

OFFICE OF THE STATE REGISTER INSERTION ORDER (eff.08/02)
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(SUBMIT A SEPARATE INSERTION ORDER PER DOCUMENT)

EMERGENCY RULE NOTICE OF INTENT RULE POTPOURRI

REFER TO INSTRUCTIONS ON REVERSE SIDE

This is your authority to publish in the (month) September, 20 23 Louisiana Register the document indicated above.

Office of Business Development
 Office/Board/Commission promulgating this document

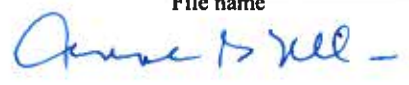
Anne G. Villa Undersecretary
(name) (title)
 Name and title of person whose signature will appear in the publication (at the end of the document)

Department of Economic Development
 Department under which office/board/commission is classified

Steph LeGrange 342-5403
(name) (phone) (fax)
 Name, phone number, and FAX number of person to contact regarding this document

Stephanie.Legrange@la.gov
 E-mail address of contact person

Angel Investor Tax Credit Program
 Short descriptive listing for this document to be used in the Louisiana Register's TABLE OF CONTENTS/INDEX

File name


Signature of Agency Head or Designee
Anne G. Villa, Undersecretary
 Print Name and Title of Agency Head or Designee

Important: If submitting both an Emergency Rule (ER) and a Notice of Intent (NOI) to be published this month, AND if the rule text in the ER is identical to the rule text in the NOI, check here:

CERTIFICATION OF AVAILABLE FUNDS DOCUMENT # _____

LAGOV AGENCY: I certify the availability of fiscal year _____ appropriated funds for the payment of the above referenced publication and authorize the processing of an Interagency Billing with the following coding on the 30th of the month of the publication. Attach supplemental sheet for additional lines of coding.

252		2521077000		25200000000			
Business Area	General Ledger	Cost Center	Grant	Fund	WBS	Internal Order	Functional

NON-LAGOV AGENCY: I certify the availability of fiscal year _____ appropriated funds for the payment of the above referenced publication and agree to place corresponding invoice in line for payment upon receipt.

Billing Contact Information:
LED
 Agency Name
Taylor Richard
 Agency Contact Person for Billing
Taylor.Richard@la.gov
 Agency E-Mail Address for Billing

 342-9658
 Signature of Agency Head or Designee - Phone #

NOTE: Detailed billing information will be provided via a publishing invoice sent to the Billing Contact Information provided.

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person
Preparing
Statement: Leticia Johnson Dept.: Economic Development
Phone: (225) 342-3000 Office: Office of Business Development
Return
Address: 617 North Third St. Rule
Baton Rouge, LA 70802 Title: Angel Investor Tax Credit
Date Rule
Takes Effect Upon promulgation

SUMMARY

In accordance with Section 961 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

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 impact 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.

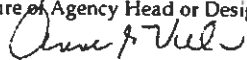
III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

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.

Signature of Agency Head or Designee



Anne G. Villa, Undersecretary

Date of Signature



Legislative Fiscal Officer or Designee

9-7-23

Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

The proposed rule change regarding the Angel Investor Tax Credit extends the program sunset for credits granted or reserved from July 1, 2025 to July 1, 2030 and removes the eligibility requirements of 26 U.S.C. 1400Z-2 and applicable federal regulations related to Opportunity Zone Fund and federal constraints.

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

The proposed rule better aligns the program guidelines, current statutory provisions, and administrative practices as required by Act 253 of the 2023 Louisiana Legislative Regular Session.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

The proposed rule changes will not result in any increase in the expenditure of public funds.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a) _____ Yes. If yes, attach documentation.

(b) _____ NO. If no, provide justification as to why this rule change should be published at this time

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

COSTS	FY 24	FY 25	FY 26
Personal Services	0.00	0.00	0.00
Operating Expenses	0.00	0.00	0.00
Professional Services	0.00	0.00	0.00
Other Charges	0.00	0.00	0.00
Equipment	0.00	0.00	0.00
Major Repairs & Constr.	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00

POSITIONS (#)

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

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).

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY 24	FY 25	FY 26
State General Fund	0.00	0.00	0.00
Agency Self-Generated	0.00	0.00	0.00
Dedicated	0.00	0.00	0.00
Federal Funds	0.00	0.00	0.00
Other (Specify)	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

The agency currently has sufficient fund to implement this action.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

There will be no costs or savings to local government from the actions of the proposed changes. This program will only effect state taxes.

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

No sources of funding of local government will be affected.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 24	FY 25	FY 26
State General Fund	0.00	0.00	0.00
Agency Self-Generated	0.00	0.00	0.00
Dedicated Funds*	0.00	0.00	0.00
Federal Funds	0.00	0.00	0.00
Local Funds	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00

*Specify the particular fund being impacted.

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

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.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS

- A. What persons, small businesses, or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

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.

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

There is no impact on receipts and/or income resulting from this rule change to these groups.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

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

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

Chapter 33. Angel Investor Tax Credit

§3301. General

A. The intent of the Angel Investor Tax Credit Program Act of 2011 (Act 414 of 2011; R.S. 47:6020, the provisions of which shall hereinafter be referred to as "Act 414") is to enhance the entrepreneurial business environment and raise ready sources of capital for this environment through encouraging third parties to invest in early stage wealth-creating businesses expanding the economy of the state, enlarging the quality jobs available in Louisiana to retain the presence of young people in Louisiana. These provisions are to be read in *pari materiae* with Act 414. For the purposes of this Chapter, the "department" shall be Louisiana Economic Development.

B. Act 414 repealed the Angel Investor Tax Credit Program Act of 2005 and replaced it with the reenacted provisions of R.S. 47:6020. Therefore, effective July 8, 2011, which is the date the governor signed Act 414, the department must recertify all Louisiana entrepreneurial businesses and all annual and program caps for individual businesses will start over.

C. Effective date of the 2021 Angel Investor Tax Credit Program rule changes.

1. The provisions of the 2021 rule changes shall apply to applications filed after the date of promulgation, detailed in the Louisiana Register published on (Month) 20, 2021, except for the provisions of Section 3303 codifying current administrative practice.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 through 6020.4 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 32:228 (February 2006), amended LR 32:1594 (September 2006), amended by Department of Economic Development, Office of the Secretary, LR 37:3495 (December 2011), amended by Department of Economic Development, Office of the Secretary, LR 47:1105 (August 2021).

§3302. Definitions

A. Terms not otherwise defined in this Chapter shall have the same meaning given to them in R.S. 47:6020 unless the context clearly requires otherwise.

B. In this Chapter, the following terms shall have the meaning provided in this Section, unless the context clearly requires otherwise.

Angel Pool—a group of persons including corporations, partnerships, limited liability partnerships and limited liability corporations composed of persons meeting the qualifications of an accredited investor.

Certification—certification by the department recognizing the company as an eligible Louisiana Entrepreneurial Business.

Department—the Department of Economic Development.

LEB—Louisiana Entrepreneurial Business.

NAICS—North American Industrial Classification System.

Opportunity Zone—a community development program established by Congress in the Tax Cuts and Jobs Act of 2017 defined as a population census tract that is a low-income community that is designated as a qualified opportunity zone.

Professional Services—occupations requiring specialized education, knowledge, labor, judgment or are predominantly mental or intellectual in nature; and which may require the holding of a professional license. Professional services firms may engage in activities which include, but are not limited to, architecture, engineering, legal services and accounting.

Qualified Investment—a cash investment into a Louisiana Entrepreneurial Business by an Accredited Investor which may be in the form of equity, convertible debt, or other types of subordinate debt as approved by the department. Only the initial principal amount of any debt investment is eligible for the credit.

Reservation Letter—letter issued by the department provisionally indicating the dollar amount of credits which their investors may be eligible to receive if proof of qualified investment can be shown.

Subordinate Debt—

- a. by its terms requires no repayment of principal for the first three years after issuance;
- b. is not guaranteed by any other person or secured by any assets of the LEB or any other person;
and
- c. is subordinated to all indebtedness and obligations of the LEB to its general creditors.

Tax Credit Certification Letter—letter issued by the department certifying the dollar amount of Angel Investor Tax Credits earned by an investor for a particular tax year.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 through 6020.4 and R.S. 36:104.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary, LR 47:1105 (August 2021).

§3303. Accredited Investor

A. An accredited investor shall meet the definition established by Rule 501 in Regulation D of the General Rules and Regulations promulgated under the Securities Act of 1933, which may include but not be limited to the following:

1. an angel pool (which may be a limited liability corporation or limited liability partnership, as provided below) as determined by the department, all of whose participants shall be accredited investors;
2. a person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase;
3. a person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
4. the qualified investment in the Louisiana Entrepreneurial Business must be maintained for three years unless otherwise approved by the Department of Economic Development;

5. persons, including corporations, partnerships, limited liability partnerships and limited liability corporations composed of persons meeting the qualifications of Paragraphs A.2 and 3 above, provided that the person's share of the tax credits of the entrepreneurial business shall not exceed that person's share of the profits of the entrepreneurial business or a person's share of the tax credits as a partner or a member of a limited liability corporation or partnership shall not exceed that person's share of the profits of the LLC.

B. Angel pools may receive certification from the department upon showing:

1. the proposed pool of investors is organized solely for the purposes of making angel investments;
2. participants in the pool are given the opportunity to screen applicants for pool investments and to participate in deal reviews as well as post investment review of company performance;
3. participants are given the opportunity to opt in or out of proposed angel investments and are not participating solely upon the determinations of an investment or fund manager;
4. such other factors of operation of the pool as may distinguish it from the operation of a venture fund.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:6020 through 6020.4 and R.S. 36:104.
HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of the Secretary,

LR 32:228 (February 2006), amended LR 32:1594 (September 2006), amended by Department of Economic Development, Office of the Secretary, LR 37:3495 (December 2011), amended by Department of Economic Development, Office of the Secretary, LR 47:37 (January 2021), LR 47:1105 (August 2021).

§3305. Louisiana Entrepreneurial Business

A. A Louisiana Entrepreneurial Business shall be defined as those businesses approved by the department under Act 414 and that meet the following requirements.

1. A business shall provide the department with a business plan that includes all appropriate long and short term forecasts and contingencies of business operations, including research and development, profit, loss and cash flow projections and details of expenditure of angel investor funding in accordance with Act 414 and shall also include the following:

- a. the principal business operations of the business are located in Louisiana including Louisiana as the primary place of employment for the employees of the business;
- b. demonstrating a plan or progression through which more than 50 percent of its sales will be from outside of Louisiana;
- c. employs 50 or fewer full-time employees; and
- d. the business has either gross annual sales of less than \$10 million or a business net worth of less than \$2 million.

2. Exclusions

a. Businesses primarily engaged in the following activities are not eligible to be certified as a Louisiana entrepreneurial business: retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, and financial services, including venture capital funds.

b. Businesses primarily engaged in the following activities may qualify as a Louisiana entrepreneurial business but only if the department, in its discretion, determines from the business plan that the company is a wealth-creating business for Louisiana: state or local government enterprises, business associations and professional organizations as defined in North American Industry Classification System (NAICS) code 8139, automotive rental and leasing, local solid waste disposal, local sewage systems and local water systems businesses, hospitals or nonprofit organizations.

3. Such other findings by the department as shall be consistent with Act 414, provided that under no circumstances shall the department's certification of the applicant as a Louisiana entrepreneurial business be considered or implied to be an endorsement of the business or any investment in that business and the applicant shall so advise all investors of this fact.

B. Certification of a Louisiana entrepreneurial business shall be obtained from the department by submitting the above business plan together with the Louisiana taxpayer identification number of the business and all other information regarding those items necessary to qualify the investment in the business for the angel tax credit as provided for by Act 414 electronically to an email address specified by the department on its website. Upon receipt, the department shall make such requests for other information necessary to a determination that the business should or should not be certified as a Louisiana entrepreneurial business. The department's certification of the business shall include the Louisiana taxpayer identification number of the business. This certification shall be in effect for one year from the date of the department's letter. The certification may be extended for additional one year periods upon application to the department showing that the business continues to be an entrepreneurial business within the meaning of the Act and these Rules, and the application includes the use of proceeds previously raised, number of employees, amount of payroll, annual revenue, and such other information as shall be requested by the department. In order to continue to be certified, the business shall be in compliance with all reporting and other provisions of Act 414 and these Rules with respect to the administration of the credits.

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 32:228 (February 2006), amended LR 32:1594 (September 2006), amended by Department of Economic Development, Office of the Secretary, LR 37:3495 (December 2011).

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

A. The following rules shall be applicable to qualified investments by accredited investors in Louisiana entrepreneurial businesses.

1. For calendar year 2011, the department will begin accepting applications on September 1, and for all other calendar years, the department will begin accepting applications on January 1. The allocation of credits for all years will be administered on a first come, first serve basis until the annual \$3,600,000 cap has been reached. However, on the day that the cap is reached, all applications received that day will be treated as received at the same time and the credits remaining for allocation that day will be prorated.

a. Upon receipt of an application for the reservation of credits, the department will send the business a reservation letter indicating the dollar amount of credits which their investors are entitled to receive if proof of qualified investment can be shown.

b. Each business applicant will have to decide on their application if they are willing to accept a prorated credit amount should their application be received on the day the cap is reached. The business will also have to determine what percentage of proration they will accept. If the business does not indicate in their application a willingness to accept a prorated credit amount at the percentage of proration available on the day the cap is reached, their application will be deemed to have been received the day following the day in which the cap was reached.

c. Proof of a qualified investment must be provided to the department within 120 days from the date of the reservation letter. The department will accept the subscription agreement as required by the Securities and Exchange Commission as proof of investment.

d. If proof of a qualified investment is made within the requisite 120-day period, the department will issue a tax credit certification letter to the investor.

i. The tax credit certification letter will include the investor's name, address, Louisiana taxpayer identification number and the amount of the credit. The tax credit certification letter will include a breakdown of which years and in what amounts per year the credit will be claimed.

ii. The Louisiana Department of Revenue will receive a copy of the tax credit certification letter for purposes of verification of the credits.

e. If proof of qualified investment is not provided to the Department within the requisite 120-day period, the angel investor tax credits which had been reserved for that company's investors will be added to the remaining available annual credit cap.

f. Any returned reservation credits whose businesses could not provide proof of qualified investment within 120 days, will be allocated when available on a first come, first serve basis until the annual cap has been reached. However, on the day that the cap is reached, all applications received that day will be treated as received at the same time and the credits remaining for allocation that day will be prorated. Returned reservation credits will be made available the sooner of:

i. the day returned reservation credits exceed the amount of credits requested in applications in line to receive credits the next day; or

ii. the day all 120-day proof of qualified investment periods have expired.

iii. the timeline for proof of qualified investment will be the same 120-day period as mentioned above.

g. A business that fails to provide proof of qualified investment on the full reservation amount within 120 days will not be allowed to apply for angel investor credits again for a three-month period. The three-month period will begin on the day following the end of the 120-day period for proof of qualified investment.

B. All applications for the reservation of credits shall be made on a form prescribed by the department. All applications for the reservation of credits shall be submitted to the department electronically to an email address specified by the department on its website. An application fee shall be submitted with all applications for reservation of credits. The application fee shall be equal to 0.5 percent (0.005) times the total anticipated tax incentive for the investors with a minimum application fee of \$500 and a maximum application fee of \$15,000, payable to Louisiana Department of Economic Development.

C. A qualified investment earns tax credits in the calendar year in which the qualified investment is made. The request for the reservation of credits for a qualified investment must be made in the same year in which the qualified investment is made. In order to earn credits under this program, a qualified investment can be made no earlier than 30 days prior to the reservation of credits.

D. The angel investor tax credits should be claimed on the investor's income and corporation franchise tax returns in accordance with the statutory requirements of R.S. 47:6020(D)(3).

E. Transfers of the angel investor tax credits will be allowed in compliance with R.S. 47:6020(F).

F. The Angel Investor Tax Credit Program has a program cap of \$3,600,000 in tax credits granted per calendar year. If the department does not grant the entire \$3,600,000 in tax credits in any calendar year, the amount of residual unused tax credits shall carry forward to subsequent calendar years and may be granted in any year without regard to the \$3,600,000 per year limitation. No tax credit shall be granted to an investor until the qualified investment has been made in the Louisiana Entrepreneurial Business.

G. For purposes of receiving angel investor tax credits, an investor may not invest more than \$720,000 per year per business or more than \$1,440,000 total per business over the life of the program. The credit shall be allowed against the income tax for the taxable period in which the credit is earned and the franchise tax for the taxable period following the period in which the credit is earned. The credits approved by the department shall be granted at the rate of 25 percent of the amount of the qualified investment with the credit divided in equal portions for two years.

1. ~~Except as provided in Paragraph 4 of this Subsection, a 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, ~~1400Z-2, and applicable federal regulations~~ shall be entitled to an enhanced credit in accordance with the provisions of this Subsection.

2. The amount of the credit granted by the department shall be 35 percent of the amount of the qualified investment with the credit divided in equal portions for two years,

3. In addition to the credit cap provided for in Subsection A, the total amount of credits granted under this Subsection shall not exceed \$3,600,000 per year for a total program cap of \$7,200,000 per year. If the department does not grant the entire \$3,600,000 in tax credits in any calendar year authorized pursuant to this Subsection, the amount of unused tax credits shall carry forward to subsequent calendar years and may be granted in any year without regard to the \$3,600,000 annual cap provided for in this Subsection.

4. ~~To the extent that federal laws and regulations relative to opportunity zones require that business revenues be derived from within the opportunity zone, otherwise eligible business shall be exempt from the requirement that 50 percent or more of sales shall come from out of state as specified in Subsection A.~~

H. No credits shall be granted or reserved under this program for reservation applications received by the department on or after July 1, ~~2025~~2030.

I. The department has the authority to change the administration of the Angel Investor Tax Credit Program when it is deemed necessary for the effective administration of the program. Notice of any change in administration will be done with 10-day prior notice published on the department's website.

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).

§3309. Applicability of Act 125 of the 2015 Legislative Session to the Angel Investor Tax Credits

A. Act 125 of the 2015 Regular Session of the Louisiana Legislature makes the following changes to the Angel Investor Tax Credits from July 1, 2015 until June 30, 2018:

1. credits shall be reserved and issued at a rate of 25.2 percent of the investment amount in the LEB and credits shall be issued at the reserved rate regardless of the date of issuance;

2. the total amount of credits that may be reserved and issued in a calendar year is \$3.6 million, exclusive of any un-granted credits carried forward from previous years; and

3. an investor may be issued credits on investments up to \$720,000 per business per year and up to \$1.44 million total per business.

B. The provisions of this section shall supersede any contradictory provisions under this Chapter between July 1, 2015 and June 30, 2018.

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 Business Development, LR 42:36 (January 2016).