

2025 Regular Session

HOUSE BILL NO. 535

BY REPRESENTATIVES MANDIE LANDRY, AMEDEE, BACALA, BOYD, EGAN,  
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Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

LEGISLATIVE AUDITOR: Requires the Louisiana Legislative Auditor to evaluate state  
tax incentives

1 AN ACT

2 To enact R.S. 47:1517.2 and to repeal R.S. 47:1517.1 and R.S. 51:935.1, relative to tax  
3 incentives and economic development programs; to provide for duties of the  
4 legislative auditor; to require the legislative auditor to evaluate and report on tax  
5 incentives within the state; to provide for the powers, duties, and functions of the  
6 legislative auditor as it relates to the evaluation of and the reports on tax incentives  
7 and economic development programs; to repeal requirements relative to reports on  
8 tax incentives by certain agencies; to repeal requirements for the unified economic  
9 development budget report; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:1517.2 is hereby enacted to read as follows:

12 §1517.2. Tax incentive and economic development program evaluation and  
13 reporting; powers and duties of the legislative auditor

14 A. For purposes of this Section, the following terms shall have the meanings  
15 ascribed to them in this Subsection:

16 (1) "Economic development program" means any state program which  
17 directly or indirectly confers fiscal benefits on employers located in the state for the  
18 purpose of retaining and creating jobs and growing the state's economy. Such  
19 programs may include grants, loan guarantees, and tax exemptions, exclusions,

1 credits, and rebates, but only to the extent that such benefits are used by an  
2 identifiable group of employers in the same or a similar business. The ten-year  
3 property tax exemption and the inventory tax credit shall not be deemed economic  
4 development programs for purposes of this Section.

5 (2) "Tax incentive" means any tax rebate or tax credit.

6 B.(1) The legislative auditor shall have regular evaluation and reporting  
7 authority concerning tax incentives and economic development programs in  
8 accordance with R.S. 24:513, and shall evaluate and report on each tax incentive and  
9 economic development program at least once every four years.

10 (2) The legislative auditor shall evaluate each tax incentive and economic  
11 development program administered by a state agency. The legislative auditor may  
12 exempt from evaluation any incentive or program that he concludes has a minimal  
13 fiscal impact.

14 (3) The legislative auditor may contract with a private company, nonprofit,  
15 or academic institution to assist with evaluations.

16 C.(1) The legislative auditor shall prepare a cost-benefit analysis of tax  
17 incentives and economic development programs and an analysis of the impact of  
18 those incentives and programs on state revenue. The cost-benefit analysis shall  
19 include all of the following:

20 (a) The creation of jobs.

21 (b) The effect on personal income.

22 (c) The effect on gross domestic product.

23 (2) The legislative auditor shall independently evaluate the effectiveness of  
24 each tax incentive and economic development program authorized by the legislature.

25 The evaluation shall include all of the following:

26 (a) Analyzing economic impacts created or constrained by the tax incentive  
27 or economic development program.

28 (b) Forecasting the utilization of tax incentive maximums and impacts of  
29 extending tax incentives and economic development programs.

1           (c) Determining whether there is a local sales tax increase or decrease from  
2           the tax incentive or economic development program, quantifying the revenue impact  
3           on a parish basis, including by requiring local sales tax collectors to report to the  
4           legislative auditor information that he may require.

5           D. Evaluations shall also include the following assessments:

6           (1) Whether adequate protections are in place to ensure that the fiscal impact  
7           of the incentive or economic development program does not increase substantially.

8           (2) Whether the company receiving the incentive or participating in the  
9           economic development program is achieving its goals.

10          E. The legislative auditor may require companies receiving tax incentives or  
11          participating in economic development programs to take part in evaluations and  
12          accurately verify data.

13          F.(1) If the legislative auditor determines that a company receiving a  
14          particular tax incentive or participating in a particular economic development  
15          program has refused to submit data pursuant to this Section or has not met the  
16          contractual obligations for the incentive or program, then the legislative auditor may  
17          recommend to the administering agency that the company may no longer be eligible  
18          for that incentive or program.

19          (2) If the legislative auditor determines that a company may not be eligible  
20          for a tax incentive or economic development program pursuant to Paragraph (1) of  
21          this Subsection, the legislative auditor shall notify the agency administering the tax  
22          incentive of the determination. Within ninety days of being notified by the legislative  
23          auditor, the administering agency shall provide a written response to the legislative  
24          auditor regarding the legislative auditor's evaluation of the company and, if  
25          necessary, include a proposed remedy to the legislative auditor's conclusion. The  
26          administering agency shall transmit the response to the legislative auditor and the  
27          company simultaneously.

28          G. The legislative auditor shall publish and submit to the legislature a  
29          quadrennial report concerning evaluations conducted pursuant to this Section. The

- 1        legislative auditor shall submit the initial report required by this Section on or before  
 2        December 31, 2026. The report shall include recommendations to the legislature for  
 3        specific reforms for tax incentives evaluated pursuant to this Section.  
 4        Section 2. R.S. 47:1517.1 and R.S. 51:935.1 are hereby repealed in their entirety.
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## 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)]

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HB 535 Re-Reengrossed

2025 Regular Session

Mandie Landry

**Abstract:** Provides for the legislative auditor's authority to evaluate and report on tax incentives and economic development programs.

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 La.

Proposed law repeals present law.

Present law (R.S. 51:935.1) requires La. Economic Development to issue an annual unified economic development budget report. Requires the LLA to conduct performance audits of at least three economic development programs as defined in present law in order to evaluate the management controls, accuracy, and reliability of reported information regarding the programs.

Proposed law repeals present law.

Proposed law requires the LLA to make evaluations and to publish quadrennial reports on each tax incentive and economic development program administered by a state agency, 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 the LLA to prepare a cost-benefit analysis of tax incentives and economic development programs and the impact they have on state revenue. Requires that these evaluations include assessments and all of the following:

- (1) Surveying of tax incentive recipients.
- (2) Analysis of economic impacts.
- (3) Impacts to local sales tax collections.

Proposed law authorizes the LLA to require companies to participate in evaluations and accurately verify data collected.

Proposed law requires the LLA to submit a report to the legislature on a quadrennial basis starting Dec. 31, 2026.

(Adds R.S. 47:1517.2; Repeals R.S. 47:1517.1 and R.S. 51:935.1)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on House and Governmental Affairs to the original bill:

1. Make technical changes.
2. Provide that evaluations and reports are done at least once every four years.
3. Provide information required to be included in an evaluation.
4. Remove proposed law authority and related provisions regarding recapturing funds.
5. Change what shall be included in the recommendations.

The Committee Amendments Proposed by House Committee on Ways and Means to the engrossed bill:

1. Delete proposed law prohibiting companies from remaining eligible for tax incentives under certain circumstances.
2. Authorize the legislative auditor to recommend to agencies administering tax incentives that companies may no longer be eligible for those incentives.
3. Delete proposed law requiring administering agencies to notify companies of their ineligibility for incentives under certain circumstances.
4. Require administering agencies to provide to the legislative auditor and to companies subject to evaluations pursuant to proposed law written responses regarding the evaluations.

The House Floor Amendments to the reengrossed bill:

1. Make technical changes.
2. Provide for the definition of "economic development program" and "tax incentive".
3. Repeal present law provision that authorizes the LLA to conduct performance audits of state agency programs that administer tax incentives.
4. Repeal present law provision that requires La. Economic Development to issue an annual unified economic development budget report and requires the LLA to conduct performance audits of at least three economic development programs.
5. Require economic development programs to be evaluated along with certain tax incentives.
6. Require the LLA to publish and submit to the legislature a quadrennial report with the initial report being submitted on or before Dec. 31, 2026.