

2025 Regular Session

HOUSE BILL NO. 535

BY REPRESENTATIVE MANDIE LANDRY

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

LEGISLATIVE AUDITOR: Requires the Louisiana Legislative Auditor to evaluate state tax incentives

1 AN ACT

2 To enact R.S. 47:1517.2, relative to the legislative auditor; to require the legislative auditor
3 to evaluate and report on tax incentives within the state; to provide for the powers,
4 duties, and functions of the legislative auditor as it relates to the evaluation of and
5 the reports on tax incentives; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:1517.2 is hereby enacted to read as follows:

8 §1517.2. Tax incentive evaluation and reporting; powers and duties of the
9 legislative auditor

10 A.(1) The legislative auditor shall have regular evaluation and reporting
11 authority concerning tax incentives pursuant to R.S. 47:1517.1 and R.S. 24:513 and
12 shall evaluate and report on each tax incentive at least once every four years.

13 (2) The legislative auditor shall evaluate each tax incentive administered by
14 a state agency pursuant to R.S. 47:1517.1. The legislative auditor's office may
15 exempt from evaluation any incentive that he concludes has a minimal fiscal impact.

16 (3) The legislative auditor may contract with a private company, nonprofit,
17 or academic institution to assist with evaluations.

18 B.(1) The legislative auditor shall prepare a cost-benefit analysis of tax
19 incentives and an analysis of the impact of tax incentives on state revenue. The cost-
20 benefit analysis shall include all of the following:

1 (a) The creation of jobs.

2 (b) The effect on personal income.

3 (c) The effect on gross domestic product.

4 (2) The legislative auditor shall independently evaluate the effectiveness of
5 each tax incentive authorized by the legislature. The evaluation shall include all of
6 the following:

7 (a) Surveying tax incentive recipients to require information necessary to
8 ascertain whether the incentive is meeting its intended purpose.

9 (b) Analyzing economic impacts created or constrained by the tax incentive.

10 (c) Forecasting the utilization of tax incentive maximums and impacts of
11 extending tax incentives.

12 (d) Determining whether newly created jobs are of the intended nature and
13 scope of the tax incentive.

14 (e) If there is a local sales tax increase or decrease from the tax incentive,
15 quantifying the revenue impact on a parish basis, including by requiring local sales
16 tax collectors to report to the legislative auditor information that he may require.

17 C. Evaluations shall also include the following quantitative assessments:

18 (1) Whether adequate protections are in place to ensure that the fiscal impact
19 of the incentive does not increase substantially.

20 (2) Efficient administration of the incentive.

21 (3) Whether the company receiving the incentive is achieving its goals.

22 D. The legislative auditor may ensure that companies receiving tax
23 incentives participate in evaluations and accurately verify data.

24 E.(1) If the legislative auditor determines that a company receiving a
25 particular tax incentive has refused to submit data pursuant to this Section or has not
26 met the contractual obligations for the tax incentive, then the legislative auditor may
27 recommend to the administering agency that the company may no longer be eligible
28 for that tax incentive.

1 (2) If the legislative auditor determines that a company may not be eligible
2 for a tax incentive pursuant to Paragraph (1) of this Subsection, the legislative
3 auditor shall notify the agency administering the tax incentive of the determination.
4 Within ninety days of being notified by the legislative auditor, the administering
5 agency shall provide a written response to the legislative auditor regarding the
6 legislative auditor's evaluation of the company and, if necessary, include a proposed
7 remedy to the legislative auditor's conclusion. The administering agency shall
8 transmit the response to the legislative auditor and the company simultaneously.

9 F. The legislative auditor shall publish a report concerning evaluations
10 conducted pursuant to this Section and submit the report to the legislature every odd-
11 numbered year. The report shall include recommendations to the legislature for
12 specific reforms for tax incentives evaluated pursuant to this Section.

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 535 Reengrossed

2025 Regular Session

Mandie Landry

Abstract: Provides for the legislative auditor's authority to evaluate and report on tax incentives in the state.

Present law (R.S. 47:1517.1) authorizes the La. legislative auditor (LLA) to conduct performance audits of state agency programs that administer tax incentives in order to evaluate the impact, efficiency, effectiveness, and cost-effectiveness of programs and to identify programs that are vital and in the best interests of the citizens of La. Proposed law retains present law.

Proposed law requires the LLA to make evaluations and to report on each tax incentive administered by a state agency pursuant to present law at least once every four years, but provides that the LLA may exempt from evaluation any incentive that he concludes has a minimal fiscal impact. Provides that the LLA may contract with third parties to assist with evaluations.

Proposed law requires that the LLA prepare a cost-benefit analysis of tax incentives and the impact they have on state revenue. Requires that these evaluations include quantitative assessments and all of the following:

- (1) Surveying of tax incentive recipients.
- (2) Analysis of economic impacts.
- (3) Forecasts of the utilization of tax incentives.

- (4) Determinations regarding job creation.
- (5) Impacts to local sales tax collections.

Proposed law authorizes the LLA to ensure companies participate in evaluations and accurately verify data collected.

Proposed law requires the LLA to submit a report to the legislature every odd-numbered year. Further requires that reports contain recommendations for reforms for evaluated tax incentives.

(Adds R.S. 47:1517.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on House and Governmental Affairs to the original bill:

1. Make technical changes.
2. Provide that evaluations and reports are done at least once every four years.
3. Provide information required to be included in an evaluation.
4. Remove proposed law authority and related provisions regarding recapturing funds.
5. Change what shall be included in the recommendations.

The Committee Amendments Proposed by House Committee on Ways and Means to the engrossed bill:

1. Delete proposed law prohibiting companies from remaining eligible for tax incentives under certain circumstances.
2. Authorize the legislative auditor to recommend to agencies administering tax incentives that companies may no longer be eligible for those incentives.
3. Delete proposed law requiring administering agencies to notify companies of their ineligibility for incentives under certain circumstances.
4. Require administering agencies to provide to the legislative auditor and to companies subject to evaluations pursuant to proposed law written responses regarding the evaluations.