
DIGEST

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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.