

Regular Session, 2014

HOUSE BILL NO. 1093

BY REPRESENTATIVE ARNOLD

DISTRICTS/TAXING: Authorizes certain development districts that receive TIF funding from a municipality to provide for an audit of related financial activities of the municipality and other entities that provide such funding

1 AN ACT

2 To enact R.S. 33:9038.1, relative to tax increment financing of certain development districts;  
3 to authorize such districts to provide for an audit of financial activities, statements,  
4 and records of the municipality in which the district is located and of other local  
5 governmental entities related to tax increment financing from which the development  
6 district receives or should receive funds pursuant to agreements with the  
7 municipality and other local governmental entities; to provide for such audits; to  
8 provide for payment of the cost of such audits; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 33:9038.1 is hereby enacted to read as follows:

11 §9038.1. Tax increment financing; audits authorized

12 A. For purposes of this Section, "development district" means a development  
13 district that meets all of the following criteria:

14 (1) The district was created by law and has a board of commissioners that  
15 is not the governing authority of a parish or municipality.

16 (2) The municipality in which the district is located is authorized to levy  
17 taxes and incur indebtedness for the benefit of the development district.

18 (3) The district receives funds from tax increment financing through  
19 agreements with the municipality in which it is located.

1           B.(1) The governing authority of a development district may provide for an  
2           audit of certain financial activities, statements, and records of the municipality in  
3           which it is located and of other entities as provided in this Section. The governing  
4           authority of a development district may request that the legislative auditor conduct  
5           such audit, or if the legislative auditor notifies the development district governing  
6           authority that his office will not perform the audit, the development district  
7           governing authority may contract with an auditor approved by the legislative auditor  
8           to conduct such audit.

9           (2) An audit conducted pursuant to this Section shall include financial  
10           activities, statements, and records of the municipality and of other local  
11           governmental entities related to tax increment financing from which the development  
12           district receives or should receive funds pursuant to agreements with the  
13           municipality and other local governmental entities. The audit report shall be in  
14           compliance with governmental auditing standards and shall call attention to those  
15           matters required by governmental auditing standards and the Louisiana  
16           Governmental Audit Guide, including reportable conditions, failure to comply with  
17           laws and regulations, and such additional matters as may be appropriate. The audit  
18           report shall make specific recommendations for future avoidance together with the  
19           response of the municipality and any other entities audited.

20           C. The governing authority of a development district may provide for an  
21           audit as provided in this Section as often as it deems necessary but not more  
22           frequently than once in a twelve-month period. The development district may use  
23           any funds of the district for payment of the cost of such audit except taxes dedicated  
24           to the payment of bonds or indebtedness.

25           Section 2. This Act shall become effective upon signature by the governor or, if not  
26 signed by the governor, upon expiration of the time for bills to become law without signature  
27 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
28 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
29 effective on the day following such approval.

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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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Arnold

HB No. 1093

**Abstract:** Authorizes certain development districts that receive TIF funding from a municipality to provide for an audit of related financial activities of the municipality and other entities that provide such funding to the district.

Proposed law authorizes the governing authority of a development district to provide for an audit of financial activities, statements, and records of the municipality in which it is located and of other local governmental entities related to tax increment financing from which the development district receives or should receive funds pursuant to agreements with the municipality and other local governmental entities. Authorizes the district governing authority to request the legislative auditor to conduct such audit, or if the legislative auditor determines not to perform the audit, authorizes the district governing authority to contract with an auditor approved by the legislative auditor to conduct such audit.

Proposed law requires that the audit be in compliance with governmental auditing standards and call attention to matters required by governmental auditing standards and the La. Governmental Audit Guide including reportable conditions, failure to comply with laws and regulations, and such additional matters as may be appropriate. Provides that the audit report make specific recommendations for future avoidance together with the response of the municipality and any other entities audited.

Proposed law is applicable only to a development district created by law that has a board of commissioners that is not the governing authority of a parish or municipality and:

- (1) The municipality in which the district is located is authorized to levy taxes and incur indebtedness for the benefit of the district; and
- (2) The district receives funds from tax increment financing through agreements with the municipality in which it is located.

Proposed law authorizes such audits as frequently as the district governing authority deems necessary but not more frequently than once in a 12-month period. Authorizes the district to use any district funds to pay audit costs except taxes dedicated to the payment of bonds or indebtedness.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 33:9038.1)