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## DIGEST

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HB 535 Original

2025 Regular Session

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**Abstract:** Provides for the legislative auditor's authority to evaluate and report on tax incentives in the state. Provides for the powers, duties, and functions of the legislative auditor as it pertains to the evaluation of and reporting on tax incentives. Provides for the legislative auditor's power to recapture and recover tax incentive funds.

Present law (R.S. 47:1517.1) authorizes the legislative auditor ("LLA") to conduct performance audits of state agency programs that administer tax incentives in order to evaluate the impact, efficiency, effectiveness, and cost-effectiveness of programs and to identify programs that are vital and in the best interests of the citizens of Louisiana. Proposed law retains present law.

Proposed law authorizes the LLA to make regular evaluations and to report on each tax incentive administered by a state agency pursuant to present law, but provides that the LLA may exempt from evaluation any incentive that he concludes has a minimal fiscal impact. Provides that the LLA may contract with third parties to assist with evaluations.

Proposed law requires that the LLA prepare a cost-benefit analysis of tax incentives and the impact they have on state revenue. Further provides that the evaluations shall include quantitative assessments.

Proposed law grants the LLA the authority to ensure companies participate in evaluations and accurately verify data collected. Provides that the LLA may recapture and recover a particular tax incentive or a portion of a particular tax incentive from a company if a company refuses to submit required data or does not meet the contractual obligations for an incentive. Further provides that any amount of money that has been recaptured or recovered pursuant to proposed law will be used to fund future evaluations, future economic development, or general expenses.

Proposed law requires the LLA to submit a report to the legislature every odd-numbered year. Further requires that reports contain recommendations on whether to retain, reform, or repeal a tax incentive.

Present law (R.S. 24:513) provides for the general powers and duties of the LLA. Provides that the LLA has the authority to compile financial statements and to examine, audit, or review the books of the state treasurer, all public boards, commissions, agencies, departments, political subdivisions of the state, public officials and employees, public retirement systems, municipalities, and all other public or quasi public agencies or bodies. Proposed law retains present law.

Proposed law provides for an additional power of the LLA. Provides that the LLA has the authority to recapture and recover funds in connection with tax incentives pursuant to proposed law.

(Adds R.S. 47:1517.2 and R.S. 24:513(Q))