

Regular Session, 2014

HOUSE BILL NO. 1093

BY REPRESENTATIVE ARNOLD

DISTRICTS/TAXING: Authorizes certain development districts that receive TIF funding from a municipality to provide for an audit of related financial activities of the municipality and other entities that provide such funding

1 AN ACT

2 To enact R.S. 33:9038.1, relative to tax increment financing of certain development districts;
3 to authorize such districts to provide for an audit of financial activities, statements,
4 and records of the municipality in which the district is located and of other local
5 governmental entities related to tax increment financing from which the development
6 district receives or should receive funds pursuant to agreements with the
7 municipality and other local governmental entities; to provide for such audits; to
8 provide for payment of the cost of such audits; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 33:9038.1 is hereby enacted to read as follows:

11 §9038.1. Tax increment financing; audits authorized

12 A. For purposes of this Section, "development district" means a development
13 district that meets all of the following criteria:

14 (1) The district was created by law and has a board of commissioners that
15 is not the governing authority of a parish or municipality.

16 (2) The municipality in which the district is located is authorized to levy
17 taxes and incur indebtedness for the benefit of the development district.

1 (3) The district receives funds from tax increment financing through
2 agreements with the municipality in which it is located.

3 B.(1) The governing authority of a development district may provide for an
4 audit of certain financial activities, statements, and records of the municipality in
5 which it is located and of other entities as provided in this Section. The governing
6 authority of a development district may request that the legislative auditor conduct
7 such audit, in accordance with the provisions of R.S. 24:513, or if the legislative
8 auditor notifies the development district governing authority that his office will not
9 perform the audit, the development district governing authority may contract with
10 an auditor approved by the legislative auditor to conduct such audit, in accordance
11 with the provisions of R.S. 24:513.

12 (2) An audit conducted pursuant to this Section shall include financial
13 activities, statements, and records of the municipality and of other local
14 governmental entities related to tax increment financing from which the development
15 district receives or should receive funds pursuant to agreements with the
16 municipality and other local governmental entities. The audit report shall be in
17 compliance with governmental auditing standards and shall call attention to those
18 matters required by governmental auditing standards and the Louisiana
19 Governmental Audit Guide, including reportable conditions, failure to comply with
20 laws and regulations, and such additional matters as may be appropriate. The audit
21 report shall make specific recommendations for future avoidance together with the
22 response of the municipality and any other entities audited.

23 C. The governing authority of a development district may provide for an
24 audit as provided in this Section as often as it deems necessary but not more
25 frequently than once in a twelve-month period. The development district may use
26 any funds of the district for payment of the cost of such audit except taxes dedicated
27 to the payment of bonds or indebtedness.

28 Section 2. This Act shall become effective upon signature by the governor or, if not
29 signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
2 vetoed by the governor and subsequently approved by the legislature, this Act shall become
3 effective on the day following such approval.

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)]

Arnold

HB No. 1093

Abstract: Authorizes certain development districts that receive TIF funding from a municipality to provide for an audit of related financial activities of the municipality and other entities that provide such funding to the district.

Proposed law authorizes the governing authority of a development district to provide for an audit of financial activities, statements, and records of the municipality in which it is located and of other local governmental entities related to tax increment financing from which the development district receives or should receive funds pursuant to agreements with the municipality and other local governmental entities. Authorizes the district governing authority to request the legislative auditor to conduct such audit in accordance with the provisions of present law relative to the powers of the auditor, or if the legislative auditor determines not to perform the audit, authorizes the district governing authority to contract with an auditor approved by the legislative auditor to conduct such audit in accordance with the provisions of present law relative to the powers of the auditor.

Proposed law requires that the audit be in compliance with governmental auditing standards and call attention to matters required by governmental auditing standards and the La. Governmental Audit Guide including reportable conditions, failure to comply with laws and regulations, and such additional matters as may be appropriate. Provides that the audit report make specific recommendations for future avoidance together with the response of the municipality and any other entities audited.

Proposed law is applicable only to a development district created by law that has a board of commissioners that is not the governing authority of a parish or municipality and:

- (1) The municipality in which the district is located is authorized to levy taxes and incur indebtedness for the benefit of the district; and
- (2) The district receives funds from tax increment financing through agreements with the municipality in which it is located.

Proposed law authorizes such audits as frequently as the district governing authority deems necessary but not more frequently than once in a 12-month period. Authorizes the district to use any district funds to pay audit costs except taxes dedicated to the payment of bonds or indebtedness.

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

(Adds R.S. 33:9038.1)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Municipal, Parochial and Cultural Affairs to the original bill.

1. Adds references to present law regarding the authority of the auditor.