HLS 201ES-146 ENGROSSED

2020 First Extraordinary Session

HOUSE BILL NO. 52

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BY REPRESENTATIVES COUSSAN, PIERRE, AND WILLARD

TAX CREDITS: Increases the amount of the Digital Interactive Media and Software Tax Credit, requires the increase to be used for training employees from certain disadvantaged groups, and expands eligibility to include information technology services (Item #19)

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:

1	(i)(aa) "Digital" means a system that uses discrete (discontinuous) values
2	ordinarily symbolized numerically to represent information for input, processing,
3	transmission, and storage. A digital system would be contrasted with an "analog"
4	system which uses a continuous range of values to represent information. The term
5	"digital" includes, but is not limited to information input, processed, transmitted, and
6	stored via the Internet.
7	(ii)(bb) "Interactive" means a digital media system for inputting, processing,
8	transmitting, or storing information or data in which users of the system are able to
9	respond to the digital media system by inputting, transmitting, processing, or storing
10	information or data in response to the information or data provided to them through
11	the digital media system. "Digital media system" means communications delivered
12	via electronic energy where the information stored, transmitted, or received is in
13	digital form.
14	(iii)(cc) "Media" means communication tools used to store, transmit,
15	distribute, and deliver information and data. The term "media" includes methods and
16	mechanisms for information distribution through, but not limited to distributed
17	networks, such as the Internet, and through compact disc, CD-ROM, various types
18	of DVD, and other removable storage drives and devices.
19	(ii) "Digital interactive media" shall also mean information technology
20	services provided in the areas of cybersecurity, cloud engineering, and data analytics
21	in support of digital systems or platforms.
22	* * *
23	(13) "State-certified production" shall mean a digital interactive media
24	production or a component part thereof, including information technology services
25	provided in the areas of cybersecurity, cloud engineering, and data analytics in
26	support of digital systems or platforms, approved by the office.
27	* * *
28	D. Tax credit; specific projects.
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(4) For applications for state-certified productions submitted to the office on or after July 1, 2017, and subsequently approved by the office and secretary, there are hereby authorized tax credits that shall be earned by a company at the time funds are expended in Louisiana on a state-certified production as follows:

* *

(c) Beginning July 1, 2023, a two percent increase in the base investment rate shall be allowed for state-certified production expenditures. However, the department shall retain this additional two percent increase in the base investment rate on behalf of the applicant earning the tax credit and shall use these monies to reimburse the applicant for eligible expenses incurred by the applicant to train new employees who come from economically disadvantaged groups and targeted demographics such as women, minorities, and veterans. Eligible expenses shall include but not be limited to payroll for up to sixty working days per new employee, training providers, educational and training materials, and travel expenses. The department shall promulgate rules in accordance with the Administrative Procedure Act, subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, including but not limited to rules establishing a process for submission of expenses for reimbursement, the payment of eligible expenses, and the refund of remaining monies.

Section 2. This Act shall become effective on July 1, 2023.

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 Engrossed

2020 First Extraordinary Session

Coussan

Abstract: Increases the amount of the digital interactive media and software tax credit <u>from</u> 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.

<u>Present law</u> 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

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CODING: Words in struck through type are deletions from existing law; words underscored are additions.

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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.

<u>Proposed law</u> retains <u>present law</u> but, beginning July 1, 2023, authorizes an additional 2% tax credit in the base investment rate for state-certified production expenditures. <u>Proposed law</u> 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.

<u>Proposed law</u> requires DED to promulgate rules in accordance with <u>present law</u>, 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.

<u>Present law</u> 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.

<u>Proposed law</u> retains <u>present law</u> 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.

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

<u>Proposed law</u> retains <u>present law</u> 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, 2023.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the <u>original</u> bill:

- 1. Change the effective date for authorization of the additional 2% tax credit in the base investment rate for state-certified production expenditures <u>from</u> July 1, 2021, <u>to</u> July 1, 2023.
- 2. Change the effective date for provisions of <u>proposed law from July 1, 2020, to July 1, 2023.</u>