

2020 First Extraordinary Session

HOUSE BILL NO. 68

BY REPRESENTATIVES DESHOTEL AND THOMPSON

TAX CREDITS: Establishes an income or corporation franchise tax credit for certain broadband coverage providers (Item #31)

1 AN ACT

2 To enact R.S. 47:6041, relative to income or corporation franchise tax credits; to establish
3 a tax credit for certain broadband coverage providers; to provide for the amount of
4 the credit; to limit the total amount of credits authorized to be granted; to provide for
5 requirements and limitations; to provide for an effective date; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6041 is hereby enacted to read as follows:

9 §6041. Tax credits for broadband coverage providers in rural unserved areas of
10 Louisiana

11 A. Beginning January 1, 2022, there shall be allowed a credit against any
12 Louisiana income or corporation franchise tax for carriers participating in the Rural
13 Digital Opportunity Fund Auction, hereinafter "federal program", conducted by the
14 Federal Communications Commission to distribute fixed and mobile broadband
15 networks to eligible rural unserved areas in Louisiana. In order to be eligible for the
16 credit established pursuant to the provisions of this Section, the tax credit applicant
17 shall be a winning bidder and awarded a census block by the Federal
18 Communications Commission and shall be in compliance with all of the rules and
19 regulations required pursuant to the federal program. The tax credit shall be earned
20 by the applicant at the time access to the broadband network is made available to the

1 structure by the carrier, regardless of whether the owner of the structure subscribes
2 to the network.

3 B.(1) The amount of the credit shall equal five hundred dollars per structure
4 in which the carrier provides a fixed or mobile broadband network that meets the
5 maximum performance tier capabilities provided for in the federal program. For
6 purposes of this Section, "structure" shall mean any business or household in
7 Louisiana identified in the census block pursuant to the federal program as unserved.

8 (2) A taxpayer may claim tax credits authorized pursuant to the provisions
9 of this Section to offset up to fifty percent of the taxpayer's Louisiana income or
10 corporation franchise tax liability in any one year. Unused amounts of the tax credit
11 may be carried forward as a tax credit against subsequent Louisiana income or
12 corporation franchise tax liability for a period not to exceed ten years.

13 (3) The total amount of credits that may be granted pursuant to the
14 provisions of this Section shall not exceed fifty million dollars. Credits shall be paid
15 on a first-come, first-served basis and all credits received on the last day in which the
16 maximum amount of credits are received shall be reduced on a pro rata basis so as
17 not to exceed the maximum amount of credits authorized to be granted.

18 Section 2. This Act shall become effective on July 1, 2020; if vetoed by the governor
19 and subsequently approved by the legislature, this Act shall become effective on July 1,
20 2020, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 68 Reengrossed

2020 First Extraordinary Session

Deshotel

Abstract: Establishes a \$500 per structure income or franchise tax credit for carriers participating in the federal Rural Digital Opportunity Fund Auction to provide broadband network capabilities to eligible rural unserved areas in this state.

Proposed law establishes an income or corporation franchise tax credit beginning Jan. 1, 2022 for carriers participating in the Rural Digital Opportunity Fund Auction (federal program) conducted by the Federal Communications Commission (FCC) to distribute fixed and mobile broadband networks to eligible rural unserved areas in this state. The tax credit shall be earned at the time access to the broadband network is made available to the structure

regardless of whether the owner of the structure subscribes to the network. Proposed law defines a "structure" as any business or household in La. identified in the federal program as unserved.

Proposed law requires applicants for the tax credit to be winning bidders and awarded a census block by the FCC and to be in compliance with all of the rules and regulations required pursuant to the federal program.

Proposed law establishes the amount of the credit at \$500 per structure in which the carrier provides a fixed or mobile broadband network that meets the maximum performance tier capabilities provided for in the federal program. Proposed law authorizes a taxpayer to claim tax credits to offset up to 50% of the taxpayer's tax liability in any one year. Unused amounts of the tax credit may be carried forward as a tax credit against subsequent La. income or corporation franchise tax liability for a period not to exceed 10 years.

Proposed law limits the total amount of credits that may be granted to no more than \$50M. Credits shall be paid on a first-come, first-served basis and all credits received on the last day in which the maximum amount of credits are received shall be reduced on a pro rata basis so as not to exceed the maximum amount of credits authorized to be granted.

Effective July 1, 2020.

(Adds R.S. 47:6041)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Specify that structures eligible for the tax credit authorized in proposed law must be located in Louisiana.

The House Floor Amendments to the engrossed bill:

1. Provide that the tax credit is available beginning Jan. 1, 2022.
2. Specify that the tax credit is earned at the time access to the broadband network is made available to the structure, regardless of whether the owner subscribes to the network.
3. Make a technical change.