
DIGEST

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HB 541 Original

2015 Regular Session

Stokes

Abstract: Reestablishes the Angel Investor Tax Credit Program, reduces the amount of the credit from 35% to 30% of the investment, reduces the limitation on an investor's percentage of ownership in the business, and reestablishes the credit through July 1, 2019.

Present law authorizes a credit against La. income and corporation franchise tax liability for qualifying individuals who invest in "La. Entrepreneurial Businesses", as approved and certified by the Dept. of Economic Development ("department").

Present law authorizes \$5 million per year in transferrable tax credits for the program, with any residual amount unused at year's end carried forward for use in subsequent years, notwithstanding the \$5 million annual cap. The credit is equal to 35% of the amount of the investment, for investments of up to \$1 million per year, and \$2 million per business. The total amount of the credit is divided into five equal portions, and the first year in which the credit can be used is 24 months after the investment was certified by the department.

Proposed law retains present law with the following changes: the amount of the credit is reduced from 35% to 30% of the amount invested, the number of years into which the amount of the credit is divided is reduced from 5 to 3 years, and the period of time before the credit may be used is reduced from 24 to 12 months.

Proposed law adds convertible securities issued by the La. Entrepreneurial Business as qualified investments for purposes of the program.

Proposed law requires that a qualifying investment shall be made no more than 30 days prior to the application for tax credits.

Present law prohibits an angel investor from being a principal owner of a La. Entrepreneurial Business, with such ownership deemed to be 50% or more.

Proposed law changes present law by reducing the limitation on an investor's ownership in the business from 50% or more to 30%.

Present law becomes null and void on July 1, 2015.

Provisions of proposed law become null and void on July 1, 2019.

Applicable to applications made on or after July 1, 2015.

Effective July 1, 2015.

(Amends R.S. 47:6020(C)(1)(a) and (b), (2)(b), (D)(1) and (2)(a) and (b); Adds R.S. 47:6020(G))