

2016 Second Extraordinary Session

HOUSE BILL NO. 65

BY REPRESENTATIVE SCHRODER

TAX EXEMPTIONS: Requires the appropriation of certain tax expenditures (Item #47)

1 AN ACT

2 To amend and reenact R.S. 39:51(E) and (F) and to enact R.S. 39:34(F) and 51(G) and R.S.
3 47:1675(K), relative to certain tax expenditure programs; to require the appropriation
4 of certain income and franchise tax expenditure programs under certain
5 circumstances; to provide for definitions; to provide for the appropriation of certain
6 tax expenditures in the General Appropriation Bill and the executive budget; to
7 provide for certain limitations; to provide for applicability; to provide for an
8 effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 39:51(E) and (F) are hereby amended and reenacted and R.S.
11 39:34(F) and 51(G) are hereby enacted to read as follows:

12 §34. Executive budget

13 * * *

14 F. Beginning in Fiscal Year 2018-2019, the executive budget shall contain
15 an appropriation for each income and franchise tax expenditure program
16 administered by the state. The amount for each income and franchise tax
17 expenditure program shall be listed in the same section of the executive budget as
18 the budget recommendation of the agency that grants or administers the tax
19 expenditure program. In this Section, "income and franchise tax expenditure
20 program" shall mean each income and franchise tax credit and each income tax

1 rebate authorized pursuant to Title 47 and Title 51 of the Louisiana Revised Statutes
2 of 1950, as amended.

3 * * *

4 §51. General Appropriation Bill; other appropriation bills

5 * * *

6 E. Beginning in Fiscal Year 2018-2019, the General Appropriation Bill shall
7 contain appropriations for each income and franchise tax expenditure program. The
8 appropriated amount for each income and franchise tax expenditure program shall
9 be listed in the same section of the bill as the appropriations for each agency and its
10 programs for the ordinary operating expenses of the agency that grants or administers
11 the income and franchise tax expenditure program. In this Section, "income and
12 franchise tax expenditure program" shall mean each income tax credit and each
13 income and franchise tax rebate authorized pursuant to Title 47 and Title 51 of the
14 Louisiana Revised Statutes of 1950, as amended.

15 F. The Five Year Estimated Revenue Loss Chart from the most recent Tax
16 Exemption Budget prepared by the Department of Revenue shall be an appendix to
17 the General Appropriation Bill. The Joint Legislative Committee on the Budget shall
18 annually review and evaluate the Five Year Estimated Revenue Loss Chart.

19 F. G. Any appropriation bill in which a reduction in an appropriation is
20 authorized shall designate the reduction by placing parenthesis around the amount.

21 Section 2. R.S. 47:1675(K) is hereby enacted to read as follows:

22 §1675. General administrative provisions for credits against income and corporation
23 franchise tax; limitations on tax credits and rebates

24 * * *

25 K. Income tax credits and income and franchise tax rebates limited to
26 appropriated amount. The total amount of any income and franchise tax credit or
27 income and franchise tax rebate granted by the Department of Revenue, the
28 Department of Economic Development, or any other state agency which administers
29 a tax credit or rebate shall not exceed the amount appropriated for each income and

1 franchise tax credit or rebate in the General Appropriation Bill for each fiscal year.
2 Any department administering the provisions of an income and franchise tax credit
3 or rebate shall by rule, promulgated in cooperation with the Department of Revenue
4 and in accordance with the Administrative Procedure Act, establish the method of
5 allocating available income tax and franchise credits and rebates including but not
6 limited to a first-come, first-served system, reservation of tax credits and tax rebates
7 for a specific time period, or other method which the department administering the
8 provisions, in its discretion, may find beneficial to the program.

9 Section 2. Any incentive expenditure as defined in R.S. 39:2(15.1) or any other tax
10 credit or rebate authorized pursuant to Title 47 and Title 51 in which a periodic program
11 evaluation and either a program cap or a per taxpayer cap or a coterminous periodic program
12 sunset are established prior to the commencement of the 2018 Regular Session of the
13 Legislature shall not be subject to the appropriation requirement established pursuant to
14 Section 1 of this Act. The program evaluation for these incentive expenditures shall be
15 conducted not less than once every five years. For purposes of this Section, a periodic
16 program evaluation shall include an evaluation of a tax credit or rebate which, at a minimum,
17 includes information and data on the amount of tax credits or rebates issued during the past
18 year of the program, the types of taxpayers eligible to receive the tax credit or rebate, the
19 costs of administering the tax credit or rebate, the economic impact of the tax credit or rebate
20 including the impact on state tax revenues, and any other economic benefits associated with
21 utilization of the tax credit or rebate.

22 Section 3. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

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)]

HB 65 Original

2016 Second Extraordinary Session

Schroder

Abstract: Requires certain tax expenditures to be appropriated and limits the amount of each tax credit and rebate to the appropriated amount.

Proposed law requires, beginning in FY 18-19, the executive budget and the General Appropriation Bill to have an appropriation for each income and franchise tax expenditure program in the same section of law as the department that grants or administers the program.

Proposed law defines "income and franchise tax expenditure program" as each income and franchise tax credit and each income and franchise tax rebate authorized pursuant to present law.

Proposed law limits, beginning in FY 18-19, the amount of each income and franchise tax credit or income and franchise tax rebate to the amount appropriated in the General Appropriation Bill for each fiscal year. Further requires the department administering the provisions of an income and franchise tax credit or income and franchise tax rebate to establish by rule, the method of allocating available income and franchise tax credits and rebates.

Proposed law provides that any incentive expenditure as defined in present law (R.S. 39:2(15.1)) in which a periodic program evaluation and either a program cap or a per taxpayer cap or a coterminous periodic program sunset are established prior to commencement of the 2018 R.S. shall not be subject to the appropriation requirement established pursuant to proposed law. Proposed law requires the program evaluation for these incentive expenditures to be conducted not less than once every five years. Further provides for the requirement of the program evaluation.

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

(Amends R.S. 39:51(E) and (F); Adds R.S. 39:34(F) and 51(G) and R.S. 47:1675(K))