with a qualified active low-income community business that**

received a qualified low-income community investment.

(h) The amount of any federal qualified low-income community investment received by each qualified active low-income community business.

(i) Any additional information the qualified community development entity may add concerning the qualified low-income community investment and its impact on the low-income community or the state, such as community support, environmental effects, follow-up capital investment, and other related economic development impacts.

(5) The qualified community development entity is not required to provide the annual report as provided for in Paragraph (4) of this Subsection for qualified low-income community investments that have been redeemed or repaid.

\* \* \*

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, 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)]

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#### DIGEST

SB 186 Reengrossed

2025 Regular Session

Reese

Present law provides for the Louisiana New Markets Jobs Act tax credit that may be claimed against insurance premium tax. Provides that eligibility for the credit is based on the investment of private capital in a low-income community business located in Louisiana.

Proposed law retains present law.

Present law defines "qualified low-income community investment" means any capital or equity investment in, or loan to, any qualified active low-income community business. Further provides the maximum amount of qualified low-income community investments made in any one qualified active low-income community business, collectively with all of its affiliates, is \$10M for qualified equity investments issued prior to August 1, 2020, and \$5M for qualified equity investments issued on or after August 1, 2020, whether issued by one or several qualified community development entities.

Proposed law retains present law but increases the maximum amount of qualified low-income community investments made in one qualified active low-income community business to \$10M for investments made on or after August 1, 2025. Further clarifies that the investment caps on qualified low-income community investments per qualified low-income community business only apply to awards of qualified equity investment authority on a per application round basis.

Present law requires qualified community development entities to include documentation with its application for an equity investment, including an attestation that the allocation agreement executed by the applicant or its controlling entity and the Community Development Financial Institutions Fund.

Proposed law retains present law but also allows for an expired allocation agreement if it was not revoked or cancelled by the Community Development Financial Institutions Fund and the applicant or its affiliate has received a prior certification of qualified equity investment authority after August 1, 2020.

Proposed law requires an applicant to provide an attestation that a prior certification of qualified equity investment authority has not been subject to a deposit forfeiture. Further requires the department to deny all applications that cannot provide such attestation.

Proposed law provides for \$150M of qualified equity investment authority available for certification and allocation for applications beginning August 1, 2025. Further requires the department to begin accepting applications beginning on August 1, 2025, for the allocation of certification of the \$150M of qualified equity investments.

Present law requires a deposit to the department of \$500,000 for each qualified community development entity seeking to have a qualified equity investment eligible for tax credits.

Proposed law retains present law but provides that the deposit requirement does not apply to qualified community development entities or their affiliates who have received prior certification of qualified equity investment authority and have not been subject to forfeiture of previous deposits.

Proposed law requires qualified community development entities that issue qualified equity investments after August 1, 2025, to submit a report to the secretary of LED within five business days of the first anniversary of the initial credit allowance date and annually thereafter. The report is required to contain the following information:

- (1) The name of each qualified active low-income community business which received a qualified low-income community investment and a brief description of the qualified active low-income community business, including its sector assigned by the North American Industry Classification System code.
- (2) The location of such qualified active low-income community businesses, including whether the business is an impact business as defined in this Section.
- (3) The amount of the qualified low-income community investment made into each qualified active low-income community business.
- (4) The number of employment positions created and retained as a result of each qualified low-income community investment and the average salary of such positions, including whether such jobs offer benefits and training.
- (5) The number of employment positions expected to be created as a result of each such qualified low-income community investment.
- (6) The poverty rate and median family income, based on the most recent census

estimate by the United States Census Bureau, for each low-income community with a qualified active low-income community business that received a qualified low-income community investment.

- (7) The preceding twelve-month average monthly unemployment rate, based on the United States Bureau of Labor Statistics data, for each low-income community with a qualified active low-income community business that received a qualified low-income community investment.
- (8) The amount of any federal qualified low-income community investment received by such qualified active low-income community businesses.
- (9) Any additional information the qualified community development entity may add concerning the qualified low-income community investment and its impact on the low-income community or the state, such as community support, environmental effects, follow-on capital investment, and other related economic development.

Proposed law exempts qualified community development entity's whose qualified low-income community investments has been redeemed or repaid from the reporting requirement.

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

(Amends R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c), (2) and (5)(d), and (H)(1)(intro para); adds R.S. 47:6016.1(E)(1)(g), (5)(e) and (J)(4) and (5))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

- 1. Amend the definition of qualified active low-income community business.
- 2. Amend the definition of qualified low-income community investment.
- 3. Allow the secretary to waive size limitations of a qualified active low-income community business if LED determines that the investment will be beneficial to the job and economic growth of the state.
- 4. Provide that investment caps only apply to awards on a per application round basis.
- 5. Change documentation requirements on the application for a qualified equity investment.
- 6. Authorize \$150M in qualified equity investment authority for applications received on or after August 1, 2025.
- 7. Exempt certain qualified community development entities and their affiliates from the deposit requirements.

##### Senate Floor Amendments to engrossed bill

- 1. Remove provision allowing the secretary of LDR to waive the employee size limitations if LED determines that the investment will be beneficial to the job and economic growth of La.
- 2. Provide for reporting requirements of qualified community development



entities that issue qualified equity investments after August 1, 2025.

3. Provide an exemption from the reporting requirements for certain qualified community development entities based upon the specific investment.
4. Make technical changes.