**M. Jackson** **HB No. 597**

**(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)**

**TAX CREDITS. Converts the Angel Investor Tax Credit Program to the Angel Investor Rebate Program and provides for the rebate program.**

DIGEST

Present law became null and void on Dec. 31, 2009. It authorized a refundable credit against La. income and corporation franchise tax liability for qualifying individuals which invested in "La. Entrepreneurial Businesses", as approved by the Dept. of Economic Development (hereinafter department).

Present law authorized refundable credits equal to 50% of the amount of the investment, for investments of up to $1 million per year, and $2 million per business. The credit is divided in equal portions for five years and expires and has no value or effect on tax liability beginning with the 11th tax year after the tax year in which it was originally granted.

Proposed law retains present law but reduces the credit to 35% of the amount of the investment and provides that the tax credit available in the first year shall become payable 24 months from the date the department certifies the amount of the investment and otherwise provides for the eligibility requirements for investments and the businesses in which they are made.

Proposed law authorizes the department to establish by rule the method of allocating available tax credits to applicants, which may include a first-come, first-served system, reservation of tax credits for a specified time period, or other method which the department deems appropriate.

Present law prohibits the funds invested by applicants for the tax credit to have been raised as a result of other Louisiana tax incentive programs or funds pooled or organized through capital placement agreements for the purpose of equity and venture capital investing unless approved by the Department of Economic Development.

Proposed law deletes this prohibition.

Present law limits the total amount of tax credits which the department may grant each calendar year to $5 million. Any residual amount which remains at year's end may be used to provide tax credits in subsequent years, notwithstanding the $5 million annual cap.

Present law requires the department to issue a tax credit certificate to qualifying investors and requires the certificate to contain certain specific background information for the rebate regarding the investor, investment, and Louisiana Entrepreneurial Business. Further, a copy of the tax credit certificate is provided to the secretary of the Dept. of Revenue.

Present law provides the conditions under which tax credits must be repaid or recaptured, including the change of domicile of a La. Entrepreneurial Business or the use of investment monies in a manner deemed inappropriate by the department.

Present law provides that tax credits granted but later disallowed in whole, or in part, or subject to recapture or repayment, may be recovered by the Dept. of Revenue. Interest may be assessed and collected on recovered rebate monies, at a rate of 15% per annum.

Proposed law retains present law.

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

(Amends R.S. 47:6020; repeal R.S. 47:6020.1, 6020.2, and 6020.3)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Added requirement that the Dept. of Economic Development transmit monthly an angel investor rebate report to the Dept. of Revenue.

2. Changed the document which contains the background information relating to each rebate from the tax rebate certificate to the monthly angel investor rebate report.

3. Deleted corporation franchise tax collections as a source from which rebates shall be paid.

Summary of Amendments Adopted by Senate

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

1. Changes the program back to a tax credit from a rebate.

2. Makes the tax credit non-refundable.