

Regular Session, 2007

ACT No. 345

HOUSE BILL NO. 795

BY REPRESENTATIVE SALTER

1 AN ACT

2 To amend and reenact R.S. 47:1508(A)(1) and R.S. 51:3083, 3084(5), (9), (10), (11), and
3 (13), 3085(B)(1)(b) and (2), 3087(A) and (B), 3091, 3093(B), (C)(3) and (5), and
4 3094, and to enact R.S. 47:1508(B)(23) and (24), relative to tax credits; to provide
5 relative to the Louisiana Community Development Financial Institution Act; to
6 provide for additional tax credits; to provide for an extension of the Louisiana
7 Community Development Financial Institution program; to provide for the definition
8 and use of "qualified Louisiana business"; to provide an exception to the
9 confidentiality of taxpayer records; to provide for an effective date; and to provide
10 for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 47:1508(A)(1) is hereby amended and reenacted and R.S.
13 47:1508(B)(23) and (24) are hereby enacted to read as follows:

14 §1508. Confidential character of tax records

15 A.(1) Except as otherwise provided by law, the records and files of the
16 secretary of the Department of Revenue or the records and files maintained pursuant
17 to a tax ordinance, excluding ad valorem property taxes and ad valorem property tax
18 assessment rolls, of any political subdivision are confidential and privileged, and no
19 person shall divulge or disclose any information obtained from such records and files
20 except in the administration and enforcement of the tax laws of this state or of a
21 political subdivision of this state. ~~Notwithstanding the provisions of this Section,~~
22 ~~upon the request of the secretary of the Department of Social Services or his~~
23 ~~designee, the secretary of the Department of Revenue shall provide to the~~
24 ~~Department of Social Services the address and social security number of the person~~

1 (a) Common stock, preferred stock, or an equivalent ownership interest in
2 the limited liability company, partnership, or other entity.

3 (b) A loan with a stated maturity of not less than five years which provides
4 for conversion into equity at a future date or has at least one of the following equity-
5 like features, such as flexible repayment terms, longer than normal maturities, below
6 market interest rates, or ~~be non-recourse~~ being nonrecourse in nature. The
7 commissioner shall promulgate rules to determine what constitutes equity features
8 for the purpose of this definition.

9 (c) Notwithstanding any other provision of this ~~Act~~[†] Chapter to the contrary,
10 the percentage of equity interest in a qualified Louisiana ~~entrepreneurial~~ business.

11 * * *

12 (9) "Louisiana Community Development Financial Institution" or "LCDFI"
13 means any partnership, corporation, or other legal entity, whether organized on a
14 profit or nonprofit basis, that has as its primary business activity the investment of
15 cash in such a manner as to acquire equity in or provide financing assistance to
16 qualified Louisiana ~~entrepreneurial~~ businesses in ~~low-income~~ low-income
17 communities that are in need of capital for survival, expansion, new product
18 development, or similar business purposes and is certified as a CDFI by the United
19 States Department of the Treasury to be eligible for the tax credit provided in this
20 Chapter.

21 ~~(10) "Louisiana entrepreneurial business" shall be as defined by R.S.~~
22 ~~51:2303(5).~~

23 (10) "Qualified Louisiana business" means:

24 (a) A business that at the time of investment, or as the direct result of an
25 investment pursuant to this Chapter, operates primarily in Louisiana or performs
26 substantially all of its production in Louisiana, or is headquartered in Louisiana with
27 a substantial portion of its assets located in Louisiana, which is in need of capital and
28 is involved in commerce for the purpose of retail, or the manufacturing, processing,
29 or assembling of products, or conducting research and development, or providing
30 services, provided that at least eighty percent of the total employees of such business

1 (13) "Qualified investment" means an investment that in substance and in
2 form furthers economic development within Louisiana as defined by rule and is
3 either:

4 (a) A transaction that consists of the investment of cash and results in the
5 acquisition of equity in a qualified Louisiana ~~entrepreneurial~~ business; or

6 (b) Financing assistance provided in cash to a qualified Louisiana
7 ~~entrepreneurial~~ business by a LCDFI.

8 * * *

9 §3085. Tax credit

10 * * *

11 B.(1)

12 * * *

13 (b) An investment for the purpose of earning tax credits must be at risk and
14 not secured or guaranteed; however, such investment may be in the form of cash in
15 exchange for nonvoting shares of stock in the LCDFI.

16 (2) The total tax credits granted shall not result in a reduction of total tax
17 revenues of greater than five million dollars for the fiscal years of 2005-2006
18 through 2006-2007. The total tax credits granted shall not result in a reduction of
19 total tax revenues of greater than five million dollars for each of the fiscal years
20 2007-2008 through 2008-2009.

21 * * *

22 §3087. Requirements for continuance of certification as a LCDFI

23 A. ~~An~~ A LCDFI is required to comply with all of the requirements of this
24 Section in order to make investments in its loan or ~~investments~~ investment funds
25 eligible for tax credits. ~~An~~ A LCDFI must make qualified investments from each
26 investment pool according to the following schedule:

27 (1) Within ~~three~~ five years after the investment date for each investment
28 pool, at least fifty percent of each investment pool must be placed in qualified
29 investments.

1 §3093. Confidentiality of records

2 * * *

3 B. In conjunction with the execution of their respective duties and
4 responsibilities, the Office of Financial Institutions and the Department of Revenue
5 may share with one another documents and other materials submitted by a LCDFI
6 or by qualified Louisiana ~~entrepreneurial~~ businesses. All information exchanged by
7 the Office of Financial Institutions and the Department of Revenue shall be kept
8 strictly confidential within the respective agencies.

9 C. Notwithstanding any provision in this Section to the contrary, the
10 commissioner and the secretary of the Department of Revenue shall not be prohibited
11 from disclosure of the following information:

12 * * *

13 (3) The total amount of certified capital invested in qualified Louisiana
14 ~~entrepreneurial~~ businesses.

15 * * *

16 (5) The total amount of certified capital invested in qualified Louisiana
17 ~~entrepreneurial~~ businesses by each LCDFI.

18 * * *

19 §3094. Program termination

20 The program shall terminate on July 1, ~~2007~~ 2009, provided, however, that
21 the provisions of this Chapter shall continue to apply to any granted tax credits until
22 July 1, ~~2010~~ 2012.

1 Section 3. This Act shall become effective upon signature by the governor or June
2 30, 2007, whichever is earlier.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____