

2020 Second Extraordinary Session

HOUSE BILL NO. 5

BY REPRESENTATIVE DESHOTEL AND SENATOR MIZELL

TAX CREDITS: Establishes an income or corporation franchise tax credit for certain broadband coverage providers (Items #39 & 65)

1 AN ACT

2 To enact R.S. 47:6041, relative to tax credits; to establish a tax credit for certain broadband
3 coverage providers; to provide for the amount of the credit; to limit the total amount
4 of credits authorized to be granted; to provide for requirements and limitations; to
5 provide for definitions; to provide for an effective date; and to provide for related
6 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 federal
13 program. In order to be eligible for the credit established pursuant to the provisions
14 of this Section, the tax credit applicant shall be a winning bidder and awarded a
15 census block by the Federal Communications Commission and shall be in
16 compliance with all of the rules and regulations required pursuant to the federal
17 program.

18 B.(1) The amount of the credit shall equal five hundred dollars per structure
19 to which the carrier provides access to a fixed or mobile broadband network that

1 meets the maximum performance tier capabilities provided for in the federal
2 program.

3 (2) The tax credit shall be earned by the applicant at the time access to the
4 broadband network is made available to the structure by the carrier, regardless of
5 whether the owner of the structure subscribes to the network.

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

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

17 C. For purposes of this Section, the following terms shall have the following
18 meaning unless the context clearly indicates otherwise:

19 (1) "Federal program" shall mean the Rural Digital Opportunity Fund
20 Auction conducted by the Federal Communications Commission to distribute fixed
21 and mobile broadband networks to eligible rural unserved areas in Louisiana.

22 (2) "Structure" shall mean any business or household in Louisiana identified
23 in the census block pursuant to the federal program as unserved.

24 Section 2. This Act shall become effective upon signature by the governor or, if not
25 signed by the governor, upon expiration of the time for bills to become law without signature
26 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
27 vetoed by the governor and subsequently approved by the legislature, this Act shall become
28 effective on the day following such approval.

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 5 Engrossed

2020 Second 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. 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 access to a fixed or mobile broadband network that meets the maximum performance tier capabilities provided for in the federal program. 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 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 and 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 upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6041)