

Regular Session, 2002

# ACT No. 66

HOUSE BILL NO. 153

BY REPRESENTATIVES RICHMOND, MURRAY, AND L. JACKSON

## AN ACT

To enact R.S. 47:6015, relative to tax credits; to provide for a tax credit from income and corporation franchise taxes for certain low-income community investments; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:6015 is hereby enacted to read as follows:

§6015. New markets tax credit

A. The legislature hereby finds and declares that the health, safety, and welfare of the people of the state are dependent upon the continued encouragement, development, growth, and expansion of the private sector within the state, especially increased access to capital in certain disadvantaged areas of the state. Therefore, it is hereby declared that the purpose of this Section is to encourage and attract private sector capital investment to such areas within the state.

B. As used in this Section, the following terms shall have the following meanings:

(1) "Adjusted purchase price" shall mean the product of:

(a) The amount paid to the issuer of a qualified equity investment for such qualified equity investment and which, in turn, has been invested in qualified low-income community investments.

(b) A fraction, the numerator of which is the dollar amount of qualified low-income community investments held by the issuer of the qualified equity investment in the state, determined as of the immediately preceding credit allowance date, and the denominator of which is the total dollar amount of qualified low-income community investments made by the issuer, determined as of the immediately preceding credit allowance date.

(2) "Applicable percentage" means:

(a) One percent for the first three credit allowance dates.

(b) Two percent with respect to the remainder of the credit allowance dates.

(3) "Credit allowance date" means with respect to any qualified equity investment:

(a) The date on which such investment is initially made.

(b) Each of the six anniversary dates of such date thereafter.

(4) "Qualified equity investment" and "qualified low-income community investments" shall have the same meaning given to them in Section 45D of the Internal Revenue Code. For purposes of this Section, however, "issuer of a qualified equity investment" shall not mean any such issuer who has made more than twenty-five percent of the total dollar amount of the issuer's "qualified low-income investments" in loans. Also, a "qualified low-income community investment" shall not consist of any investment secured directly or indirectly by the guarantee of the federal or state government or any agency or instrumentality of the federal or state governments.

C. A natural or juridical person who holds a qualified equity investment on a credit allowance date of such investment which occurs

during the taxable year may claim a credit against the person's Louisiana income or corporation franchise tax for such taxable year equal to the applicable percentage of the adjusted purchase price paid to the issuer of such qualified equity investment for such investment which, in turn, has been invested in qualified low-income community investments for such credit allowance date.

D. The total of all such credits taken by any person under this Section shall not exceed such person's total combined income and corporation franchise tax liability for that taxable year. Any credits that are not used in the first taxable year eligible for use shall carry forward and be eligible for use in future taxable years.

E. The aggregate amount of credits for all taxpayers during any taxable year shall not exceed five million dollars. An application for a tax credit pursuant to this Section shall be submitted to the secretary on forms established by the secretary prior to the use of the credit, and the allocation of tax credits under this Section shall be on a first-come, first-served basis.

F. If any amount of the federal tax credit available with respect to a qualified equity investment which is eligible for a credit under this Section is recaptured pursuant to the provisions of Section 45D of the Internal Revenue Code, the Department of Revenue shall have the right to recapture a portion of the credit granted with respect to such qualified equity investment under this Section. The percentage of the credit granted pursuant to this Section that may be recaptured pursuant to this Section shall be equal to the percentage of the total federal credit earned with respect to such qualified equity investment that is recaptured pursuant to Section 45D of the Internal Revenue Code.

G. The Department of Revenue shall promulgate such rules and regulations as may be necessary to carry out the purposes of this Section, including rules to facilitate the transfer of credits earned pursuant to this Section.

Section 2. The provisions of this Act shall become effective on September 1, 2002. The provisions of this Act shall become null and void on August 31, 2006.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_