

Regular Session, 2012

SENATE BILL NO. 717

BY SENATOR ADLEY

FISCAL CONTROLS. Requires rebate loss notes on certain legislative instruments with a net decrease in revenues due to rebates by the state. (gov sig)

1 AN ACT

2 To enact R.S. 24:609, relative to fiscal services; to provide for the preparation of certain
3 reports relative to legislative instruments providing rebates; to provide for the review
4 and analysis of certain data by the legislative fiscal office and the Department of
5 Revenue; to provide for procedures for certain legislative instruments which reduce
6 state revenues; to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 24:609 is hereby enacted to read as follows:

9 **§609. Rebate loss reports; rebate loss notes; procedures**

10 **A. Rebate loss report. (1) Any legislative instrument which grants a**
11 **rebate by the state, or by a political subdivision of the state whose boundaries**
12 **are coterminous with those of the state, of five million dollars or more in any**
13 **one of the five ensuing fiscal years from the instrument's effective date shall be**
14 **filed with the following rebate loss report, hereinafter referred to as "the**
15 **report", attached to the instrument prepared by the author, or by a proponent**
16 **of the instrument on the author's behalf, relative to the economic effects of the**
17 **enactment of the legislative instrument:**

1 (a) The total decrease due to the rebate estimated over the five ensuing
2 fiscal years from the instrument's effective date.

3 (b) The state's rebate loss ratio; that is, the amount of money to be
4 gained by the state compared to the cost of the benefit granted.

5 (c) The effect of the rebate on household earnings, employment, and
6 value added in Louisiana.

7 (d) An indication of which beneficial economic actions will be
8 incentivized by the instrument.

9 (e) Data indicating whether the same or similar instruments have been
10 enacted in other states or territories of the United States or other nations and
11 the economic impact.

12 (f) The methodology and assumptions utilized to produce the information
13 in the report.

14 (2) The report shall be filed prior to the legislative session at which the
15 proposed legislation is to be considered, but not later than January 15 on any
16 proposed legislative instrument as provided in this Subsection.

17 B. Rebate loss report review. (1) Upon filing of the legislative instrument
18 and the rebate loss report as required by this Section, a copy of the report shall
19 be transmitted to the Department of Revenue and the legislative fiscal office.

20 (2) The legislative fiscal office shall review the report. The review shall
21 encompass all aspects of the report including, but not limited to, the following:

22 (a) The reasonableness of the rebate loss estimates.

23 (b) How the rebate loss report compares to the fiscal note.

24 (c) The validity, credibility, or reasonableness of the information in the
25 report or the methodology and assumptions utilized to produce the information,
26 or questions raised by such information or methodology.

27 (d) Whether the actions being incentivized are already occurring without
28 the enactment of the instrument.

29 (3) The Department of Revenue shall review the data in the report and

1 from other sources as to whether the same or similar instruments have been
2 enacted in other states or territories of the United States or other nations.

3 C. Rebate loss note. (1) In addition to the fiscal note prepared in
4 accordance with the rules of the legislature, the legislative fiscal office shall
5 prepare a rebate loss note, hereinafter referred to as a "loss note", which sets
6 forth a brief and concise summary of the results of its review, with the data
7 compiled by the Department of Revenue, of the report attached to the legislative
8 instrument as provided for in Subsection B of this Section.

9 (2) Any legislative instrument which requires a rebate loss report under
10 the provisions of Subsection A of this Section shall have the report attached to
11 it prior to its consideration by any committee and prior to its consideration on
12 final passage by either house of the legislature. In addition, the presiding officer,
13 the clerical officer, or any member of the respective house of the legislature
14 considering the instrument may offer a motion at any time that a legislative
15 instrument before that body requiring a rebate loss note without such a note
16 attached be deferred until the preparation of the loss note.

17 (3) However, nothing in this Section shall require the preparation of a
18 loss note by the legislative fiscal office for an instrument not prefiled as required
19 by Subsection A of this Section, or for an instrument filed without the report as
20 required by Subsection A of this Section, nor shall preparation of the loss note
21 take precedence over the preparation of any fiscal note required by the rules of
22 the legislature.

23 (4) A rebate loss note shall not constitute a part of the law proposed by
24 the legislative instrument to which it is attached.

25 D. Prior to the granting a rebate, the secretary of the Department of
26 Economic Development shall develop rules governing the implementation of the
27 rebate process in accordance with the Administrative Procedure Act. He shall
28 first submit the proposed rules to the House Committee on Ways and Means
29 and the Senate Committee on Revenue and Fiscal Affairs for review and

1 **approval.**

2 **E. No rebate shall be finally granted by the secretary of the Department**
 3 **of Economic Development or by the secretary of the Department of Revenue**
 4 **until it is approved by the legislature while it is in session, or by the Joint**
 5 **Legislative Committee on the Budget when the legislature is not is session.**

6 Section 2. This Act shall become effective upon signature by the governor or, if not
 7 signed by the governor, upon expiration of the time for bills to become law without signature
 8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 10 effective on the day following such approval.

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

DIGEST

Proposed law provides for development of a rebate loss report for any legislative instrument which proposes a rebate by the state, or by a political subdivision of the state whose boundaries are coterminous with those of the state, of five million dollars or more in any one of the five ensuing fiscal years from the instrument's effective date. The report shall be filed by the author of the proposed instrument, or by a proponent of the instrument on the author's behalf, relative to the economic effects of the enactment of the legislative instrument:

1. The total decrease due to the rebate estimated over the five ensuing fiscal years from the instrument's effective date.
2. The state's rebate loss ratio; that is, the amount of money to be gained by the state compared to the cost of the benefit granted.
3. The effect of the rebate on household earnings, employment, and value added in Louisiana.
4. An indication of which beneficial economic actions will be incentivized by the instrument.
5. Data indicating whether the same or similar instruments have been enacted in other states or territories of the United States or other nations.
6. The methodology and assumptions utilized to produce the information in the report.

Proposed law provides that the rebate loss report shall be filed on or before January 15 on any proposed legislative instrument which will grant a rebate with the impact described above.

Proposed law provides for a rebate loss report review process. It requires that upon filing of the legislative instrument and the rebate loss report, a copy of the report shall be transmitted to the Department of Revenue and the legislative fiscal office.

Proposed law provides that the legislative fiscal office shall review the report. The review shall encompass all aspects of the report including, but not limited to, the following:

1. The reasonableness of the rebate loss estimates.
2. The legislative instrument in the fiscal note to the report.
3. The validity, credibility, or reasonableness of the information in the report or the methodology and assumptions utilized to produce the information, or questions raised by such information or methodology.
4. Whether the actions being incentivized are already occurring without the enactment of the instrument.

Proposed law provides that the Department of Revenue shall review the data in the report and from other sources as to whether the same or similar instruments have been enacted in other states or territories of the United States or other nations.

Proposed law provides for the preparation of a rebate loss note in addition to the fiscal note prepared in accordance with the rules of the legislature to be prepared by the legislative fiscal office which sets forth a brief and concise summary of the results of its rebate loss report review.

Proposed law further requires that any legislative instrument which requires a rebate loss report shall have the report attached to it prior to its consideration by any committee and prior to its consideration on final passage by either house of the legislature. In addition, the presiding officer, the clerical officer, or any member of the respective house of the legislature considering the instrument may offer a motion at any time that a legislative instrument before that body requiring a rebate loss note without such a note attached be deferred until the preparation of the loss note. A rebate loss note shall not constitute a part of the law proposed by the legislative instrument to which it is attached.

Proposed law provides that prior to the granting a rebate, the secretary of the Department of Economic Development shall develop rules governing the implementation of the rebate process in accordance with the Administrative Procedure Act. He shall first submit the proposed rules to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs for review and approval.

Proposed law provides that no rebate shall be finally granted by the secretary of the Department of Economic Development or the secretary of the Department of Revenue until it is approved by the legislature while it is session, or by the Joint Legislative Committee on the Budget when the legislature is not in session.

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

(Adds R.S. 24:609)