

Regular Session, 2013

HOUSE BILL NO. 316

BY REPRESENTATIVES KATRINA JACKSON AND JAMES

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

TAX/TAXATION: Requires state agencies which administer tax credits and rebates to report certain information

1 AN ACT

2 To enact R.S. 47:1517.1, relative to tax incentives; to require state agencies which
3 administer tax credits and tax rebates to make certain reports; to provide relative to
4 the contents of such reports; to provide for certain requirements and limitations; to
5 provide for definitions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:1517.1 is hereby enacted to read as follows:

8 §1517.1. Tax incentives; state agencies and state offices which administer tax
9 incentives; reporting requirements

10 A. The Department of Revenue is required to prepare a tax exemption budget
11 each year which includes state revenue loss for the preceding three years caused by
12 each tax exemption, deduction, exclusion, and credit authorized by law; however, in
13 addition to the Department of Revenue, a number of other state agencies administer
14 tax credits and rebates. Likewise, the legislative auditor's office has statutory
15 authority to conduct performance audits of state agency programs in order to
16 evaluate the impact, efficiency, effectiveness, and cost-effectiveness of programs and
17 to identify programs that are vital and in the best interests of the citizens of
18 Louisiana. In order for the legislature and the legislative auditor's office to get
19 accurate and complete information regarding how much tax credits and rebates cost

1 the state each year, each state agency which administers tax credits and rebates shall
2 annually report the information required by this Section to the legislature.

3 B. No later than the first day of March each year, the head of each state
4 agency which administers a tax credit or tax rebate, referred to in this Section
5 collectively as "tax incentive", shall prepare and submit to the legislature a report
6 regarding each tax incentive which the agency administers. The report shall include
7 an assessment of each tax incentive based on the following criteria:

8 (1) Whether or not each tax incentive has been successful in meeting the
9 purpose for which it was enacted, in particular, whether each tax incentive benefits
10 those originally intended to be benefited, and if not, those who do benefit.

11 (2) Whether or not the state receives a positive return on investment from the
12 business or industry for which the tax incentive is intended to benefit.

13 (3) Unintended or inadvertent effects, benefits, or harm caused by each tax
14 incentive, including whether each tax incentive conflicts with other state laws or
15 regulations.

16 C.(1) Nothing in this Section shall be construed to require the disclosure of
17 proprietary or trade secret information which has been submitted to any state agency
18 with respect to a tax credit.

19 (2) Nothing in this Section shall be construed to supercede any provision of
20 R.S. 47:1508 with respect to the confidentiality of taxpayer records.

21 D. Each state agency required to submit a report pursuant to the provisions
22 of this Section may request from any other state or local agency or official any
23 information necessary to complete the report required by this Section. Any such
24 agency or official shall comply with this request.

25 E. For purposes of this Section, the term "state agency" shall mean any
26 office, department, board, commission, institution, or division within the executive
27 branch of state government. Administration of a tax incentive shall be evidenced by
28 a legal requirement or authorization to undertake any of the following actions for
29 purposes of administration of the tax incentive:

1 (1) Promulgation of rules or regulations; in cases where more than one
2 agency has rulemaking authority, the report shall be prepared collaboratively.

3 (2) Determination, review, or confirmation of eligibility or qualifications.

4 (3) Entering into a contract with an entity for purposes of a tax credit.

5 (4) Conducting oversight or substantial administrative functions for a tax
6 incentive when the public purpose associated with the tax incentive is within the core
7 mission of the agency.

8 F. The Department of Revenue shall develop a format for reports required
9 by this Section similar to the format used for reporting information contained in the
10 annual tax exemption budget provided for in R.S. 47:1517. The format shall be
11 made available to all state agencies for use in preparation of their reports pursuant
12 to the provisions of this Section.

13 G. The House Committee on Ways and Means and the Senate Committee on
14 Revenue and Fiscal Affairs, referred to in this Subsection as "committees", shall
15 conduct hearings on the reports every odd-numbered year, to be concluded thirty
16 days before the beginning of the Regular Session of the Legislature of Louisiana.
17 The committees shall analyze and consider tax incentives which have caused revenue
18 loss to the state in any one of the three previous fiscal years. From time to time, the
19 committees may report to the legislature findings or recommendations developed as
20 a result of the hearings.

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)]

Katrina Jackson

HB No. 316

Abstract: Requires state agencies which administer tax credits and rebates (tax incentives) to report annually, no later than March 1, to the legislature, information regarding the tax incentives.

Present law requires the Dept. of Revenue (DOR) to annually prepare a tax exemption budget which includes state revenue loss for the preceding three years caused by each tax exemption, deduction, exclusion, and credit authorized by law. Further requires the legislative auditor's office to conduct performance audits of state agency programs in order to evaluate the impact, efficiency, and cost-effectiveness of programs and to identify

programs that are vital and in the best interests of the citizens of La. The DOR, and various other state agencies, administer the tax credits and rebates authorized by present law.

Proposed law retains present law.

Proposed law requires, in order for the legislature and the legislative auditor's office to get accurate and complete information regarding how much tax credits and rebates cost the state each year, no later than March 1 of each year, each state agency which administers a tax credit or tax rebate, (tax incentives), to prepare and submit a report to the legislature regarding the tax incentive the agency administers. The report shall include an assessment of each tax incentive based on the following criteria:

- (1) Whether or not each tax incentive has been successful in meeting the purpose for which it was enacted.
- (2) Whether or not the state receives a positive return on investment from the business or industry for which the tax incentive is intended to benefit.
- (3) Unintended or inadvertent effects, benefits, or harm caused by each tax incentive.

Proposed law defines "state agency" as any office, department, board, commission, institution, or division within the executive branch of state government. Administration of a tax incentive shall be evidenced by a legal requirement or authorization to undertake any of the following actions for purposes of administration of the tax incentive:

- (1) Promulgate rules or regulations; in cases where more than one agency has rulemaking authority, the report shall be prepared collaboratively.
- (2) Eligibility or qualifications.
- (3) Agency contract with an entity for purposes of a tax incentive.
- (4) Oversight or substantial administrative functions for a tax incentive when the public purpose associated with the tax incentive is within the core mission of the agency.

Proposed law requires the DOR to develop a format for such reports similar to the format used in reporting the annual tax exemption budget required by present law to be made available to and used by all state agencies and offices in preparation of the report required by proposed law.

Proposed law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, hereinafter "committees", to conduct hearings on the reports every odd-numbered year, to be concluded 30 days before the beginning of the regular session of the legislature. Further requires the committees to analyze and consider tax incentives which caused revenue loss to the state and authorizes the committees to report their findings or recommendations developed as a result of the hearings to the legislature.

(Adds R.S. 47:1517.1)