

2021 Regular Session

SENATE BILL NO. 31

BY SENATOR CATHEY

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

1 AN ACT

2 To enact R.S. 47:293(9)(a)(xx) and 297.16, relative to individual income tax exemptions;
3 to provide for an individual income tax exemption for digital nomads; to provide for
4 definitions; to provide for eligibility requirements; to authorize Louisiana Economic
5 Development to promulgate rules; to provide for record keeping requirements; to
6 provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(9)(a)(xx) and 297.16 are hereby enacted to read as follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context
11 requires otherwise:

12 * * *

13 (9)(a) "Tax table income", for resident individuals, means adjusted gross
14 income plus interest on obligations of a state or political subdivision thereof, other
15 than Louisiana and its municipalities, title to which obligations vested with the
16 resident individual on or subsequent to January 1, 1980, and less:

17 * * *

1 (xx) The digital nomad exemption as provided for in R.S. 47:297.16.

2 * * *

3 §297.16. Tax exemption; digital nomads; requirements; limitations

4 A. It is the intent of the Louisiana Legislature that the digital nomad tax
5 exemption provided for in this Section be used primarily as an inducement for
6 individuals to locate in Louisiana who will make significant contributions to the
7 development of the economy of the state of Louisiana.

8 B.(1) There shall be an exemption from individual income taxes imposed
9 by this Chapter for the gross wages of each taxpayer who qualifies as a digital
10 nomad for a period of up to two taxable years between January 1, 2022, through
11 December 31, 2025. The taxpayer claiming the digital nomad exemption shall
12 maintain domicile in this state for one calendar year following the establishment
13 of domicile in this state to be eligible for the exemption.

14 (2) For purposes of this Section, the term "digital nomad" shall mean an
15 individual who:

16 (a) Establishes domicile in Louisiana after July 1, 2021.

17 (b) Is considered a covered person with major medical health insurance.

18 (c) Is self-employed or works full- or part-time for a business with its
19 domicile or primary place of business outside Louisiana.

20 (d) Has not been domiciled in Louisiana for any of the prior three years.

21 (e) Has not been required to file a Louisiana resident or part-year
22 resident individual income tax return for any of the prior three years.

23 (f) Performs the majority of employment duties in this state either
24 remotely or at a coworking space.

25 (g) Is certified as a "digital nomad" by Louisiana Economic
26 Development.

27 C. For the purposes of this Section:

28 (1) "Covered person" means a policyholder, subscriber, enrollee, or
29 other individual enrolled in or insured by a health insurance issuer for major

1 medical health insurance coverage.

2 (2) "Major medical health insurance coverage" means any hospital,
3 health, or medical expense insurance policy, hospital or medical service
4 contract, health and accident insurance policy, or any other contract of this type
5 providing comprehensive major medical benefits, including a group insurance
6 plan, or any policy of family group, blanket, or association health and accident
7 insurance, a self-insurance plan, an employee welfare benefit plan, or a health
8 maintenance organization subscriber agreement. The term "major medical
9 health insurance" does not include publicly funded programs, including federal
10 governmental benefit plans, that are wholly or partially funded by this state.

11 D. The taxpayer claiming the digital nomad exemption shall maintain all
12 records necessary to verify that they meet the requirements of this Section.

13 E.(1) Louisiana Economic Development, in consultation with the
14 Department of Revenue, shall approve applications for taxpayers seeking
15 certification as digital nomads.

16 (2) Louisiana Economic Development shall limit the number of taxpayers
17 eligible for the digital nomad exemption to one thousand individuals per year.

18 (3) Louisiana Economic Development, in consultation with the
19 Department of Revenue, may promulgate rules and regulations to implement
20 the provisions of this Section in accordance with the Administrative Procedure
21 Act. The rules and regulations may include provisions requiring taxpayers to
22 submit documentation with their returns or retain records that will enable
23 Louisiana Economic Development to determine the taxpayer's eligibility for the
24 tax exemption claimed under this Section.

25 (4) Louisiana Economic Development shall monitor the implementation
26 of the provisions of this Section.

27 (5) Louisiana Economic Development shall provide a written evaluation
28 of the individual income tax exemption for digital nomads and its effectiveness
29 in inducing individuals to locate in Louisiana and present its findings to the

1 Senate Committee on Revenue and Fiscal Affairs and the House Committee on
2 Ways and Means by January 1, 2027.

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

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

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

Proposed law 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.

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 LED, in consultation with the Dept. of Revenue, to approve applications for taxpayers seeking certification as digital nomads.

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

Proposed law 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.

Proposed law 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)