

2015 Regular Session

HOUSE BILL NO. 725

BY REPRESENTATIVE LEGER

TAX CREDITS: Increases the qualified equity investment authority for the La. New Markets Jobs Act tax credits

1 AN ACT

2 To amend and reenact R.S. 47:6016.1(B)(1) and to enact 47:6016.1(N), relative to insurance  
3 premium tax; to provide for the Louisiana New Markets Jobs Act tax credits; to  
4 provide for definitions, to provide for applicable percentage; to provide with respect  
5 to issuance date; to provide with respect to amounts available for certification and  
6 allocation; to provide for applicability; to provide for an effective date; and to  
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6016.1(B)(1) is hereby amended and reenacted and R.S.  
10 47:6016.1(N) is hereby enacted to read as follows:

11 §6016.1. Louisiana New Markets Jobs Act; premium tax credit

12 \* \* \*

13 B. As used in this Section, the following words, terms, and phrases have the  
14 meaning ascribed to them unless a different meaning is clearly indicated by the  
15 context:

16 (1) "Applicable percentage" means: ~~fourteen percent for the first and second~~  
17 ~~credit allowance dates and eight and one-half percent for the third and fourth credit~~  
18 ~~allowance dates.~~ with respect to qualified equity investments issued after August 1,  
19 2013 but prior to August 1, 2015, fourteen percent for the first and second credit

1 allowance dates and eight and one-half percent for the third and fourth credit  
2 allowance dates.

3 \* \* \*

4 N. Sixty-five million dollars of qualified equity investment authority shall  
5 be available for certification and allocation for qualified equity investments as  
6 provided in this Subsection, and for which the department shall accept applications  
7 beginning August 1, 2015.

8 (1) For purposes of this Subsection, "applicable percentage" means zero  
9 percent for the first through third credit allowance dates and fifteen percent for the  
10 fourth through sixth credit allowance dates.

11 (2) For purposes of this Subsection, a qualified community development  
12 entity together with its transferees pursuant to Paragraph (E)(6) of this Section shall  
13 invest an aggregate amount equal to no less than twenty-five percent of the purchase  
14 price of its total certified qualified equity investments in qualified active low-income  
15 community businesses located in non-metropolitan parishes in this state as identified  
16 by the Community Development Financial Institutions Fund. The level of  
17 investment shall be maintained in accordance with Paragraph (F)(1) of this Section.

18 (3) For purposes of this Subsection, no affiliate of a qualified active  
19 low-income community business that receives a qualified low-income community  
20 investment may directly or indirectly, either:

21 (a) Own or have the right to acquire an ownership interest in a qualified  
22 community development entity or member or affiliate of a qualified community  
23 development entity, including a holder of a qualified equity investment issued by the  
24 qualified community development entity; or

25 (b) Loan to or invest in a qualified community development entity or  
26 member or affiliate of a qualified community development entity, including a holder  
27 of a qualified equity investment issued by a qualified community development entity  
28 when the proceeds of the loan or investment are directly or indirectly used to fund  
29 or refinance the purchase of a qualified equity investment.

1           (4) The requirements of Paragraph (E)(7) of this Section with respect to  
 2           designating a qualified equity investment as a federal qualified equity investment  
 3           with the Community Development Financial Institutions Fund shall not apply to  
 4           qualified equity investments issued after December 1, 2015.

5           Section 2. The provisions of this Act shall be applicable to taxable periods beginning  
 6           on or after January 1, 2016.

7           Section 3. This Act shall become effective on July 1, 2015.

### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 725 Engrossed

2015 Regular Session

Leger

**Abstract:** Authorizes \$65 million in investment authority for \$29 million in tax credits allocated under the La. New Markets Jobs Act for investments made on or after Aug. 1, 2015.

Present law establishes the La. New Markets Jobs Act for purposes of a tax credit which may be claimed against insurance premium tax. Eligibility for the credit is based on the investment of private capital in a low-income community business located in La. The amount of the tax credit shall be the product of multiplying the amount of the investment purchase price (investment authority) by the following percentages: 14% for the 1<sup>st</sup> and 2<sup>nd</sup> credit allowance dates and 8.5% for the 3<sup>rd</sup> and 4<sup>th</sup> credit allowance dates.

Proposed law retains present law but changes the tax credit percentages for qualified equity investments issued on or after Aug. 1, 2015, as follows: 0% for the 1<sup>st</sup> through 3<sup>rd</sup> credit allowance dates and 15% for the 4<sup>th</sup> through 6<sup>th</sup> credit allowance dates (a total of 45%).

Proposed law retains present law and adds authority for certification and allocation of \$65 million in equity investments, for up to \$29 million in tax credits, beginning Aug. 1, 2015.

Proposed law requires that a qualified community development entity together with its transferees invest an aggregate amount equal to no less than 25% of the price of its total certified qualified equity investments in qualified active low-income community businesses located in non-metropolitan parishes in La. as identified by the Community Development Financial Institutions Fund.

Proposed law prohibits an affiliate of a qualified active low-income community business that receives a qualified low-income community investment from owning or having the right to own an interest in a qualified community development entity or member or affiliate of a qualified community development entity.

Proposed law prohibits an affiliate of a qualified active low-income community business from making a loan or investing in a qualified community development entity or member or affiliate of a qualified community development entity.

Proposed law provides that for qualified equity investments issued after Dec. 1, 2015, the requirement for a federal qualified equity investment with the Community Development Financial Institutions Fund shall not apply.

Applicable for all tax periods beginning on and after Jan. 1, 2016.

Effective July 1, 2015.

(Amends R.S. 47:6016.1(B)(1); Adds R.S. 47:6016.1(N))

Summary of Amendments Adopted by House

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

1. Change the amount of new authority for equity investments eligible for certification and allocation from \$100 to \$65 million. This reduces the amount of tax credits authorized from \$45 to \$29 million.
2. Add a requirement that a community development entity must invest 25% of its aggregate amount of certified qualified equity investments in qualified active low-income community businesses located in non-metropolitan parishes.
3. Add prohibitions regarding affiliates and related entities of a qualified community development entity or qualified active low-income community business.
4. Add an exemption from the requirement for a federal match for investments made after December 1, 2015.