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SB 186 Engrossed

DIGEST
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 active low-income community business" to have the same meaning as under federal law and regulations. Further provides that for qualified equity investments after August 1, 2020, the qualified active low-income community business is required to meet certain NAICS code and employee requirements.

Proposed law retains present law and allows 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.

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.

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) and (5)(d), and (H)(1)(intro para); adds R.S. 47:6016.1(E)(1)(g) and (5)(e))

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.