

NOTICE OF INTENT

Department of Revenue Tax Policy and Planning Division

Exemptions for Digital Tools (LAC 61:I.4405)

Under the authority of R.S. 47:305.12(E) and 1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, proposes to adopt LAC 61:I.4405 to clarify the sales tax exemptions provided in R.S. 47:305.12 for purchases of digital products, computer software, prewritten computer software access services and information services (digital tools).

The purpose of the proposed Rule is to provide definitions, guidance, and illustrative examples to help businesses, financial institutions and healthcare facilities and providers determine whether their purchases of digital tools qualify for the exemption under R.S. 47:305.12.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 44. Sales and Use Tax Exemptions

§4405 Exemption for digital tools

A. General. Revised Statute 47:305.12 exempts the purchase of digital tools from sales and use tax if they are used for commercial production or used by certain financial institutions for specific purposes or used by certain healthcare facilities or providers for specific purposes.

B. Definitions. For purposes of this Section:

Digital Tools—means computer software, prewritten computer software access services or information services.

Licensed Healthcare Facilities and Providers—means healthcare institutions and individual practitioners that are licensed by Louisiana Department of Health and or Louisiana State Board of Medical Examiners to deliver medical, dental, behavioral health, or related clinical services to patients. The term includes, but is not limited to, hospitals, clinics, nursing homes, ambulatory surgical centers, rehabilitation facilities, pharmacies, physicians, nurses, dentists, therapists, and other professionals or entities required by law to hold a valid license, certification, or registration to provide healthcare services.

Used by the Business Directly in the Production of Goods and Services—means the direct application or incorporation of a digital tool into the creation, development or production of a final product or service for sale to a customer.

C. Commercial Production Exemption (R.S. 47:305.12(A))

1. A digital tool is used directly when it is an essential component and directly contributes to the creation, production process, or functioning of the final product or service, and is not merely supportive, administrative, or ancillary in nature. This excludes tools used for business management, planning, communication, or analysis that do not directly transform inputs into salable goods or services.

2. Digital tools used to manage business operations, such as organizing workers, materials, or equipment, are not used directly and are not exempt from tax.

3. Digital tools that improve efficiency or productivity, such as project management, inventory, accounting, performance tracking, or communication software, are also not used directly and are not exempt from tax.

D. Self-Created Digital Products Exemption (R.S. 47:305.12(B))

1. Examples of digital products created solely for the business needs of the person who created them and are not the type of digital products that are offered for sale by that person, include an in-house workflow automation tool, a proprietary content management system, an internal brand style guide, and in-house training videos.

2. If digital tools are used to create such digital products, sales or use tax will be owed on those digital tools. For example, if Company A purchases prewritten computer software access services that it uses to create a training video for new employees, the training video itself is not taxable. However, the purchase of the prewritten computer software access services is taxable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Tax Policy and Planning Division, LR 52:

Family Impact Statement

The proposed Rule has no known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability, and autonomy. Specifically, the implementation of this proposed Rule has no known or foreseeable effect on:

1. the stability of the family.
2. the authority and rights of parents regarding the education and supervision of their children.
3. the functioning of the family.
4. family earnings and family budget.
4. the behavior and personal responsibility of children.
5. the ability of the family or a local government to perform this function.

Poverty Impact Statement

These proposed amendments will have no impact on poverty as described in R.S. 49:973.

Small Business Analysis

The proposed Rule has no known measurable impact on small businesses as described in R.S. 49:974.4.

Provider Impact Statement

The proposed Rule has no known or foreseeable effect on:

1. the staffing levels requirements or qualifications required to provide the same level of service.
2. the total direct and indirect effect on the cost to the provider to provide the same level of service.
3. the overall effect on the ability of the provider to provide the same level of service.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding these proposed amendments to Dominique Bowers, Attorney, Tax Policy and Planning Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than 4:30 p.m., January 28, 2026.

Public Hearing

Interested persons may submit a written request for a public hearing no later than January 10, 2026, at 4:30 p.m. Requests may be submitted either by mail, addressed to Dominique Bowers, Attorney, Tax Policy and Planning Division, Office of Legal Affairs, P.O. Box 44098, Baton Rouge, LA 70804-4098, or via email to stacey.greaud@la.gov and reference Digital Tools Exemption Comments.

Pursuant to R.S. 49:961(B)(1), a public hearing will be held only if the statutory requirements are satisfied. If those requirements are met, a public hearing will be held on January 29, 2026, at 10 a.m. in the Griffon Room, located on the 1st floor of the LaSalle Building, 617 North Third Street, Baton Rouge, La 70802, to receive oral and written comments from interested persons. To determine whether a public hearing will be held, please visit the Department's website at: <https://revenue.louisiana.gov/tax-policy/rules-regulations> and under "Types" select "Nonemergency Rulemaking." A posted notice of hearing confirms that the statutory hearing requirements have been met and that the hearing will be held. If no notice appears, a public hearing will not be conducted.

In accordance with the Americans with Disabilities Act, should individuals with a disability need an accommodation to participate, contact Dominique Bowers at the address given above in the Public Comments section, by email at LDRadarequests@la.gov or by phone at (225) 219-7027.

Richard Nelson
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Exemptions for Digital Tools

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed rule is not anticipated to result in material costs or cost savings for state and local governmental units.

The purpose of the proposed rule is to implement the state and local sales tax exemption established in Act 10 of the 2024 3rd ES and amended in Act 384 of the 2025 RS. The proposed rules provide definitions and guidance to help businesses, financial institutions, healthcare facilities, and providers determine whether purchases of computer software, prewritten computer software access services, or information services (defined as "digital tools" in the proposed rules) qualify for the state and local sales tax exemption under R.S. 47:305.12.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule is anticipated to decrease SGF and local revenue by an indeterminable amount annually, likely in the tens of millions of dollars, as businesses, financial institutions, and healthcare facilities will be exempt from state and local sales tax on certain purchases of digital tools. The sales tax exemption for financial institutions and healthcare facilities was specifically estimated to reduce approximately \$3 M annually in the fiscal note for Act 10 of the 2024 3rd ES under a 4% sales tax rate, which would be scaled to \$3.75 M at the current state sales tax rate of 5%. However, the estimated revenue loss from digital tools eligible for the commercial production exemption is indeterminable due to the breadth of applications for the exemption in numerous business industries. The sales tax exemption took effect on January 1, 2025.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

Businesses, financial institutions, and healthcare facilities, along with their providers, will be directly affected by the proposed rule. The proposed rule implements a state and local sales tax exemption for certain purchases of digital tools, which is anticipated to reduce state and local sales tax liabilities. This rule aims to eliminate confusion and enhance the public's understanding of the available exemptions. By providing clear criteria, the rule will help ensure that stakeholders are well-informed about the conditions that determine eligibility for these exemptions. While the estimated economic benefits are difficult to quantify, the intention is to minimize the risk of inadvertent violations that could result in penalties or legal issues.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated impact on competition or employment.

Richard Nelson
Secretary
2512#051

Alan M. Boxberger
Legislative Fiscal Officer
Legislative Fiscal Office

NOTICE OF INTENT

Department of Revenue Tax Policy and Planning Division

Mobile Workforce Exemption (LAC 61:I.1923)

Under the authority of R.S. 47:112.2, R.S. 47:242(1)(ii), R.S. 47:248, and R.S. 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, proposes to amend LAC 61:I.1923 to update the qualifications for the mobile workforce exemption.

The purpose of the proposed regulation is to implement the changes to R.S. 47:112.2 and 248(B)(1)(a) enacted by Act 382 of the 2025 Regular Session of the Louisiana Legislature as it pertains to the mobile workforce exemption. Specifically, Act 382 gives mobile workers and employers more time before state income tax applies, extending the threshold from 25 days to 30 days, and repeals the old requirements relative to federal rules or the worker's home state.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions, Credits, and Deductions

§1923. Mobile Workforce Exemption

A. - A.2. ...

a. The compensation is paid for employment duties performed by the nonresident individual in this state for 30 or fewer days in the calendar year.

A.2.b. - A.2.c. ...

d. Repealed.

A.2.e. - C.1. ...

a. Nonresident employees seeking to claim the exemption for income earned while performing employment duties within the state for less than 30 days are not required to file a Louisiana individual income tax return. If the