

**SENATE SUMMARY OF HOUSE AMENDMENTS**

**SB 31**

**2021 Regular Session**

**Cathey**

**KEYWORD AND SUMMARY AS RETURNED TO THE SENATE**

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

**SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL**

1, Changes term "digital nomad" to "remote worker"

**DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE**

SB 31 Engrossed

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Proposed law provides for an individual income tax exemption not to exceed the lesser of \$150,000 or the gross wages of each taxpayer who qualifies as a remote worker.

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

Proposed law requires a taxpayer claiming the remote worker exemption to maintain domicile in Louisiana for one calendar year following the last year the exemption is claimed.

Proposed law provides "remote worker" 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) Is self-employed or works remotely full-time for a nonresident business.
- (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 been domiciled in Louisiana for any of the prior three years.
- (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.

- (3) "Nonresident business" means a business entity that is not registered to do business in this state, has no agents, independent contractors, or employees other than digital nomads in this state, is not transacting business in this state, and has not filed and is not required to file any state or local tax return in this state.

Proposed law requires a taxpayer claiming the remote worker 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 remote worker exemption to 1,000 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 remote workers 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 remote worker 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)

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