

GREEN SHEET REDIGEST

HB 665

2025 Regular Session

Willard

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

DIGEST

Present law establishes the Angel Investor Tax Credit Program and provides for administration of the program by La. Economic Development (LED). Authorizes individuals and entities that make qualifying investments in La. Entrepreneurial Businesses, as defined by present law, to apply for and, if approved, be granted credits against income tax and corporation franchise tax liability through the program. Present law which becomes operative Jan. 1, 2026, repeals the corporation franchise tax, making credits through the program applicable exclusively to income tax liability on and after Jan. 1, 2026. Proposed law retains present law.

Present law authorizes granting of tax credits in an amount equal to either 25% or 35% of the amount of a taxpayer's qualifying investment depending on characteristics of the investment. Requires that credit amounts be divided in equal portions for two years. Proposed law adds investments in La. entrepreneurial businesses located in a parish with a population less than 50,000 to eligibility for the 35% credit and repeals the requirement that credit amounts be divided in equal portions for two years; otherwise, retains present law.

Present law establishes a \$3.6M annual cap on the overall amount of credits to be granted at the 25% rate. Also establishes a \$3.6M annual cap on the overall amount of credits to be granted at the 35% rate. Provides, however, that if LED does not grant the entire amount of credits allowed under either cap in any calendar year, the amount of residual unused tax credits shall carry forward to subsequent calendar years and may be granted in any year without regard to the respective annual cap. Proposed law retains present law.

Present law requires LED to adopt rules as necessary for the efficient and effective administration of the credit program and requires the rules include provisions for an application process, presentation of an investor's eligibility certification, and the submission of annual reports by La. entrepreneurial businesses regarding certain investment, employment, and revenue factors.

Proposed law repeals present law requiring LED to adopt rules regarding the submission of annual reports by La. entrepreneurial businesses and otherwise retains present law.

Proposed law requires each La. entrepreneurial business to submit a report containing the following information:

- (1) The total amount of angel investment the business is seeking at the time of application and the intended use of the proceeds.
- (2) The number of employees and the amount of total payroll at the time of application.
- (3) The number of employment positions and payroll expected to be added as a result of the angel investment.
- (4) The number of patents filed by and issued to the La. entrepreneurial business.
- (5) The amount of any grant or contract awarded from the federal Small Business Technology Transfer Program or a federal Small Business Innovation Research Grant.
- (6) Identification of any partnerships or other contractual relationships with Louisiana colleges and universities for research or innovation projects.
- (7) The primary city and parish where the business is located.

- (8) The annual business revenues of the La. entrepreneurial business in the prior calendar year.
- (9) Any other relevant information as requested by the department.

Present law requires a La. entrepreneurial business to meet all the following requirements in order to receive an investment:

- (1) The principal business operations of the business are located in La.
- (2) Prior to the award of the credit, the department has certified the business as a Louisiana Entrepreneurial Business under the program.
- (3) The business must demonstrate that it will be a wealth-creating business for La. by demonstrating in its business plan that it will have more than fifty percent of its sales from outside Louisiana.
- (4) The business is not a business engaged primarily in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds.

Proposed law additionally requires the business to demonstrate that it will primarily be engaged in one of the following business sectors as determined by LED: energy and process industries, logistics, aerospace and defense, agribusiness, professional services, life sciences, and technology; removes professional services from the prohibited business list; and otherwise retains present law.

Proposed law provides that no new Angel Investor Tax Credits shall be reserved after June 30, 2026. Prohibits, beginning Jan. 1, 2026, the carry-forward of residual unused credit amounts. Provides, however, that LED may grant credits pursuant to present law and proposed law until the balance of residual unused credits accumulated prior to Jan. 1, 2026, is exhausted.

Present law provides that no credits shall be granted or reserved through the Angel Investor Tax Credit Program for reservation applications received by LED after June 30, 2025. Proposed law extends the application deadline from June 30, 2025, to the date when the total amount of unused credits carried forward from prior years is exhausted.

Proposed law including references to corporation franchise tax, which is operative until Jan. 1, 2026, becomes effective upon signature of governor or lapse of time for gubernatorial action.

Proposed law omitting references to corporation franchise tax becomes effective Jan. 1, 2026.

(Amends R.S. 47:6020(C)(2)(c) and (d), (D)(1), (2)(a) and (b), (G), and (H); adds R.S. 47:6020(B)(3) and (C)(2)(e); repeals R.S. 47:6020(B)(2)(c))

Summary of Amendments Adopted by Senate

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

1. Require an La. entrepreneurial business be primarily engaged in certain business sectors to qualify.
2. Remove professional services companies from the prohibited businesses list since it is included in the targeted business sectors.
3. Require La. entrepreneurial businesses to report certain information to LED.
3. Change the sunset date from no new credits authorized after December 31, 2026 to no new credits reserved after June 30, 2026.

4. Provide for enhanced credit for investments in La. entrepreneurial businesses located in parishes with a population less than 50,000.
5. Make technical changes.