

2020 First Extraordinary Session

HOUSE BILL NO. 52

BY REPRESENTATIVES COUSSAN AND PIERRE

TAX CREDITS: Increases the amount of the Digital Interactive Media and Software Tax Credit and expands eligibility to include information technology services (Item #19)

1 AN ACT

2 To amend and reenact R.S. 47:6022(C)(5)(a) and (13) and to enact R.S. 47:6022(D)(4)(c),
3 relative to the digital interactive media and software tax credit; to increase the
4 amount of the tax credit; to expand eligibility requirements for the tax credit to
5 include certain information technology services; to provide for definitions; to
6 provide for requirements and limitations; to require the promulgation of rules; to
7 provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6022(C)(5)(a) and (13) are hereby amended and reenacted and
10 R.S. 47:6022(D)(4)(c) is hereby enacted to read as follows:

11 §6022. Digital interactive media and software tax credit

12 * * *

13 C. Definitions. For purposes of this Section:

14 * * *

15 (5)(a)(i) "Digital interactive media" means products or platforms that are
16 intended for commercial production, use, or distribution; that contain at least two of
17 the following types of data: text, sound, fixed images, animated images, video, or 3D
18 geometry; and that have all of the following three characteristics:

19 ~~(i)~~(aa) "Digital" means a system that uses discrete (discontinuous) values
20 ordinarily symbolized numerically to represent information for input, processing,

1 transmission, and storage. A digital system would be contrasted with an "analog"
2 system which uses a continuous range of values to represent information. The term
3 "digital" includes, but is not limited to information input, processed, transmitted, and
4 stored via the Internet.

5 (ii)(bb) "Interactive" means a digital media system for inputting, processing,
6 transmitting, or storing information or data in which users of the system are able to
7 respond to the digital media system by inputting, transmitting, processing, or storing
8 information or data in response to the information or data provided to them through
9 the digital media system. "Digital media system" means communications delivered
10 via electronic energy where the information stored, transmitted, or received is in
11 digital form.

12 (iii)(cc) "Media" means communication tools used to store, transmit,
13 distribute, and deliver information and data. The term "media" includes methods and
14 mechanisms for information distribution through, but not limited to distributed
15 networks, such as the Internet, and through compact disc, CD-ROM, various types
16 of DVD, and other removable storage drives and devices.

17 (ii) "Digital interactive media" shall also mean information technology
18 services provided in the areas of cybersecurity, cloud engineering, and data analytics
19 in support of digital systems or platforms.

20 * * *

21 (13) "State-certified production" shall mean a digital interactive media
22 production or a component part thereof, including information technology services
23 provided in the areas of cybersecurity, cloud engineering, and data analytics in
24 support of digital systems or platforms, approved by the office.

25 * * *

26 D. Tax credit; specific projects.

27 * * *

28 (4) For applications for state-certified productions submitted to the office on
29 or after July 1, 2017, and subsequently approved by the office and secretary, there

1 are hereby authorized tax credits that shall be earned by a company at the time funds
2 are expended in Louisiana on a state-certified production as follows:

3 * * *

4 (c) Beginning July 1, 2021, a two percent increase in the base investment
5 rate shall be allowed for state-certified production expenditures. However, the
6 department shall retain this additional two percent increase in the base investment
7 rate on behalf of the applicant earning the tax credit and shall use these monies to
8 reimburse the applicant for eligible expenses incurred by the applicant to train new
9 employees who come from economically disadvantaged groups and targeted
10 demographics such as women, minorities, and veterans. Eligible expenses shall
11 include but not be limited to payroll for up to sixty working days per new employee,
12 training providers, educational and training materials, and travel expenses. The
13 department shall promulgate rules in accordance with the Administrative Procedure
14 Act, subject to oversight by the House Committee on Ways and Means and the
15 Senate Committee on Revenue and Fiscal Affairs, including but not limited to rules
16 establishing a process for submission of expenses for reimbursement, the payment
17 of eligible expenses, and the refund of remaining monies.

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 52 Original 2020 First Extraordinary Session Coussan

Abstract: Increases the amount of the digital interactive media and software tax credit from 18% to 20% of the base investment with the additional 2% to be used for training new employees and expands eligibility for the credit to include information technology services.

Present law authorizes a digital interactive media income tax credit for state-certified productions submitted to the office of entertainment industry development on or after July 1, 2017, and subsequently approved by the office equal to 18% of the base investment. Further provides for an additional 7% tax credit to the extent that the base investment is

expended on payroll for La. residents employed in connection with a state-certified production. Tax credits are earned by a company at the time funds are expended in La. on a state-certified production.

Proposed law retains present law but, beginning July 1, 2021, authorizes an additional 2% tax credit in the base investment rate for state-certified production expenditures. Proposed law requires the Dept. of Economic Development (DED) to retain the monies from the 2% additional tax credit on behalf of the applicant to be used to reimburse the applicant for eligible expenses incurred to train new employees who come from economically disadvantaged groups and targeted demographics such as women, minorities, and veterans. Further provides that eligible expenses include costs for training new employees, training providers, educational and training materials, and travel expenses.

Proposed law requires DED to promulgate rules in accordance with present law, subject to oversight by the House Ways and Means and Senate Revenue and Fiscal Affairs committees establishing a process for submission of expenses for reimbursement, the payment of eligible expenses, and the refund of remaining monies.

Present law defines "digital interactive media" as products or platforms that are intended for commercial production, use, or distribution that contain at least two of the following types of data: text, sound, fixed images, animated images, video, or 3D geometry, and that have certain specified characteristics.

Proposed law retains present law but expands the definition of "digital interactive media" to include information technology services provided in cybersecurity, cloud engineering, and data analytics in support of digital systems or platforms.

Present law defines a "state-certified production" as a digital interactive media production or a component part thereof.

Proposed law retains present law but expands the definition of "state-certified production" to include information technology services provided in cybersecurity, cloud engineering, and data analytics in support of digital systems or platforms approved by the office.

Effective July 1, 2020.

(Amends R.S. 47:6022(C)(5)(a) and (13); Adds R. S. 47:6022(D)(4)(c))