SLS 17RS-321 ORIGINAL

2017 Regular Session

SENATE BILL NO. 98

BY SENATOR DONAHUE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FISCAL CONTROLS. Provides for the appropriation of incentive expenditures. (7/1/17)

1	AN ACT
2	To amend and reenact the introductory paragraph of R.S. 39:2(15.1), 24.1(A) and (E)(3),
3	34(A), 51(A)(2), and 56(A) and to enact R.S. 39:36(A)(7), relative to budgetary
4	procedures; to define expenditures and incentive expenditure programs; to provide
5	for inclusion in the executive budget, the general appropriation bill, other
6	appropriation bills, and the state budget of incentive expenditures; to provide for an
7	effective date; and to provide for related matters.
8	Be it enacted by the Legislature of Louisiana:
9	Section 1. The introductory paragraph of R.S. 39:2(15.1), 24.1(A) and (E)(3), 34(A),
10	51(A)(2), and 56(A) are hereby amended and reenacted and R.S. 39:36(A)(7) is hereby
11	enacted to read as follows:
12	§2. Definitions
13	As used in this Chapter, except where the context clearly requires otherwise,
14	the words and expressions defined in this Section shall be held to have the meanings
15	here given to them.
16	* * *
17	(15.1) "Incentive expenditures" means or "incentive expenditures"

programs" mean the reductions of and payments from current tax collections because of payments to businesses and individuals for the refund, rebate, or transferable credits granted through either an incentive contract between the state or an agency of the state and a specific recipient, or certification or approval of a specific recipient by the state or an agency of the state, including the following incentive benefit statutes:

* * *

§24.1. Incentive expenditure **programs** forecast

A. The Revenue Estimating Conference shall establish a forecast of incentive expenditures for each fiscal year, beginning for Fiscal Year 2016-2017, hereinafter referred to as the "incentive expenditure forecast", which shall be derived and revised only as provided in this Section. The incentive expenditure forecast shall include a forecast of the amount of payments from and reductions of current tax collections to be granted by each of the incentive **expenditure programs including the incentive** benefit statutes listed in R.S. 39:2(15.1) for the forecasted year. 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 **expenditure programs including the incentive** benefit statutes listed in R.S. 39:2(15.1) for the forecasted fiscal year.

20 * * *

E.

22 * * *

(3) In addition to the data required to be submitted in Paragraph (2) of this Subsection, each agency of the state, including the Department of Revenue, the Department of Economic Development, and the Department of Culture, Recreation and Tourism, which administers an incentive expenditure program as defined in R.S. 39:2(15.1) shall submit to the Revenue Estimating Conference, the legislative fiscal office, and the division of administration, upon request, an estimate of incentive expenditures for each of the **incentive expenditure programs including the** tax

benefit statutes listed in R.S. 39:2(15.1) administered by the respective agency. Such estimates shall be an amount that is no less than the estimated amount of reductions of and payments to be made from current tax collections for each incentive expenditure program for the current fiscal year. The participants of the conference shall work in conjunction with the respective agency to finalize all estimates for presentation to the conference.

* * *

§34. Executive budget

A.(1) 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 Revenue Estimating Conference. Except as provided by R.S. 39:75(E), the executive budget shall not include recommendations for appropriations from any fund in excess of the official forecast of money available for appropriation from that fund.

(2) The executive budget for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a separate recommendation for appropriations from the state general fund and dedicated funds for the incentive expenditure programs contained in the incentive expenditure forecast. The incentive expenditure programs shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers the incentive expenditure program. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority. The recommended appropriations shall not exceed the amount estimated in the official forecast for incentive expenditure programs.

* * *

§36. Contents and format of executive budget; supporting document

A. The executive budget shall present a complete financial and programmatic

plan for the ensuing year, and it shall be configured in a format so as to clearly present and highlight the functions and operations of state government and the financial requirements associated with those functions and operations. The executive budget shall be a performance-based budget and as such may include key objectives and key performance indicators. The commissioner of administration may designate key objectives and key performance indicators to be included in the executive budget. Additionally, the executive budget shall include at a minimum the following:

* * * *

(7) A separate recommendation for appropriations from the state general

(7) A separate recommendation for appropriations from the state general fund and dedicated funds for incentive expenditure programs. The recommended appropriations shall not exceed the amount estimated in the incentive expenditure forecast. The recommendation for appropriations for incentive expenditure programs 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 program. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

* * *

§51. General Appropriation Bill; other appropriation bills

A.

21 * * *

(2) The General Appropriation Bill and other appropriation bills shall not appropriate any funds, as defined in Article VII, Section 10(J) of the Constitution of Louisiana, which are not part of the official forecast or the incentive expenditure forecast except as provided for in R.S. 39:54(A)(2). Appropriations in the general appropriation bill and other appropriation bills for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a separate recommendation setting forth the incentive expenditure program, which appropriations shall not exceed the amount estimated in the incentive expenditure forecast. The incentive

expenditure programs 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 program. Such incentive expenditure programs shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority. Notwithstanding any provision of law to the contrary, no incentive expenditure program shall be made to any person unless the incentive expenditure is appropriated as provided in this Section.

* * *

§56. State budget to be prepared by governor

A. After the passage of the appropriation and revenue acts, but not later than October first of each year, the governor shall cause to be prepared a complete state budget for the fiscal year. The budget so prepared shall include all the details of the financial plan for the fiscal year, as to both expenditures and means of financing as presented in the executive budget, with such revision as may be necessary to bring them into conformity with the appropriation and revenue acts and other acts to provide means of financing, and with the legislative provisions in effect, governing administration of the budget. The budget prepared for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a statement of total incentive expenditure programs and a statement of incentive expenditure programs by department.

22 * * *

Section 2. This Act shall become effective on July 1, 2017; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2017, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Martha S. Hess.

DIGEST 2017 Regular Session

SB 98 Original

Donahue

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

<u>Proposed law</u> retains <u>present law</u> and amends the definition of "incentive expenditures" or "incentive expenditure programs" to mean the reductions of and payments from current tax collections because of payments to businesses and individuals for the refund, rebate, or transferable credits granted through either an incentive contract between the state or an agency of the state and a specific recipient, or certification or approval of a specific recipient by the state or an agency of the state. <u>Proposed law</u> retains list of incentive benefit statutes included in present law.

<u>Present law</u> provides that the Revenue Estimating Conference shall establish a forecast of incentive expenditure programs for each fiscal year, which shall include a forecast of the amount of payments from and reductions of current tax collections to be granted by incentive expenditure programs.

<u>Present law</u> 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 Revenue Estimating Conference.

<u>Proposed law</u> retains <u>present law</u> and further provides that the executive budget for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a separate recommendation for appropriations from the state general fund and dedicated funds for the incentive expenditure programs as contained in the incentive expenditure forecast. The incentive expenditure programs shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers the incentive expenditure. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority. The recommended appropriations shall not exceed the amount estimated in the official forecast for incentive expenditures.

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

<u>Proposed law</u> retains <u>present law</u> and further provides that the executive budget shall contain a separate recommendation for appropriations from the state general fund and dedicated funds for incentive expenditure programs. The recommended appropriations shall not exceed the amount estimated in the incentive expenditure forecast. The recommendation for appropriations for incentive expenditure programs 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 program. Such incentive expenditure programs shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

<u>Present law</u> provides relative to the general appropriation bill and provides that the general appropriation bill and other appropriation bills shall not appropriate any funds, which are not part of the official forecast except appropriations from existing statutorily dedicated funds for purposes other than the fund's statutory purpose as provided in present law.

<u>Proposed law</u> retains <u>present law</u> and further provides that the General Appropriation Bill and other appropriation bills shall include a separate recommendation setting forth the incentive expenditure program, which appropriations shall not exceed the amount estimated in the incentive expenditure forecast. The incentive expenditure programs 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 program. Such incentive expenditure programs shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority. Incentive expenditure programs shall not be made to any person unless the incentive expenditure is appropriated.

<u>Present law</u> provides that after the passage of the appropriation and revenue acts, but not later than October first of each year, the governor shall cause to be prepared a complete state budget for the fiscal year. The budget so prepared shall include all the details of the financial plan for the fiscal year, as to both expenditures and means of financing as presented in the executive budget, with such revision as may be necessary to bring them into conformity with the appropriation and revenue acts and other acts to provide means of financing, and with the legislative provisions in effect, governing administration of the budget.

<u>Proposed law</u> retains <u>present law</u> but further provides that the budget so prepared for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a statement of total incentive expenditure programs and a statement of incentive expenditure programs by department.

Effective July 1, 2017.

(Amends R.S. 39:2(15.1)(intro para), 24.1(A) and (E)(3), 34(A), 51(A)(2) and 56(A); adds R.S. 39:36(A)(7))