

Regular Session, 2012

HOUSE BILL NO. 1104

BY REPRESENTATIVES KATRINA JACKSON, ARMES, BARROW, WESLEY BISHOP, BURRELL, DIXON, GAINES, HARRISON, HUNTER, JAMES, JOHNSON, LAMBERT, PIERRE, PRICE, REYNOLDS, SCHEXNAYDER, AND THIBAUT AND SENATOR THOMPSON

VETOED
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Veto Message

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. No later than the first day of March each year, the secretary of each state
11 agency or head of each state office within a state department which administers a tax
12 credit or tax rebate, hereinafter referred to collectively as "tax incentive", shall
13 prepare and submit to the legislature a report regarding the tax incentive which the
14 department or office administers. The report shall include an assessment of each tax
15 incentive based on the following criteria:

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

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

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

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

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

9 C. Each state department or state office required to submit a report pursuant
10 to the provisions of this Section is authorized to request from any other state or local
11 agency or official any information necessary to complete the report required by this
12 Section. Any such official shall comply with this request.

13 D. For purposes of this Section, the terms "state agency" and "state office"
14 shall mean any office, department, board, commission, institution, or division within
15 the executive branch of state government. An agency which is required to generate
16 reports pursuant to this Section shall be an agency which is required by law to
17 administer a tax incentive. Administration of a tax incentive shall be evidenced by
18 a legal requirement or authorization to undertake any of the following actions for
19 purposes of administration of the tax incentive:

20 (1) Promulgate rules or regulations; in cases where more than one agency
21 has rulemaking authority, the report shall be prepared collaboratively; such rules and
22 regulations shall be approved by the Senate Committee on Revenue and Fiscal
23 Affairs and the House Committee on Ways and Means meeting jointly prior to their
24 adoption.

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

26 (3) Be party to a contract with an entity for purposes of a tax credit.

27 (4) Conduct oversight or substantial administrative functions for a tax
28 incentive when the public purpose associated with the tax incentive is within the core
29 mission of the agency.

1 E. The Department of Revenue shall develop a format similar to the format
 2 used for reporting information contained in the annual tax exemption budget
 3 provided for in R.S. 47:1517. The format shall be made available to all state
 4 agencies and state offices for use in preparation of their report pursuant to the
 5 provisions of this Section.

6 F. The House Committee on Ways and Means and the Senate Committee on
 7 Revenue and Fiscal Affairs, hereinafter referred to as "committees", shall conduct
 8 hearings on the reports every odd-numbered year, to be concluded thirty days before
 9 the beginning of the regular session of the Legislature of Louisiana. The committees
 10 shall analyze and consider tax incentives which have caused revenue loss to the state
 11 in any one of the last three fiscal years. From time to time, the committees may
 12 report to the legislature findings or recommendations developed as a result of the
 13 hearings.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

VETO MESSAGE

House Bill No. 1104 creates duplicative and burdensome reporting requirements for agencies administering tax incentives.

The Louisiana Department of Economic Development issues regular reports and analyses on its incentive programs. The Louisiana Department of Revenue creates a comprehensive Tax Exemption Budget which covers all tax incentives administered by state agencies every year. Furthermore, Act 365 of 2011 provides for a review of the Tax Exemption Budget by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs every odd-numbered year.

For this reason, I have vetoed House Bill No. 1104 and hereby return it to the House of Representatives.