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## DIGEST

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HB 535 Reengrossed

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.

Present law (R.S. 47:1517.1) authorizes the La. 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 retains present law.

Proposed law requires the LLA to make evaluations and to report on each tax incentive administered by a state agency pursuant to present law at least once every four years, 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. Requires that these evaluations include quantitative assessments and all of the following:

- (1) Surveying of tax incentive recipients.
- (2) Analysis of economic impacts.
- (3) Forecasts of the utilization of tax incentives.
- (4) Determinations regarding job creation.
- (5) Impacts to local sales tax collections.

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

Proposed law requires the LLA to submit a report to the legislature every odd-numbered year. Further requires that reports contain recommendations for reforms for evaluated tax incentives.

(Adds R.S. 47:1517.2)

## 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.