

2015 Regular Session

HOUSE BILL NO. 831

BY REPRESENTATIVE JAY MORRIS

TAX CREDITS: Creates the Higher Education Initiatives tax credit and the Health Care Redesign tax credit and dedicates the monies saved from spending reductions and revenue increases into the Spending Reductions Fund for payment of the higher education and healthcare tax credits

1 AN ACT

2 To amend and reenact R.S. 17:3129.6(B) and to enact Subpart S of Part II-A of Chapter 1

3 of Title 39 of the Louisiana Revised Statutes of 1950, to be comprised of R.S.

4 39:100.137, and R.S. 47:6039 and 6040, relative to income and corporation franchise

5 tax credits; to establish the Spending Reductions Fund; to dedicate certain savings;

6 to provide for use of monies in the fund; to provide for the Higher Education

7 Initiative Fund; to establish the Higher Education Initiatives tax credit; to establish

8 the Healthcare Redesign tax credit; to provide for an effective date; and to provide

9 for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 17:3129.6(B) is hereby amended and reenacted to read as follows:

12 §3129.6. Higher Education Initiatives Fund

13 \* \* \*

14 B. The sources of monies deposited into the fund shall be legislative

15 appropriation and grants, gifts, and donations received by the state for the purposes

16 of this Section. Monies in the fund shall be subject to appropriation by the

17 legislature and shall be available exclusively for higher education institutions or for

18 the Board of Regents, hereinafter referred to in this Section as the "board". The

19 board shall ~~develop regulations and guidelines for the distribution and allocation of~~

1 ~~monies appropriated to the board which shall be subject to approval by the Joint~~  
 2 ~~Legislative Committee on the Budget~~ distribute the monies according to the formula  
 3 for equitable distribution of funds to the institutions of postsecondary education. All  
 4 unexpended and unencumbered monies in the fund at the end of the fiscal year shall  
 5 remain in the fund. Such monies shall be invested by the treasurer in the same  
 6 manner as the monies in the state general fund, and all interest earned shall be  
 7 credited to the fund following compliance with the requirements of Article VII,  
 8 Section 9(B) of the Constitution of Louisiana, relative to the Bond Security and  
 9 Redemption Fund.

\* \* \*

11 Section 2. Subpart S of Part II-A of Chapter 1 of Title 39 of the Louisiana Revised  
 12 Statutes of 1950, to be comprised of R.S. 39:100.137, is hereby enacted to read as follows:

13 SUBPART S. Spending Reductions Fund

14 §100.137. Spending Reductions Fund

15 A. There is hereby created in the state treasury, as a special fund, the  
 16 Spending Reductions Fund, hereinafter referred to as the "fund".

17 B.(1) The source of monies in the fund shall be as follows:

18 (a) Monies transferred to the fund pursuant to Subsection (D) of this Section.

19 (b) Monies designated for the fund and received by the state treasurer from  
 20 donations, gifts, grants, appropriations, or other revenue.

21 (2) Monies in the fund shall be invested in the same manner as monies in the  
 22 state general fund. Interest earned on investment of monies in the fund shall be  
 23 credited to this fund. Unexpended and unencumbered monies in the fund at the end  
 24 of the fiscal year shall remain in the fund.

25 C. Monies in the fund shall be appropriated annually to the Department of  
 26 Revenue to use solely for payment of credits authorized pursuant to R.S. 47:6039  
 27 and R.S. 47:6040, which have been certified by the Department Health and Hospitals  
 28 and the Board of Regents.

1           D.(1) Except as provided for in Paragraph (4) of this Subsection, on July 1,  
2           2017, and on July first of each fiscal year thereafter upon receipt of the certification  
3           from the Department of Revenue required in Paragraph (3), the state treasurer is  
4           hereby authorized and directed to transfer to the Spending Reductions Fund an  
5           amount equal to the savings and revenue recognized by the state based on the Acts  
6           of the Legislature of Louisiana of the 2015 Regular Session identified pursuant to  
7           Paragraph (2) of this Subsection.

8           (2) The secretary of the Department of Revenue shall identify all Acts of the  
9           Legislature of Louisiana passed during the 2015 Regular Session relative to sales tax,  
10           income tax, severance taxes, petroleum products tax, and corporation franchise tax  
11           provisions that had a fiscal note prepared by the Legislative Fiscal Office that  
12           reflected a decrease in state general fund expenditures or an increase in state general  
13           fund revenues. The secretary shall establish two baseline year amounts as follows:

14           (a) One baseline year amount based on the aggregate amount of state tax  
15           dollars not collected for the fiscal year ending June 30, 2014, as reported in the Tax  
16           Exemption Budget issued in Fiscal Year 14-15, based on the sales tax, income tax,  
17           severance taxes, petroleum products tax, and corporation franchise tax provisions  
18           that were the subject of Acts of the Legislature of Louisiana for the 2015 Regular  
19           Session as identified by the secretary.

20           (b) A second baseline year amount based on the aggregate amount of tax  
21           collections for the fiscal year ending June 30, 2014, as reported in the Annual Tax  
22           Collection Report issued in Fiscal Year 14-15, based on the sales tax, income tax,  
23           severance taxes, petroleum products tax, and corporation franchise tax provisions  
24           that were the subject of Acts of the Legislature of Louisiana for the 2015 Regular  
25           Session as identified by the secretary.

26           (3) The Department of Revenue shall determine the aggregate amount of  
27           state tax dollars not collected and the aggregate amount of tax collections for each  
28           fiscal year based on the data provided by the Tax Exemption Budget and the Annual  
29           Tax Collection Report for the same sales tax, income tax, severance taxes, petroleum

1 products tax, and corporation franchise tax provisions that were used to determine  
2 the baseline year amounts. The amounts to be certified by the Department of  
3 Revenue and transferred by the state treasurer shall be determined as follows:

4 (a) When the baseline year amount for state dollars not collected is greater  
5 than the aggregate amount of state tax dollars not collected for the fiscal year  
6 immediately preceding the annual transfer directed to be made by the state treasurer  
7 in Paragraph (1) of this Subsection, that amount shall be designated as the "savings"  
8 amount to be transferred. Except as provided for in Paragraph (4) of this Subsection,  
9 the Department of Revenue shall certify annually the savings to the state treasurer.

10 (b) When the baseline year aggregate amount of tax collections is less than  
11 the aggregate amount of tax collected for the fiscal year immediately preceding the  
12 annual transfer directed to be made by the state treasurer in Paragraph (1) of this  
13 Subsection, that amount shall be designated as the "revenue" to be transferred.

14 (c) Except as provided for in Paragraph (4) of this Subsection, the  
15 Department of Revenue shall certify annually the savings and revenue to the state  
16 treasurer.

17 (4) Beginning July 1, 2015, for those provisions of law that are the subject  
18 of Acts of the 2015 Regular Session identified by the secretary and that require  
19 reporting to the Department of Revenue more frequently than annually, the  
20 Department of Revenue shall certify the savings and revenue, as provided for in this  
21 Subsection, as frequently as the reporting is required. The state treasurer shall  
22 transfer to the Spending Reductions Fund an amount equal to the savings and  
23 revenue certified by the Department upon receipt of the certifications.

24 Section 2. R.S. 47:6039 and 6040 are hereby enacted to read as follows:

25 §6039. Higher Education Initiatives Tax Credit

26 A. The intent of this Section is to provide an incentive to corporations,  
27 persons, estates, and trusts to donate to the Higher Education Initiatives Fund ("the  
28 fund") as provided for in R.S. 17:3129.6. Any corporation, person, estate, or trust  
29 donating to the fund as specified herein shall be allowed a credit against any

1        Louisiana income or corporation franchise tax. The amount of the credit shall be  
2        equal the actual amount of the donation.

3                B. The Board of Regents shall certify annually to the Department of Revenue  
4        the amount of donations to the fund and the corresponding donor information  
5        necessary to identify to whom the credit shall be issued.

6                C. If the tax credit allowed pursuant to the provisions of this Section exceeds  
7        the amount of income taxes due or if the taxpayer owes no state income taxes, any  
8        excess of the tax credit over the income tax liability against which the credit can be  
9        applied shall constitute an overpayment, as defined in R.S. 47:1621(A), and the  
10       secretary shall make a refund of the overpayment from the Spending Reduction  
11       Fund, as provided for in R.S. 39:100.137. The right to a refund of any overpayment  
12       shall not be subject to the requirements of R.S. 47:1621(B).

13               D. The secretary of the Department of Revenue in consultation with the  
14       Board of Regents shall promulgate rules and regulations in accordance with the  
15       Administrative Procedure Act as are necessary to implement the provisions of this  
16       Section.

17       §6040. Healthcare Redesign Fund Tax Credit

18               A. The intent of this Section is to provide an incentive to corporations,  
19       persons, estates, and trusts to donate to the Healthcare Redesign Fund ("the fund")  
20       as provided for in R.S. 39:100.51. Any corporation, person, estate, or trust donating  
21       to the fund as specified herein shall be allowed a credit against any Louisiana  
22       income or corporation franchise tax. The amount of the credit shall be equal the  
23       actual amount of the donation.

24               B. The secretary of the Department of Health and Hospitals shall certify  
25       annually to the Department of Revenue the amount of donations to the fund and the  
26       corresponding donor information necessary to identify to whom the credit shall be  
27       issued.

28               C. If the tax credit allowed pursuant to the provisions of this Section exceeds  
29       the amount of income taxes due or if the taxpayer owes no state income taxes, any

1 excess of the tax credit over the income tax liability against which the credit can be  
 2 applied shall constitute an overpayment, as defined in R.S. 47:1621(A), and the  
 3 secretary shall make a refund of the overpayment from the Spending Reduction  
 4 Fund, as provided for in R.S. 39:100.137. The right to a refund of any overpayment  
 5 shall not be subject to the requirements of R.S. 47:1621(B).

6 D. The secretary of the Department of Revenue in consultation with the  
 7 Department of Health and Hospitals shall promulgate rules and regulations in  
 8 accordance with the Administrative Procedure Act as are necessary to implement the  
 9 provisions of this Section.

10 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor  
 11 and subsequently approved by the legislature, this Act shall become effective on July 1,  
 12 2015, or on the day following such approval by the legislature, whichever is later.

#### 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 831 Original

2015 Regular Session

Jay Morris

**Abstract:** Establishes the Spending Reduction Fund and dedicates certain funds for payment of certain tax credits for donations to healthcare and higher education.

Present law provides for the Higher Education Initiatives Fund ("fund") as a special treasury fund to provide for improvements to La.'s higher education institutions, including teaching, training, and development of innovative teaching strategies, development of additional distance learning classrooms, and enhancement of library and scientific equipment. Monies in the fund may only be appropriated to the Board of Regents. Authorizes the Board of Regents to develop guidelines for allocation of monies in the fund.

Proposed law retains present law but requires the monies in the fund to be distributed according to the formula for equitable distribution of funds to the institutions or postsecondary education.

Present law provides for the Health Care Redesign Fund in the state treasury. Provides for deposits into the fund from legislative appropriation and other sources. Provides that monies in the fund may be appropriated solely to pay costs and expenses associated with the following health care initiatives and services:

- (1) Development of a medical home to serve the low income uninsured population and reduce the incidence of emergency room services.
- (2) Funding to maintain, administer and improve the following health care areas:

- (a) Essential behavioral health services in the Department of Health and Hospitals, including mental health services and addictive disorders.
- (b) Recommendations for statewide mental health system improvements contained in Louisiana's Plan for Access to Mental Health Care.
- (c) Expansion of health insurance through the state's Medicaid program.
- (d) Reengineering of the vital records system to reconstitute records lost or damaged as a result of hurricanes Katrina and Rita, and to provide for effective creation, storage, and retrieval of such records.
- (e) The provision of services that are expected to achieve improved standards of care and better health outcomes for the following:
  - (i) Essential developmental disabilities, substance abuse and mental health services by DHH.
  - (ii) Essential adult and aging services by DHH.
  - (iii) Essential public health services by DHH.
  - (iv) Essential primary and preventive health care services by the DHH.
  - (v) Health care services provided via the Medicaid program operated by DHH, including the enhancement of provider reimbursement rates that improves Medicaid enrollee access to care, provided that such care is consistent with the goals of this redesign effort.
- (3) Initiatives of the Louisiana Health Care Quality Forum designed to improve the quality of health and health care statewide.
- (4) Initiatives to further the adoption and use of health information technology, including implementation of national HIT/HIE standards at the state and local levels, building of the health information exchange infrastructure, and adoption of electronic medical records and other clinical information at the provider level.
- (5) Assistance for health care workforce development and employee retention, including training; student loan repayment; physician uncompensated care; and transitional support for medical practitioners who provide comprehensive, continuing, and outcome-based patient care for Medicaid and uninsured patients in Dept. of Health and Hospitals Regions 1 and 5.

Proposed law establishes the Spending Reduction Fund as a special fund in the treasury and provides that the source of the monies for the fund shall be monies transferred to the fund pursuant to proposed law and other revenue designated for the fund.

Proposed law further requires the monies in the fund to be appropriated to the Dept. of Revenue for payment of credits authorized pursuant to proposed law. for use to fund healthcare services and to the Board of Regents to distribute according to the formula provided for in present law.

Proposed law directs the state treasurer to annually transfer to the Spending Reduction Fund, established in proposed law, the amount of savings recognized by the state based on Acts of the 2015 Regular Session relative to sales tax, income tax, severance taxes, petroleum products tax, and corporation franchise taxes. Further requires Dept. of Revenue to establish two baseline year amounts. One baseline year amount is based on the aggregate amount of state tax dollars not collected due to the sales tax, income tax, severance taxes, petroleum

products tax, and corporation franchise taxes provisions for the fiscal year ending June 30, 2014. A second baseline year amount is based on the amount of tax collections for the fiscal year ending June 30, 2014, as reported by the Annual Tax Collection Report 2013-2014, based on the same sales tax, income tax, severance taxes, petroleum products tax, and corporation franchise taxes provisions. Further requires the dept. to certify the amount of savings to the state treasurer annually based on the same categories

Proposed law provides that when the baseline amount for the aggregate amount of state tax dollars not collected is greater than the amount for the fiscal year immediately preceding the fiscal year in which the annual transfer is to occur, the difference in the amounts shall be the amount transferred by the state treasurer.

Proposed law further provides that when the baseline amount for tax collections is less than the amount for the fiscal year immediately preceding the fiscal year in which the annual transfer is to occur, then difference in the amounts shall be the amount transferred by the state treasurer.

Proposed law establishes the Higher Education Initiatives tax credit and authorizes an income or corporation franchise tax credit to taxpayers who make donations to the Higher Education Initiatives Fund. The amount of the credit is refundable and is equal to the amount of the donation.

Proposed law establishes the Health Care Redesign tax credit and authorizes an income or corporation franchise tax credit to taxpayers who make donations to the Health Care Redesign Fund. The amount of the credit is refundable and is equal to the amount of the donation.

Effective July 1, 2015.

(Amends R.S. 17:3129.6(B); Adds Subpart S of Part II-A of Chapter 1 of Title 39 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 39:100.137, and R.S. 47:6039 and 6040)