

2015 Regular Session

HOUSE BILL NO. 646

BY REPRESENTATIVE HARRISON

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

BUDGETARY CONTROLS: Provides with respect to the state budget

1 AN ACT

2 To amend and reenact R.S. 39:34(A) and to enact R.S. 39:2(15.1) and (15.2), 24.1, and
3 36(A)(7), relative to budgetary procedures; to define incentive expenditures; to
4 provide for an incentive expenditure forecast; to provide for the inclusion of the
5 incentive expenditure forecast in the executive budget; to provide for an effective
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:34(A) is hereby amended and reenacted and R.S. 39:2(15.1) and
9 (15.2), 24.1, and 36(A)(7) are hereby enacted to read as follows:

10 §2. Definitions

11 As used in this Chapter, except where the context clearly requires otherwise,
12 the words and expressions defined in this Section shall be held to have the meanings
13 here given to them.

14 * * *

15 (15.1) "Incentive expenditures" means the reductions of and payments from
16 current tax collections because of the following incentive benefit statutes:

17 (a) Atchafalaya Trace Heritage Area Development Zone Tax Exemption
18 (Part II of Chapter 26 of Title 25 of the Louisiana Revised Statutes of 1950,
19 comprised of R.S. 25:1226 et seq.).

20 (b) Brownfields Investor Tax Credit (R.S. 47:6021).

- 1 (c) Cane River Heritage Tax Credit (R.S. 47:6026).
- 2 (d) Louisiana Community Economic Development (R.S. 47:6031).
- 3 (e) Ports of Louisiana Tax Credit (R.S. 47:6036).
- 4 (f) Motion Picture Investor Tax Credit (R.S. 47:6007).
- 5 (g) Research and Development Tax Credit (R.S. 47:6015).
- 6 (h) Digital Interactive Media and Software Tax Credit (R.S. 47:6022).
- 7 (i) Louisiana Motion Picture Incentive Program (Chapter 12 of Subtitle II of
8 Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:1121 et
9 seq.).
- 10 (j) Louisiana Capital Companies Tax Credit Program (Chapter 26 of Title
11 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 et seq.).
- 12 (k) New Markets Tax Credit (R.S. 47:6016).
- 13 (l) University Research and Development Parks (R.S. 17:3389).
- 14 (m) Industrial Tax Equalization Program (Chapter 1 of Subtitle V of Title
15 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:3201 through
16 3205).
- 17 (n) Exemptions for Manufacturing Establishments (Chapter 3 of Subtitle V
18 of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:4301
19 through 4306).
- 20 (o) Enterprise Zones (Chapter 21 of Title 51 of the Louisiana Revised
21 Statutes of 1950, comprised of R.S. 51:1781 et seq.).
- 22 (p) Sound Recording Investor Tax Credit (R.S. 47:6023).
- 23 (q) Urban Revitalization Tax Incentive Program (Chapter 22 of Title 51 of
24 the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801).
- 25 (r) Technology Commercialization Credit and Jobs Program (Part VI of
26 Chapter 39 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S.
27 51:2351 et seq.).
- 28 (s) Angel Investor Tax Credit Program (R.S. 47:6020).
- 29 (t) Musical and Theatrical Productions Tax Credit (R.S. 47:6034).

1 C. The department which administers the incentive benefit shall notify the
2 conference when the incentive expenditure forecast is not sufficient to meet the
3 requirements of current law or current administrative procedures. The conference
4 may revise the forecast as necessary.

5 D. The incentive expenditure forecast shall be a separate forecast and shall
6 not be included in the estimates of the money to be received by the state general fund
7 and dedicated funds for the current and next fiscal years which are available for
8 appropriation.

9 E.(1) The Revenue Estimating Conference may utilize whatever staff,
10 information, and technical expertise which it may determine is required to derive or
11 revise the incentive expenditure forecast. The conference may request and shall
12 receive from all public officers, departments, agencies, and authorities of the state
13 such assistance and data as will enable the conference to fulfill its duties.

14 (2) Public officers, departments, agencies, and authorities of the state,
15 including the Department of Revenue, the Department of Economic Development,
16 and the Department of Culture, Recreation and Tourism, which administer an
17 incentive expenditure program shall furnish the Revenue Estimating Conference,
18 legislative fiscal office, and the division of administration with data reflecting the
19 program's operations and shall prepare a report setting forth the dollar amount of
20 incentive expenditures for each incentive benefit program administered by the
21 respective department, agency, or authority. In order for such information to be
22 included in the incentive expenditure forecast for the next fiscal year, such reports
23 shall include data beginning July first of each fiscal year through the date of the
24 report and the report shall be due monthly. An initial report detailing historical
25 participation and applicable dollar amounts of incentive expenditures shall also be
26 provided. The initial historical report and subsequent monthly reports shall be
27 developed in consultation with the Revenue Estimating Conference, the legislative
28 fiscal office, and the division of administration.

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)]

HB 646 Original

2015 Regular Session

Harrison

Abstract: Establishes a forecast of incentive expenditures by the Revenue Estimating Conference, to be contained in the executive budget.

Present law defines words used in Title 39 of the Revised Statutes. Proposed law adds the definition of "incentive expenditures" to mean the reductions of and payments from current tax collections because of the following incentive benefit statutes:

- (1) Atchafalaya Trace Heritage Area Development Zone Tax Exemption (Part II of Chapter 26 of Title 25 of the Revised Statutes, comprised of R.S. 25:1226 et seq.).
- (2) Brownfields Investor Tax Credit (R.S. 47:6021).
- (3) Cane River Heritage Tax Credit (R.S. 47:6026).
- (4) Louisiana Community Economic Development (R.S. 47:6031).
- (5) Ports of Louisiana Tax Credit (R.S. 47:6036).
- (6) Motion Picture Investor Tax Credit (R.S. 47:6007).
- (7) Research and Development Tax Credit (R.S. 47:6015).
- (8) Digital Interactive Media and Software Tax Credit (R.S. 47:6022).
- (9) Louisiana Motion Picture Incentive Program (Chapter 12 of Subtitle II of Title 47 of the Revised Statutes of 1950, comprised of R.S. 47:1121 et seq.).
- (10) Louisiana Capital Companies Tax Credit Program (Chapter 26 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:1921 et seq.).
- (11) New Markets Tax Credit (R.S. 47:6016).
- (12) University Research and Development Parks (R.S. 17:3389).
- (13) Industrial Tax Equalization Program (Chapter 1 of Subtitle V of Title 47 of the Revised Statutes of 1950, comprised of R.S. 47:3201 through 3205).
- (14) Exemptions for Manufacturing Establishments (Chapter 3 of Subtitle V of Title 47 of the Revised Statutes of 1950, comprised of R.S. 47:4301 through 4306).
- (15) Enterprise Zones (Chapter 21 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:1781 et seq.).
- (16) Sound Recording Investor Tax Credit (R.S. 47:6023).
- (17) Urban Revitalization Tax Incentive Program (Chapter 22 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:1801).

- (18) Technology Commercialization Credit and Jobs Program (Part VI of Chapter 22 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:2351 et seq.).
- (19) Angel Investor Tax Credit Program (R.S. 47:6020).
- (20) Musical and Theatrical Productions Tax Credit (R.S. 47:6034).
- (21) Retention and Modernization Credit (Chapter 39-C of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:2399.1 through 2399.6).
- (22) Green Jobs Industries Credit (R.S. 47:6037).
- (23) Louisiana Quality Jobs Program (R.S. 51:2451 et seq.).
- (24) Corporate Headquarters Relocation Program (Chapter 54 of Title 51 of the Revised Statutes of 1950, comprised of R.S. 51:3111 through 3115).
- (25) Competitive Projects Payroll Incentive Program (R.S. 51:3121).
- (26) Procurement Processing Company Rebate Program (R.S. 47:6351).
- (27) Rehabilitation of Historic Structures (R.S. 47:6019).
- (28) Rebate for Donations to School Tuition Organizations (R.S. 47:6301).

Proposed law also defines "current tax collections" to mean the current collections of the taxes imposed by Subtitle II of Title 47 of the La. Revised Statutes of 1950.

Proposed law requires the Revenue Estimating Conference (REC) to establish a forecast of incentive expenditures for each fiscal year, beginning for fiscal year 2016-2017, which shall include a forecast of the amount of payments from and reductions of current tax collections to be granted by each of the incentive benefit statutes listed in the definition of incentive benefit for the forecasted year. Provides that the forecast shall be an amount that is no less than the estimated amount of payments from and reductions of current tax collections which will be made by each of the incentive benefit statutes. Such forecast is to be used to provide for the statement of incentive expenditures in the proposed executive budget.

Proposed law provides that the incentive expenditure forecast be derived and based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period. Provides that the department which administers the incentive benefit shall notify the conference when the incentive expenditure forecast is not sufficient to meet the requirements of current law or current administrative procedures. The conference may revise the forecast as necessary. Provides that the incentive expenditure forecast shall be a separate forecast and shall not be included in the estimates of the money to be received by the state general fund and dedicated funds for the current and next fiscal years which are available for appropriation.

Proposed law provides for the information and the timing of submission of the information that public officers, departments, agencies, and authorities of the state are to provide in order for the REC to prepare an incentive expenditure forecast.

Proposed law provides that the incentive expenditure forecast shall be determined by the REC through a process to be decided by the conference except that any final action establishing an incentive expenditure forecast shall be taken only pursuant to a unanimous decision by all of the conference principals.

Present law provides that the governor shall cause to be prepared an executive budget presenting a complete financial and programmatic plan for the ensuing fiscal year which

shall include recommendations for appropriations from the state general fund and dedicated funds which shall not exceed the official forecast of the REC. Proposed law retains present law and further provides that the executive budget for Fiscal Year 2016-2017 and each fiscal year thereafter shall include a statement of incentive expenditures as contained in the incentive expenditure forecast. The incentive expenditures shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. A statement of total incentive expenditures shall also be provided in the executive budget proposal. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority. Proposed law further provides that the statement of incentive expenditures shall not be deemed to be a recommendation for appropriation.

Present law provides for the contents and format of the executive budget. Proposed law retains present law and further provides that the executive budget shall contain a statement of incentive expenditures as contained in the incentive expenditure forecast. The incentive expenditures shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. A statement of total incentive expenditures shall also be provided in the executive budget proposal. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

Effective upon signature of governor.

(Amends R.S. 39:34(A); Adds R.S. 39:2(15.1) and (15.2), 24.1, and 36(A)(7))