

2025 Regular Session

# ACT No. 377

HOUSE BILL NO. 535

BY REPRESENTATIVES MANDIE LANDRY, AMEDEE, BACALA, BAYHAM, BOYD,  
EGAN, FARNUM, FISHER, HILFERTY, LARVADAIN, MARCELLE,  
MCCORMICK, OWEN, WILDER, AND WYBLE

1 AN ACT

2 To enact R.S. 47:1517.2 and to repeal R.S. 51:935.1, relative to tax incentives and economic  
3 development programs; to provide for duties of the legislative auditor; to require the  
4 legislative auditor to evaluate and report on tax incentives within the state; to provide  
5 for the powers, duties, and functions of the legislative auditor as it relates to the  
6 evaluation of and the reports on tax incentives and economic development programs;  
7 to repeal requirements for the unified economic development budget report; and to  
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:1517.2 is hereby enacted to read as follows:

11 §1517.2. Tax incentive and economic development program evaluation and  
12 reporting; powers and duties of the legislative auditor

13 A. For purposes of this Section, the following terms shall have the meanings  
14 ascribed to them in this Subsection:

15 (1) "Economic development program" means any state program which  
16 directly or indirectly confers fiscal benefits on employers located in the state for the  
17 purpose of retaining and creating jobs and growing the state's economy. Such  
18 programs may include grants, loan guarantees, and tax exemptions, exclusions,

1           credits, and rebates, but only to the extent that such benefits are used by an  
2           identifiable group of employers in the same or a similar business. The ten-year  
3           property tax exemption and the inventory tax credit shall not be deemed economic  
4           development programs for purposes of this Section.

5                     (2) "Tax incentive" means any tax rebate or tax credit.

6                     B.(1) The legislative auditor shall have regular evaluation and reporting  
7           authority concerning tax incentives and economic development programs in  
8           accordance with R.S. 24:513, and shall evaluate and report on each tax incentive and  
9           economic development program at least once every four years.

10                    (2) The legislative auditor shall evaluate each tax incentive and economic  
11           development program administered by a state agency. The legislative auditor may  
12           exempt from evaluation any incentive or program that he concludes has a minimal  
13           fiscal impact.

14                    (3) The legislative auditor may contract with a private company, nonprofit,  
15           or academic institution to assist with evaluations.

16                    C.(1) The legislative auditor shall prepare a cost-benefit analysis of tax  
17           incentives and economic development programs and an analysis of the impact of  
18           those incentives and programs on state revenue. The cost-benefit analysis shall  
19           include all of the following:

20                       (a) The creation of jobs.

21                       (b) The effect on personal income.

22                       (c) The effect on gross domestic product.

23                    (2) The legislative auditor shall independently evaluate the effectiveness of  
24           each tax incentive and economic development program authorized by the legislature.

25           The evaluation shall include all of the following:

26                       (a) Analyzing economic impacts created or constrained by the tax incentive  
27           or economic development program.

28                       (b) Forecasting the utilization of tax incentive maximums and impacts of  
29           extending tax incentives and economic development programs.

1                    (c) Determining whether there is a local sales tax increase or decrease from  
2                    the tax incentive or economic development program, quantifying the revenue impact  
3                    on a parish basis, including by requiring local sales tax collectors to report to the  
4                    legislative auditor information that he may require.

5                    D. Evaluations shall also include the following assessments:

6                    (1) Whether adequate protections are in place to ensure that the fiscal impact  
7                    of the incentive or economic development program does not increase substantially.

8                    (2) Whether the company receiving the incentive or participating in the  
9                    economic development program is achieving its goals.

10                  E. The legislative auditor may require companies receiving tax incentives or  
11                  participating in economic development programs to take part in evaluations and  
12                  accurately verify data.

13                  F.(1) If the legislative auditor determines that a company receiving a  
14                  particular tax incentive or participating in a particular economic development  
15                  program has refused to submit data pursuant to this Section or has not met the  
16                  contractual obligations for the incentive or program, then the legislative auditor may  
17                  recommend to the administering agency that the company may no longer be eligible  
18                  for that incentive or program.

19                  (2) If the legislative auditor determines that a company may not be eligible  
20                  for a tax incentive or economic development program pursuant to Paragraph (1) of  
21                  this Subsection, the legislative auditor shall notify the agency administering the tax  
22                  incentive of the determination. Within ninety days of being notified by the legislative  
23                  auditor, the administering agency shall provide a written response to the legislative  
24                  auditor regarding the legislative auditor's evaluation of the company and, if  
25                  necessary, include a proposed remedy to the legislative auditor's conclusion. The  
26                  administering agency shall transmit the response to the legislative auditor and the  
27                  company simultaneously.

28                  G. The legislative auditor shall publish and submit to the legislature a  
29                  quadrennial report concerning evaluations conducted pursuant to this Section. The  
30                  legislative auditor shall submit the initial report required by this Section on or before

1           December 31, 2026. The report shall include recommendations to the legislature for  
2           specific reforms for tax incentives evaluated pursuant to this Section.  
3           Section 2. R.S. 51:935.1 is hereby repealed in its entirety.

\_\_\_\_\_  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_