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## DIGEST

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HB 535 Re-Reengrossed

2025 Regular Session

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**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.