

2015 Regular Session

SENATE BILL NO. 227

BY SENATOR DONAHUE

TAX/TAXATION. Establishes a baseline limit on all claims against premium tax for new market tax credits filed during a fiscal year on a first-come, first-served basis and gives claims above the amount priority in the next fiscal year. (gov sig)

1 AN ACT

2 To amend and reenact the introductory paragraph of R.S. 47:6016.1(C)(1) and R.S.
3 47:6016.1(E)(2), (3), and (5) and (M), relative to new markets tax credits; to provide
4 a baseline amount of credits that may be claimed in a fiscal year; to provide a
5 termination date for the credit; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. The introductory paragraph of R.S. 47:6016.1(C)(1) and R.S.
8 47:6016.1(E)(2), (3), and (5) and (M) are hereby amended and reenacted to read as follows:

9 §6016.1. Louisiana New Markets Jobs Act; premium tax credit

10 * * *

11 C.(1) ~~Any~~ **Subject to the provisions of Subsection M of this Section, any**
12 entity that makes a qualified equity investment is vested with an earned credit against
13 state premium tax liability that may be utilized as follows:

14 * * *

15 E. * * *

16 (2) Within thirty days after receipt of a completed application containing the
17 information set forth in Paragraph (1) of this Subsection, including the deposit as

1 required in Subsection H of this Section, the department shall grant or deny the
2 application in full or in part **and shall specify the year in which the credits may**
3 **first be claimed**. If the department denies any part of the application, it shall inform
4 the qualified community development entity of the grounds for the denial. If the
5 qualified community development entity provides additional information required
6 by the department or otherwise completes its application within fifteen days of the
7 notice of denial, the application shall be considered completed as of the original date
8 of the submission. If the qualified community development entity fails to provide the
9 information or complete its application within the fifteen- day period, the application
10 remains denied and must be resubmitted in full with a new submission date, and the
11 department shall refund the performance deposit.

12 (3) If the application is granted, the department shall certify the proposed
13 equity investment as a qualified equity investment that is eligible for tax credits
14 under this Section, subject to the limitations contained in **Subsection M of this**
15 **Section and in** Paragraph (5) of this Subsection. The department shall provide
16 written notice of the certification to the qualified community development entity.
17 The notice shall include the names of those entities who will earn the credits and
18 their respective credit amounts. If the names of the entities that are eligible to utilize
19 the credits change due to a transfer of a qualified equity investment or an allocation
20 pursuant to Paragraph (D)(1) of this Section, the qualified community development
21 entity shall notify the Department of Insurance of such change.

22 * * *

23 (5) ~~A~~ **Except as provided in Subsection M of this Section, a** total of fifty-
24 five million dollars of qualified equity investment authority shall be available for
25 certification and allocation. The department shall accept applications beginning on
26 August 1, 2013, for allocation and certification of up to fifty-five million dollars of
27 qualified equity investments. If a pending request cannot be fully certified due to
28 these limits of qualified equity investment authority, the department shall certify the
29 portion of qualified equity investment authority that may be certified unless the

1 qualified community development entity elects to withdraw its request rather than
2 receive partial certification.

3 * * *

4 M.(1) The provisions of this Section shall apply only to tax returns or reports
5 originally due on or after January 1, 2014.

6 **(2) Notwithstanding any other provision of this Section, for each fiscal**
7 **year beginning Fiscal Year 2015-2016, no more than twenty-six million dollars,**
8 **the baseline average of the aggregate amount of claims filed for the credits**
9 **provided for in this Section and in R.S. 47:6016 during the five fiscal years from**
10 **Fiscal Year 2008-2009 to Fiscal Year 2013-2014, shall be allowed as a credit**
11 **against premium tax liability for all such claims for the credit filed during a**
12 **fiscal year. Claims for the credit shall be allowed on a first-come, first-served**
13 **basis. Any taxpayer whose claim for such tax credit is disallowed may use the**
14 **tax credit against premium tax liability for the next fiscal year, and his claim**
15 **shall have priority over other claims filed after the date and time of his original**
16 **claim.**

17 **(3) The provisions of this Section shall terminate June 30, 2021.**

18 Section 2. This Act shall become effective upon signature by the governor or, if not
19 signed by the governor, upon expiration of the time for bills to become law without signature
20 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
21 vetoed by the governor and subsequently approved by the legislature, this Act shall become
22 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Laura Gail Sullivan.

DIGEST

SB 227 Original 2015 Regular Session Donahue

Present law provides for the La. New Markets Job Act, allowing credits against insurance premium taxes to be earned for certain qualified equity investments. Provides for definitions, eligibility, application procedures, and recapture of credits claimed under certain circumstances.

Proposed law retains present law.

Present law caps the total of credits that may be certified at \$55 million.

Proposed law establishes a cap of \$26 million on the total amount of credits allowed in a fiscal year beginning with FY 2015-16. The cap is the baseline average of the aggregate amount of claims filed for the new market credits provided for in present law during the five fiscal years from FY 2008-09 to FY 2013-14.

Proposed law provides that claims for the credit shall be allowed on a first-come, first-served basis. Provides that any taxpayer whose claim for the credit is disallowed may use the credit against tax liability due in the next fiscal year and his claim shall have priority over other claims filed after the date and time of his original claim.

Proposed law terminates the credit June 30, 2021.

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

(Amends R.S. 47:6016.1(C)(1)(intro para), (E)(2), (3), and (5), and (M))