The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Curry Lann.

DIGEST

SB 31 Original

2021 Regular Session

Cathey

<u>Proposed law provides for an individual income tax exemption for gross wages of each taxpayer who</u> qualifies as a digital nomad for a period of up to two years between January 1, 2022, through December 31, 2025.

<u>Proposed law</u> requires a taxpayer claiming the digital nomad exemption to maintain domicile in Louisiana for one calendar year following the establishment of domicile in Louisiana to be eligible for the exemption.

Proposed law provides "digital nomad" means an individual who:

- (1) Establishes domicile in Louisiana after July 1, 2021.
- (2) Is considered a covered person with major medical health insurance.
- (3) Is self-employed or works full- or part-time for a business with its domicile or primary place of business outside Louisiana.
- (4) Has not been domiciled in Louisiana for any of the prior three years.
- (5) Has not been required to file a Louisiana resident or part-year resident individual income tax return for any of the prior three years.
- (6) Performs the majority of employment duties in this state either remotely or at a coworking space.
- (7) Is certified as a "digital nomad" by LED.

Proposed law defines the following terms:

- (1) "Covered person" means a policyholder, subscriber, enrollee, or other individual enrolled in or insured by a health insurance issuer for major medical health insurance coverage.
- (2) "Major medical health insurance coverage" means any hospital, health, or medical expense insurance policy, hospital or medical service contract, health and accident insurance policy, or any other contract of this type providing comprehensive major medical benefits, including a group insurance plan, or any policy of family group, blanket, or association health and accident insurance, a self-insurance plan, an employee welfare benefit plan, or a health maintenance organization subscriber agreement. The term "major medical health insurance"

does not include publicly funded programs, including federal governmental benefit plans, that are wholly or partially funded by this state.

<u>Proposed law</u> requires a taxpayer claiming the digital nomad exemption to maintain all records necessary to verify that they meet the requirements of <u>proposed law</u>.

<u>Proposed law</u> requires LED, in consultation with the Dept. of Revenue, to approve applications for taxpayers seeking certification as digital nomads.

<u>Proposed law</u> requires LED to limit the number of taxpayers eligible for the digital nomad exemption to 1,000 individuals per year.

<u>Proposed law</u> authorizes LED, in consultation with the Dept. of Revenue, to promulgate rules and regulations in accordance with the APA.

Proposed law requires LED to monitor the implementation of the provisions of proposed law.

<u>Proposed law</u> requires LED to provide a written evaluation of the individual income tax exemption for digital nomads and its effectiveness in inducing individuals to locate in Louisiana and present its findings to the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means by January 1, 2027.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:293(9)(a)(xx) and 297.16)