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

CONFERENCE COMMITTEE REPORT DIGEST

SB 31

2021 Regular Session

Cathey

Keyword and summary of the bill as proposed by the Conference Committee

TAX EXEMPTIONS. Provides an exemption from state individual income tax for digital nomads.
(gov sig)

Report rejects House amendments which would have:

1. Changed the term "digital nomad" to "remote worker".

Report amends the bill to:

1. Removes provision requiring that a digital nomad be self-employed.
2. Removes the requirement that the taxpayer claiming the digital nomad exemption maintain domicile in the state for one calendar year following the last year the exemption is claimed.
3. Adds provision authorizing the secretary of the Department of Revenue to adopt rules regarding the term "digital nomad".
4. Clarifies provisions relative to the domicile of digital nomads.
5. Reduces the exemption to 50% of the income earned as a digital nomad not to exceed \$150,000.
7. Adds provision that the exemption applies only to income that is earned remotely.
8. Removes the definition of "nonresident business".
9. Changes the limit on the number of eligible taxpayers from one thousand to five hundred.
10. Makes technical corrections.

Digest of the bill as proposed by the Conference Committee

Proposed law provides for an individual income tax exemption on 50% of the gross wages of each taxpayer who qualifies as a digital nomad not to exceed \$150,000.

Proposed law provides the exemption applies only to gross wages received from the services performed as a digital nomad for a period of up to two taxable years during taxable years 2022, 2023, 2024, and 2025.

Proposed law provides that the exemption applies only to income that is earned from remote work.

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

- (1) Establishes residency in Louisiana after December 31, 2021.
- (2) Is considered a covered person with major medical health insurance.
- (3) Works remotely full-time for a nonresident business as provided for by rule by the secretary of the Dept. of Revenue.
- (4) Is required to file a Louisiana resident or part-year resident individual income tax return for the taxable year in which the exemption is claimed.
- (5) Has not established residency or domicile in Louisiana for any of the prior three years immediately preceding the establishment of residency or domicile.
- (6) Has not been required to file a Louisiana resident or part-year resident individual income tax return for any of the prior three years.
- (7) Performs the majority of employment duties in this state either remotely or at a coworking space.

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.

Proposed law requires a taxpayer claiming the digital nomad exemption to maintain all records

necessary to verify that they meet the requirements of proposed law.

Proposed law requires the Dept. of Revenue to limit the number of taxpayers eligible for the digital nomad exemption to 500 individuals for the life of the program.

Proposed law requires the Dept. of Revenue to provide an annual 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 of each year beginning in 2024.

Proposed law provides for recovery of the exemption by the Dept. of Revenue through any collection remedy authorized in present law if the exemption is disallowed.

Proposed law authorizes the Dept. of Revenue to promulgate rules in accordance with the APA.

Proposed law provides for a sunset of the exemption for any wages earned by a digital nomad after December 31, 2025.

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

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