The original instrument was prepared by Riley Boudreaux. The following digest, which does not constitute a part of the legislative instrument, was prepared by Nancy Vicknair.

DIGEST

Morrell (SB 99)

Proposed law provides that the applicable percentage for qualified investments issued to taxpayers on and after September 1, 2011, is zero percent for the first 3 credit allowance dates, and 10% for the remainder of the credit allowance dates.

Present law defines "credit allowance date" to mean with respect to any qualified equity investment the date on which such investment is initially made and the first two anniversaries of such date and with respect to qualified equity investments issued prior to July 1, 2007, the date on which the initial investment is made and the first six anniversaries of such date.

Proposed law provides that "credit allowance date" means the following with respect to any qualified equity investment issued during the following periods:

(1) With respect to qualified equity investments issued prior to September 1, 2011, but on and after July 1, 2007, the date on which such investment is initially made and the first two anniversaries of such date.

(2) With respect to qualified equity investments issued prior to July 1, 2007, the date on which the initial investment is made and the first six anniversaries of such date.

(3) With respect to qualified equity investments issued on and after September 1, 2011, the date on which such investment is initially made and the first five anniversaries of such date.

Present law limits to $50 million the aggregate amount of new market tax credit that can be issued for "qualified equity investments" after April 1, 2008.

Proposed law adds $30 million of credits that can be issued, as follows:

1. A maximum of $15 million of the total is made available for issuance beginning on September 1, 2011, which may be claimed on a return due after December 31, 2011.

2. A maximum of $15 million of the total is made available for issuance beginning on September 1, 2012, which may be claimed on a return due after December 31, 2012.

Proposed law requires that credits issued on or after September 1, 2011, be earned and vested on the date that the qualified equity investment which, in turn, has been invested in a qualified low-income community business, is made but shall not be claimed on a return due on or before

December 31, 2014.

Proposed law requires that credits issued on or after September 1, 2012, be earned and vested on the date that the qualified equity investment which, in turn, has been invested in a qualified low-income community business, is made but shall not be claimed on a return due on or before December 31, 2015.

Present law allows tax credits for "qualified equity investments" which, in turn, have been invested in qualified low-income community investments until December 31, 2013.

Proposed law extends that tax credit allowance period indefinitely, if such qualified equity investment is issued prior to December 31, 2014.

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

(Amends R.S. 47:6016(B)(2)(b), 6016(B)(3), (E)(2)(a)(intro para), (E)(2)(a)(iv), and (I); adds R.S. 47:6016 6016(B)(2)(c), (E)(2)(a)(v), (vi), and (7) and (8))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill.

1. Increases the amount of available credit by $30 million (instead of by $37.5 million), but authorizes issuance of $15 million beginning September 1, 2011, and allows those credits to be claimed after December 31st of that year, and another $15 million beginning September 1, 2012 to be claimed on returns filed after December 31st of that year.

2. Designates the "credit allowance date" for such credits above (i.e. the date upon which a taxpayer can claim a credit) as the date on which the investments are initially made and the first five anniversaries of such date. The credit is equal to the "applicable percentage" of the adjusted purchase price paid to the issuer of the qualified equity investment (i.e. which has in turn invested in qualified low-income community investments) for such "credit allowance date". The proposed law now provides that the "applicable percentage" for those "credit allowance dates" dates is zero percent for the first three credit allowance dates and 10% for the remainder.