

Regular Session, 2014

SENATE BILL NO. 338

BY SENATOR DONAHUE

FISCAL CONTROLS. Provides relative to economic reports for projects submitted in conjunction with the request for the review or approval of the Joint Legislative Committee on the Budget. (7/1/14)

1 AN ACT

2 To enact R.S. 24:653(M), relative to duties and function of the Joint Legislative Committee  
3 on the Budget; to provide relative to economic reports for projects submitted in  
4 conjunction with the request for approval of the Joint Legislative Committee on the  
5 Budget; to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 24:653(M) is hereby enacted to read as follows:

8 §653. Duties and functions

9 \* \* \*

10 **M.(1) All economic reports for projects submitted in conjunction with**  
11 **the request for approval of the Joint Legislative Committee on the Budget in**  
12 **excess of a total state commitment of ten million dollars for the term of the**  
13 **project shall provide the following information:**

14 **(a) Inclusion of all input information, data, and assumptions, including,**  
15 **but not limited to data sources, economic growth assumptions, and an**  
16 **assessment/basis of the reasonableness of each.**

17 **(b) A description of the analytical model employed for the report and**

1 how each input was utilized with that model.

2 (c) Results in terms of value-added, household earnings, and  
3 employment, and a description of each concept.

4 (d) Results by industry sector, with an assessment of possible adverse  
5 effects on sectors that compete with the subsidized company. Additionally, the  
6 analysis shall address the wage, labor, and price dynamics analytically.

7 (e) Explicit identification of the project's effect on direct expenditure  
8 requirements in the state budget or any reduction in taxes or state revenues,  
9 including but not limited to tax exemptions, exclusions, deductions, reductions,  
10 repeals, rebates, incentives, abatements, or credits.

11 (f) An additional assessment by the secretary of the Department of  
12 Economic Development regarding the extent to which the subject project would  
13 not have occurred but for the proposed state financial support. The secretary's  
14 assessment shall reference other business factors which contributed to the  
15 project activity occurring and factors which will be required for ongoing  
16 sustainability such as labor, transportation, energy, among others.

17 (g) Cost/benefit comparisons of the incentives in the package compared  
18 to the costs in the package shall be for the same period of time or the same term,  
19 both for the direct benefits to the state as well as the indirect benefits to the  
20 state.

21 (2) The department shall submit the request for Joint Legislative  
22 Committee on the Budget approval of the project with the analysis to the  
23 committee for its review at least seventeen business days, or as permitted by the  
24 chairman, prior to the meeting for which the department is seeking the  
25 committee's approval. In the event that the chairman specifies a request  
26 submission period that is less than seventeen business days, the chairman shall  
27 notify all members of the committee of the revised submission time period.  
28 Presentation of the information required shall be in a format developed in  
29 consultation with the Joint Legislative Committee on the Budget.

1                   **(3) For the purposes of this Section and notwithstanding any other**  
 2                   **provision of law to the contrary, "project" shall mean any public-private**  
 3                   **partnership, agreement with a nonpublic party, lease, cooperative endeavor**  
 4                   **agreement, memorandum of understanding, or other contractual agreement**  
 5                   **which would result in or is expected to result in the obligation of state resources**  
 6                   **or the expenditure of revenues from the operation, management, or control of**  
 7                   **a state resource for the purposes of engendering economic growth or**  
 8                   **development in the state through the utilization of certain incentives, including**  
 9                   **but not limited to tax exemptions, exclusions, deductions, reductions, repeals,**  
 10                   **rebates, incentives, abatements, or credits.**

11                   Section 2. This Act shall become effective on July 1, 2014; if vetoed by the governor  
 12                   and subsequently approved by the legislature, this Act shall become effective on July 1,  
 13                   2014, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Jay R. Lueckel.

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#### DIGEST

Donahue (SB)

Proposed law provides that all economic reports for projects in excess of a total state commitment of ten million dollars for the term of the project submitted in conjunction with the request for approval of the Joint Legislative Committee on the Budget (JLCB) shall provide the following information:

- (a) Inclusion of all input information, data, and assumptions, including, but not limited to data sources, economic growth assumptions, and an assessment/basis of the reasonableness of each.
- (b) A description of the analytical model employed for the report and how each input was utilized with that model.
- (c) Results in terms of value-added, household earnings, and employment, and a description of each concept.
- (d) Results by industry sector, with an assessment of possible adverse effects on sectors that compete with the subsidized company. Additionally, the analysis shall address the wage, labor, and price dynamics analytically.
- (e) Explicit identification of the project's effect on direct expenditure requirements in the state budget or any reduction in taxes or state revenues, including but not limited to tax exemptions, exclusions, deductions, reductions, repeals, rebates, incentives, abatements, or credits.
- (f) An additional assessment by the secretary of the Department of Economic

Development regarding the extent to which the subject project would not have occurred but for the proposed state financial support. The secretary's assessment shall reference other business factors which contributed to the project activity occurring and factors which will be required for ongoing sustainability such as labor, transportation, energy, among others.

- (g) Cost/benefit comparisons of the incentives in the package compared to the costs in the package shall be for the same period of time or the same term, both for the direct benefits to the state as well as the indirect benefits to the state."

Proposed law also provides the department shall submit the request to the committee at least seventeen business days, or as permitted by the chairman prior to the meeting for which the department is seeking the committee's approval and provides for notification of the Joint Legislative Committee on the Budget membership if the time period for submission is shortened.

Clarifies definition of project to include various agreements with nonpublic parties which would result in the obligation of state resources for the purposes of engendering economic growth or development in the state through the utilization of certain incentives.

Effective July 1, 2014.

(Adds R.S. 24:653(M))

#### Summary of Amendments Adopted by Senate

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

1. Establishes a threshold of projects requiring approval of the Joint Legislative Committee on the Budget in excess of a total state commitment of \$10 million for the term of the project.
2. Requires various information, including all input information, data, assumptions, data sources, economic growth assumptions, description of the analytical model used, information by industry sector, assessments of possible adverse effects, identification of direct expenditure requirements in the state budget, effects on of state revenues or taxes, proposed state financial support, cost/benefit comparisons, among other analyses of the requested project.
3. Extends period for request submission up to 17 business days from two full weeks and provides for notification of the Joint Legislative Committee on the Budget membership if the time period for submission is shortened.
3. Deletes requirements for static and dynamic economic model analysis.
4. Clarifies definition of project to include various agreements with nonpublic parties which would result in the obligation of state resources for the purposes of engendering economic growth or development in the state through the utilization of certain incentives.