

NOTICE OF INTENT

Department of Economic Development Office of the Secretary

Angel Investor Tax Credit Program (LAC 13: I. Chapter 33)

The Department of Economic Development as authorized by and pursuant to the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., R.S. 47:6020 through 6020.4, and R.S. 36:104, hereby give notice of their intent to adopt Rules for the administration of the Angel Investor Tax Credit Program.

The purpose of this regulation is to implement legislative changes to the Angel Investor Tax Credit program under R. S. 47:6020 as enacted by Act 253 of the 2023 Regular Session of the Louisiana Legislature.

Title 13 ECONOMIC DEVELOPMENT Part I. Financial Incentive Programs Chapter 33. Angel Investor Tax Credit

§3307. The Amount, Allocation and Limitations of the Angel Investor Tax Credits

A.-G...

1. Applications received on or after July 1, 2020, for qualified investments that meet the requirements of Subsection C of this Section and the requirements of 26 U.S.C. 1400Z-1, shall be entitled to an enhanced credit in accordance with the provisions of this Subsection.

2.-3...

4. [repeal]

H. No credits shall be granted or reserved under this program for reservation applications received by the department on or after July 1, 2030.

I...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 32:229 (February 2006), amended LR 32:1595 (September 2006), amended by Department of Economic Development, Office of the Secretary, LR 37:3196 (December 2011), amended by the Department of Economic Development, Office of Business Development, LR 42:35 (January 2016), amended by Department of Economic Development, Office of the Secretary, LR 47:37 (January 2021), amended by Department of Economic Development, Office of the Secretary, LR 47:1105 (August 2021), amended by Department of Economic Development, Office of the Secretary, LR

Family Impact Statement

The proposed Rule is not anticipated to have an impact on family formation, stability, and autonomy as described in R.S. 49:972.

Poverty Statement

The proposed Rule is not anticipated to have an impact on poverty as described in R.S. 49:973.

Provider Impact Statement

The proposed Rule is not anticipated to have an impact on providers of services as described in HCR 170 of the 2014 Regular Legislative Session.

Small Business Analysis

The proposed Rule could cause direct economic impact for investors newly eligible to participate in the program.

Public Comments

Interested persons should submit written comments on the proposed Rules Kelly Raney, Louisiana Department of Economic Development, 617 North 3rd Street, 11th Floor, Baton Rouge, LA 70802 or via email to Kelly.Raney@LA.GOV. All comments must be received no later than close of business day, Tuesday, October 24, 2023

Public Hearing

A meeting for the purpose of receiving the presentation of oral comments on the Notice of Intent will be held at 3 p.m. on Wednesday, October 25, 2023 in the La Belle Conference Room at the LaSalle Building, 617 North 3rd Street, Baton Rouge, LA 70802.

Anne G. Villa
Undersecretary, LED

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule changes are not anticipated to result in any direct material effect on governmental expenditures or savings to state or local governmental units as this impact is already contemplated in the agency's base budget. The proposed rule aligns the program guidelines, current statutory provisions, and administrative practices as required by Act 253 of the 2023 Regular Session regarding the Angel Investor Tax Credit. Any administrative duties brought about by the proposed rule changes will be carried out utilizing existing staff and resources at the LA Dept. of Economic Development (LED).

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Act 253 of the 2023 Regular Session extends the Angel Investor Tax Credit by five years from FY25 to FY30 with the first impacts being declining revenue beginning in FY27 due to an average delay of 2 years between initial certification and credit utilization for the projects eligible under the extension. This amount cannot be determined due to unknown future investor activity. However, the program typically reduces state general fund by about \$2.5M annually and, without additional information, it is expected that the same annual impact will continue under the extension.

The Act also repeals certain federal eligibility requirements for the portion of the program that award credits of 35% of an angel investment taken over two years. LED indicates that these federal provisions are not utilized under current practice which makes the repeal of these requirements have no impact on eligibility or program utilization and thus state revenue.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

The proposed rule change has no effect on persons, small businesses or non-governmental groups beyond those experienced in the current program. Investors earning credits under the extended timeframe would otherwise not be eligible and any businesses receiving the investment may be required to seek a different means of funding.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Companies receiving benefits under this program will continue to gain competitively over companies that do not receive the program's benefits.

