
DIGEST

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Donahue

SB No. 543

Present law provides for the definitions of words used in Title 39 of the Revised Statutes.

Proposed law retains present law and adds the definition of "incentive expenditures" to mean the reductions of and payments from current tax collections because of the following incentive benefit statutes:

- (1) Atchafalaya Trace Heritage Area Development Zone Tax Exemption (Part II of Chapter 26 of Title 25 of the Revised Statutes, comprised of R.S. 25:1226 et seq.).
- (2) Brownfields Investor Tax Credit (R.S. 47:6021).
- (3) Cane River Heritage Tax Credit (R.S. 47:6026).
- (4) Louisiana Community Economic Development (R.S. 47:6031).
- (5) Ports of Louisiana Tax Credit (R.S. 47:6036).
- (6) Motion Picture Investor Tax Credit (R.S. 47:6007).
- (7) Research and Development Tax Credit (R.S. 47:6015).
- (8) Digital Interactive Media and Software Tax Credit (R.S. 47:6022).
- (9) Louisiana Motion Picture Incentive Program (Chapter 12 of Subtitle II of Title 47 of the Revised Statutes of 1950, comprised of R.S. 47:1121 et seq.).
- (10) Louisiana Capital Companies Tax Credit Program (Chapter 26 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:1921 et seq.).
- (11) New Markets Tax Credit (R.S. 47:6016).
- (12) University Research and Development Parks (R.S. 17:3389).
- (13) Industrial Tax Equalization Program (Chapter 1 of Subtitle V of Title 47 of the Revised Statutes of 1950, comprised of R.S. 47:3201 through 3205).
- (14) Exemptions for Manufacturing Establishments (Chapter 3 of Subtitle V of Title 47 of the Revised Statutes of 1950, comprised of R.S. 47:4301 through 4306).
- (15) Enterprise Zones (Chapter 21 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:1781 et seq.).
- (16) Sound Recording Investor Tax Credit (R.S. 47:6023).
- (17) Urban Revitalization Tax Incentive Program (Chapter 22 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:1801).
- (18) Technology Commercialization Credit and Jobs Program (Part VI of Chapter 22 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:2351 et seq.).
- (19) Angel Investor Tax Credit Program (R.S. 47:6020).

- (20) Musical and Theatrical Productions Tax Credit (R.S. 47:6034).
- (21) Retention and Modernization Credit (Chapter 39-C of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:2399.1 through 2399.6).
- (22) Green Jobs Industries Credit (R.S. 47:6037).
- (23) Louisiana Quality Jobs Program (R.S. 51:2451 et seq.).
- (24) Corporate Headquarters Relocation Program (Chapter 54 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:3111 through 3115).
- (25) Competitive Projects Payroll Incentive Program (R.S. 51:3121).
- (26) Procurement Processing Company Rebate Program (R.S. 47:6351).
- (27) Rehabilitation of Historic Structures (R.S. 47:6019).
- (28) Rebate for Donations to School Tuition Organizations (R.S. 47:6301).

Proposed law also defines "current tax collections" to mean the current collections of the taxes imposed by Subtitle II of Title 47 of the La. Revised Statutes of 1950.

Proposed law requires the Revenue Estimating Conference (REC) to establish a forecast of incentive expenditures for each fiscal year, beginning for fiscal year 2015-2016, which shall include a forecast of the amount of payments from and reductions of current tax collections to be granted by each of the incentive benefit statutes listed in the definition of incentive benefit for the forecasted year. Provides that the forecast shall be an amount that is no less than the estimated amount of payments from and reductions of current tax collections which will be made by each of the incentive benefit statutes. Such forecast shall be used to provide for the statement of incentive expenditures in the proposed executive budget.

Proposed law provides that the incentive expenditure forecast shall be derived and based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period. Provides that the department which administers the incentive benefit shall notify the conference when the incentive expenditure forecast is not sufficient to meet the requirements of current law or current administrative procedures. The conference may revise the forecast as necessary. Provides that the incentive expenditure forecast shall be a separate forecast and shall not be included in the estimates of the money to be received by the state general fund and dedicated funds for the current and next fiscal years which are available for appropriation.

Proposed law provides for the information, and the timing of submission of the information, that public officers, departments, agencies, and authorities of the state are to provide in order for the REC to prepare an incentive expenditure forecast.

Proposed law provides that the incentive expenditure forecast shall be determined by the REC through a process to be decided by the conference except that any final action establishing an incentive expenditure forecast shall be taken only pursuant to a unanimous decision by all of the conference principals.

Present law provides that the governor shall cause to be prepared an executive budget presenting a complete financial and programmatic plan for the ensuing fiscal year which shall include recommendations for appropriations from the state general fund and dedicated funds which shall not exceed the official forecast of the REC.

Proposed law retains present law and further provides that the executive budget for Fiscal Year 2015-2016 and each fiscal year thereafter shall include a statement of incentive expenditures as contained in the incentive expenditure forecast. The incentive expenditures shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. A statement of total incentive expenditures shall also be provided in the executive budget

proposal. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority. Further provides that the statement of incentive expenditures shall not be deemed to be a recommendation for appropriation.

Present law provides for the contents and format of executive budget.

Proposed law retains present law and further provides that the executive budget shall contain a statement of incentive expenditures as contained in the incentive expenditure forecast. The incentive expenditures shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. A statement of total incentive expenditures shall also be provided in the executive budget proposal. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

Effective July 1, 2014.

(Amends R.S. 39:34(A); Adds R.S. 39:2(15.1) and (15.2), 24.1, and 36(A)(7))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Deletes definition of "expenditures for payments to businesses and individuals" and adds definition of "incentive expenditures" and "current tax collections".
2. Removes provisions relative to the official forecast of the Revenue Estimating Conference.
3. Provides for an incentive expenditure forecast of the Revenue Estimating Conference and the procedures relating to same.
4. Removes provisions relative to appropriations for expenditures for payments to businesses and individuals in amounts not to exceed the official forecast for expenditures for payments to businesses and individuals in the executive budget, the General Appropriation Bill and other appropriation bills, and the state budget.
5. Provides for statements of incentive expenditure allocations as contained in the incentive expenditure forecast in the executive budget, the General Appropriation Bill and other appropriation bills, and the state budget.

Senate Floor Amendments to engrossed bill

1. Specifies that the incentive expenditures forecast is not an REC official forecast of monies available for expenditure.
2. Clarifies that the incentive expenditure forecast and statement are not a part of the appropriation process.
3. Provides that the statement of incentive expenditures shall not be deemed to be an appropriation and shall be under the heading of "Incentive Expenditure Categories Required by Specific Laws".
4. Technical amendments.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the reengrossed bill.

1. Adds the rebate for donations to school tuition organizations to the incentive expenditures subject to proposed law.
2. Deletes requirement that the statement of incentive expenditures be included in the general appropriation bill, other appropriation bills, and the state budget.
3. Prohibits the statement of incentive expenditures from being deemed a recommendation for appropriation.