

2017 Regular Session

SENATE BILL NO. 98

BY SENATORS DONAHUE AND THOMPSON

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

FISCAL CONTROLS. Provides for the appropriation of incentive expenditures. (7/1/17)

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AN ACT

To amend and reenact the introductory paragraph of R.S. 39:2(15.1), 24.1(A), (C), and (E)(3), 34(A), 51(A)(2), and 56(A) and to enact R.S. 39:24.1(E)(4) and (5) and 36(A)(7), relative to budgetary procedures; to define expenditures and incentive expenditure programs; to provide for inclusion in the executive budget, the general appropriation bill, other appropriation bills, and the state budget of incentive expenditures programs; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. The introductory paragraph of R.S. 39:2(15.1), 24.1(A), (C), and (E)(3), 34(A), 51(A)(2), and 56(A) are hereby amended and reenacted and R.S. 39:24.1(E)(4) and (5) and 36(A)(7) are hereby enacted to read as follows:

§2. Definitions

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

* * *

1 (3) In addition to the data required to be submitted in Paragraph (2) of this
2 Subsection, each agency of the state, including the Department of Revenue, the
3 Department of Economic Development, and the Department of Culture, Recreation
4 and Tourism, which administers an incentive expenditure program as defined in R.S.
5 39:2(15.1) shall submit to the Revenue Estimating Conference, the legislative fiscal
6 office, and the division of administration, upon request, an estimate of incentive
7 expenditures for each of the **incentive expenditure programs including the** tax
8 benefit statutes listed in R.S. 39:2(15.1) administered by the respective agency. Such
9 estimates shall be an amount that is no less than the estimated amount of reductions
10 of and payments to be made from current tax collections for each incentive
11 expenditure program for the current fiscal year. The participants of the conference
12 shall work in conjunction with the respective agency to finalize all estimates for
13 presentation to the conference.

14 **(4) In developing the estimate of incentive expenditures for each of the**
15 **tax benefit programs listed in R.S. 39:2(15.1), each agency of the state, including**
16 **the Department of Revenue, the Department of Economic Development, and the**
17 **Department of Culture, Recreation and Tourism, which administers an**
18 **incentive expenditure program, shall coordinate and implement procedures for**
19 **developing the estimate of the incentive expenditures for submission to the**
20 **Revenue Estimating Conference, the legislative fiscal office, and the division of**
21 **administration. Such procedures shall include consideration of, but not be**
22 **limited to:**

23 **(a) The statutory guidelines for the incentive expenditure program.**

24 **(b) Any application process for the incentive expenditure program.**

25 **(c) Estimates of the timeline from any application process through**
26 **approval of the application and the claiming of the tax benefit by a taxpayer.**

27 **(d) Historical data on the actual amount of reductions of and payments**
28 **made from tax collections for the incentive expenditure program.**

29 **(e) Projections of tax revenue or budgetary savings to be generated for**

1 state or local government as a result of the incentive expenditure.

2 (5) The participants of the conference shall work in conjunction with the
3 respective agency or agencies to implement all procedures.

4 * * *

5 §34. Executive budget

6 A.(1) The governor shall cause to be prepared an executive budget presenting
7 a complete financial and programmatic plan for the ensuing fiscal year which shall
8 include recommendations for appropriations from the state general fund and
9 dedicated funds which shall not exceed the official forecast of the Revenue
10 Estimating Conference. Except as provided by R.S. 39:75(E), the executive budget
11 shall not include recommendations for appropriations from any fund in excess of the
12 official forecast of money available for appropriation from that fund.

13 (2) The executive budget for Fiscal Year 2018-2019 and each fiscal year
14 thereafter shall include a separate recommendation for an incentive
15 expenditure program by department, which recommendation shall not exceed
16 the incentive expenditure forecast as adopted for the current fiscal year by the
17 Revenue Estimating Conference. The incentive expenditures programs shall be
18 stated as a separate description in the program activities of the respective
19 department, agency, or authority of the state which administers the incentive
20 expenditure program. Such incentive expenditures shall not be included as, nor
21 counted towards the operating expenses of the relevant department, agency, or
22 authority.

23 * * *

24 §36. Contents and format of executive budget; supporting document

25 A. The executive budget shall present a complete financial and programmatic
26 plan for the ensuing year, and it shall be configured in a format so as to clearly
27 present and highlight the functions and operations of state government and the
28 financial requirements associated with those functions and operations. The executive
29 budget shall be a performance-based budget and as such may include key objectives

1 and key performance indicators. The commissioner of administration may designate
2 key objectives and key performance indicators to be included in the executive
3 budget. Additionally, the executive budget shall include at a minimum the following:

4 * * *

5 (7) The executive budget for Fiscal Year 2018-2019 and each fiscal year
6 thereafter shall include a separate recommendation for an incentive
7 expenditure program by department, which recommendation shall not exceed
8 the incentive expenditure forecast as adopted for the current fiscal year by the
9 Revenue Estimating Conference. The incentive expenditure programs shall be
10 stated as a separate description in the program activities of the respective
11 department, agency, or authority of the state which administers an incentive
12 expenditure program. Such incentive expenditures shall not be included as, nor
13 counted towards the operating expenses of the relevant department, agency, or
14 authority.

15 * * *

16 §51. General Appropriation Bill; other appropriation bills

17 A.

18 * * *

19 (2) The General Appropriation Bill and other appropriation bills shall not
20 appropriate any funds, as defined in Article VII, Section 10(J) of the Constitution of
21 Louisiana, which are not part of the official forecast except as provided for in R.S.
22 39:54(A)(2). The General Appropriation Bill and other appropriation bills for
23 Fiscal Year 2018-2019 and each fiscal year thereafter shall include a separate
24 recommendation for an incentive expenditure program by department, which
25 recommendation shall not exceed the incentive expenditure forecast as adopted
26 for the current fiscal year by the Revenue Estimating Conference. The
27 incentive expenditure programs shall be stated as a separate description in the
28 program activities of the respective department, agency, or authority of the
29 state which administers an incentive expenditure program. Such incentive

1 **expenditure programs shall not be included as, nor counted towards the**
2 **operating expenses of the relevant department, agency, or authority.**

3 * * *

4 §56. State budget to be prepared by governor

5 A. After the passage of the appropriation and revenue acts, but not later than
6 October first of each year, the governor shall cause to be prepared a complete state
7 budget for the fiscal year. The budget so prepared shall include all the details of the
8 financial plan for the fiscal year, as to both expenditures and means of financing as
9 presented in the executive budget, with such revision as may be necessary to bring
10 them into conformity with the appropriation and revenue acts and other acts to
11 provide means of financing, and with the legislative provisions in effect, governing
12 administration of the budget. **The budget prepared for Fiscal Year 2018-2019 and**
13 **each fiscal year thereafter shall include a statement of total incentive**
14 **expenditure programs and a statement of incentive expenditure programs by**
15 **department.**

16 * * *

17 Section 2. This Act shall become effective on July 1, 2017; if vetoed by the governor
18 and subsequently approved by the legislature, this Act shall become effective on July 1,
19 2017, or on the day following such approval by the legislature, whichever is later.

The original instrument was prepared by Martha Hess. The following digest,
which does not constitute a part of the legislative instrument, was prepared
by Cheryl M. Serrett.

DIGEST

SB 98 Reengrossed 2017 Regular Session Donahue

Present law provides for the definitions of words used in Title 39 of the Revised Statutes.

Proposed law retains present law and amends the definition of "incentive expenditures" or "incentive expenditure programs" to mean the reductions of and payments from current tax collections because of payments to businesses and individuals for the refund, rebate, or transferable credits granted through either an incentive contract between the state or an agency of the state and a specific recipient, or certification or approval of a specific recipient by the state or an agency of the state. Proposed law retains list of incentive benefit statutes included in present law.

Present law provides that the Revenue Estimating Conference shall establish a forecast of incentive expenditure programs for each fiscal year, which shall include a forecast of the

amount of payments from and reductions of current tax collections to be granted by incentive expenditure programs.

Proposed law retains present law and requires each department that administers an incentive benefit program to give a report on the program at each meeting of the Revenue Estimating Conference.

Proposed law provides that in developing the incentive expenditure estimate for each tax benefit program, each state agency which administers an incentive expenditure program, shall coordinate and implement procedures for developing the estimate. Further provides for items that may be considered in the estimating procedures.

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 Revenue Estimating Conference.

Proposed law retains present law and further provides that the executive budget for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a separate recommendation for an incentive expenditure programs by department, which recommendation shall not exceed the incentive expenditure forecast as adopted for the current fiscal year by the Revenue Estimating Conference.

Proposed law requires the incentive expenditure programs to be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers the incentive expenditure. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

Present law provides for the contents and format of executive budget.

Proposed law retains present law and further provides that the executive budget for Fiscal Year 2018-2019 and each fiscal year thereafter, the general appropriation bill, and other appropriation bills shall include a separate recommendation for an incentive expenditure program by department, which recommendation shall not exceed the incentive expenditure forecast as adopted for the current fiscal year by the Revenue Estimating Conference.

Present law provides that after the passage of the appropriation and revenue acts, but not later than October first of each year, the governor shall cause to be prepared a complete state budget for the fiscal year. The budget so prepared shall include all the details of the financial plan for the fiscal year, as to both expenditures and means of financing as presented in the executive budget, with such revision as may be necessary to bring them into conformity with the appropriation and revenue acts and other acts to provide means of financing, and with the legislative provisions in effect, governing administration of the budget.

Proposed law retains present law but further provides that the budget so prepared for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a statement of total incentive expenditure programs and a statement of incentive expenditure programs by department.

Effective July 1, 2017.

(Amends R.S. 39:2(15.1)(intro para), 24.1(A), (C), and (E)(3), 34(A), 51(A)(2) and 56(A); adds R.S. 39:24.1(E)(4) and (5) and 36(A)(7))

Summary of Amendments Adopted by SenateCommittee Amendments Proposed by Senate Committee on Finance to the original bill

1. Requires each department that administers the incentive benefit program to report on the program at each meeting of the Revenue Estimating Conference.
2. Provides that in developing the incentive expenditure estimate for each tax benefit program, each state agency which administers an incentive expenditure program, shall coordinate and implement procedures for developing the estimate. Further provides for items that may be considered in the estimating procedure.
3. Provides that the executive budget for Fiscal Year 2018-2019 and each fiscal year thereafter, the general appropriation bill, and other appropriation bills shall include a separate recommendation for an incentive expenditure program by department, which recommendation shall not exceed the incentive expenditure forecast as adopted for the current fiscal year by the Revenue Estimating Conference.
4. Requires the state budget prepared for Fiscal Year 2018-2019 and each fiscal year thereafter shall include a statement of total incentive expenditure programs and a statement of incentive expenditure programs by department.

Senate Floor Amendments to engrossed bill

1. Adds projection of tax revenue or budgetary savings to list of items that shall be considered in the estimating procedure.
2. Makes technical changes.