

2018 Second Extraordinary Session

SENATE BILL NO. 15

BY SENATOR DONAHUE

BUDGET PROCEDURE. Provides for annual incentive expenditure program analysis.
(Item #21) (gov sig)

1 AN ACT

2 To enact R.S. 39:24.2, relative to tax credits and rebates; to stabilize the annual expenditures
3 associated with tax incentive programs; and to provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 39:24.2 is hereby enacted to read as follows:

6 **§24.2. Incentive expenditure program annual report**

7 **A. The Department of Revenue shall perform an annual comprehensive**
8 **return on investment analysis for all incentive expenditures, as defined by R.S.**
9 **39:2. This return on investment analysis shall be performed by the department**
10 **regardless of which agency administers the incentive expenditure program. The**
11 **department shall make a report of the results to the commissioner of**
12 **administration no later than October fifteenth each year. The report shall**
13 **include a ranking of the incentive expenditure programs by return on**
14 **investment.**

15 **B. Upon receipt of the return on investment analysis from the**
16 **Department of Revenue, the commissioner of administration shall review the**
17 **incentive expenditures in conjunction with the agencies that administer the**

1 incentive expenditures and make recommendations to the Joint Legislative
2 Committee on the Budget regarding each incentive expenditure program at the
3 January meeting following receipt of the analysis. The commissioner shall
4 recommend one or more of the following with respect to each incentive
5 expenditure program:

6 (1) Make specific modifications to the incentive expenditure program to
7 improve the return on investment.

8 (2) Eliminate the incentive expenditure program, either immediately or
9 by phase-out.

10 (3) Authorize structured pay-outs of rebates or structured usage of
11 credits for the incentive expenditure program.

12 (4) Convert a current incentive expenditure program to a loan or grant
13 program.

14 (5) Provide for annual front or back end caps for the incentive
15 expenditure program.

16 (6) Require a specific appropriation for the incentive expenditure
17 program.

18 (7) Make no changes to the incentive expenditure program.

19 C. The commissioner's recommendations shall ensure that no executed
20 incentive expenditure contract is impaired.

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

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Martha Hess.

DIGEST

SB 15 Engrossed

2018 Second Extraordinary Session

Donahue

Present law provides for tax incentive programs as follows:

- (1) Industrial Tax Equalization Program (R.S. 47:3201-3205)
- (2) Motion Picture Investor Tax Credit (R.S. 47:6007)
- (3) Research and Development Tax Credit (R.S. 47:6015)
- (4) New Markets Tax Credit (R.S. 47:6016)
- (5) Tax Credit for Rehabilitation of Historic Structures (R.S. 47:6019)
- (6) Angel Investor Tax Credit Program (R.S. 47:6020)
- (7) Brownfields Investor Tax Credit (R.S. 47:6021)
- (8) Digital Interactive Media and Software Act (R.S. 47:6022)
- (9) Sound Recording Investor Tax Credit (R.S. 47:6023)
- (10) Musical and Theatrical Productions Income Tax Credit (R.S. 47:6034)
- (11) Credits for Donations to School Tuition Organizations (R.S. 47:6301)
- (12) Procurement Processing Company Rebate Program (R.S. 47:6351)
- (13) Louisiana Enterprise Zone Act (R.S. 51:1781-1791)
- (14) Technology Commercialization Credit and Jobs Program (R.S. 51:2351-2356)
- (15) Retention and Modernization Act (R.S. 51:2399.1-2399.6)
- (16) Louisiana Quality Jobs Program Act (R.S. 51:2451-2462)
- (17) Competitive Projects Payroll Incentive Program (R.S. 51:3121)

Proposed law requires the Dept. of Revenue to perform an annual comprehensive return on analysis for all incentive expenditures regardless of which agency administers the incentive expenditure program. Requires the Dept. of Revenue to report the results to the commissioner of administration no later than October 15th each year, with the report to include a ranking of the incentive expenditures by return on investment.

Proposed law provides that upon receipt of the analysis, the commissioner of administration is to review the incentive expenditures in conjunction with the agencies that administer the programs and make recommendations to the Joint Legislative Committee on the Budget at the January meeting following receipt of the analysis.

Proposed law lists the recommendation the commissioner shall make with respect to each incentive expenditure program, as follows:

- (1) Make specific modifications to the incentive expenditure program to improve the return on investment.
- (2) Eliminate the incentive expenditure program, either immediately or by phase-out.
- (3) Authorize structured pay-outs of rebates or structured usage of credits for the program.
- (4) Convert a current incentive expenditure program to a loan or grant program.
- (5) Provide for annual front or back end caps for the incentive expenditure program.
- (6) Require a specific appropriation for the incentive expenditure program.
- (7) Make no changes to the incentive expenditure program.

Proposed law provides that the commissioner's recommendations shall ensure that no executed incentive expenditure contract is impaired.

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

(Adds R.S. 39:24.2)

Summary of Amendments Adopted by Senate

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

1. Revises bill to remove provisions regarding specific limits on named incentive expenditures.
2. Requires the Dept. of Revenue to perform an annual comprehensive return on analysis for all incentive expenditures regardless of which agency administers the incentive expenditure program.
3. Provides for the Dept. of Revenue to report the results to the commissioner of administration no later than October 15th each year, with the report to include a ranking of the incentive expenditures by return on investment.
4. Provides that upon receipt of the analysis, the commissioner of administration is to review the incentive expenditures in conjunction with the agencies that administer the programs and make recommendations to the Joint Legislative Committee on the Budget at the January meeting following receipt of the analysis.
5. Provides a list of the recommendations the commissioner is to make with respect to each incentive expenditure program.
6. Provides that the commissioner's recommendations shall ensure that no executed incentive expenditure contract is impaired.