



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 535** HLS 25RS 882
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|--|---------|-------------------------------|
| Date: June 9, 2025 | 2:08 PM | Author: LANDRY, MANDIE |
| Dept./Agy.: Legislative Auditor | | |
| Subject: LLA reporting on tax incentive | | Analyst: Julie Silva |

LEGISLATIVE AUDITOR RRF +\$43,000 GF EX See Note Page 1 of 1
 Requires the Louisiana Legislative Auditor to evaluate state tax incentives

Proposed legislation requires the Louisiana Legislative Auditor (LLA) to evaluate and quadrennially report to the legislature on specified tax incentive and economic development programs, beginning 12/31/25. Permits the LLA to contract with a private company, nonprofit, or academic institution to assist with evaluations. Provides that when the LLA makes a determination that a company has failed to meet the contractual obligations associated with a tax incentive or economic development program, or that a company has refused to submit any requested data, the LLA may recommend to the administering agency that the company may no longer be eligible for that tax incentive or program. The administering agency of the incentive or program under question is then required to provide a written response to the LLA regarding the auditor's evaluation of the company and, if necessary, include a proposed remedy to the auditor's conclusion. The administering agency shall transmit the response to the legislative auditor and the company simultaneously. Removes requirement that the head of each state agency that administers a tax incentive submit to the legislature and the LLA a biennial report regarding each tax incentive that the agency administers. Removes requirements that the Louisiana Economic Development issue an annual unified economic development budget report.

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|-----------------|------------|------------|------------|-----------------|-----------------|
| State Gen. Fd. | \$43,000 | \$0 | \$0 | \$0 | \$43,000 | \$86,000 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$43,000 | \$0 | \$0 | \$0 | \$43,000 | \$86,000 |
| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed legislation is anticipated to increase annual SGF expenditures at the Louisiana Legislative Auditor (LLA) by \$43,000 to \$105,000, every four years, for the procurement and licensing of software able to perform the specific cost-benefit analysis of certain tax incentive and economic development programs that will be required. These cost estimates are based on information provided by REMI Tax PI, the current provider of the required software for the Department of Revenue (LDR).

The low-end estimate of \$43,000 is dependent on LDR approving an amendment to its current contract for REMI Tax PI to allow the LLA to "piggy-back" off of its existing software license. REMI provides that this would not result in a change in the current contract cost for LDR. Based on information provided by LDR indicating the department's amenability to amending its existing contract, the table above reflects the lower end cost estimate and assumes the first analysis and report would be completed in FY 26, with subsequent analyses and reports completed every four years thereafter.

If the LLA is required to enter into its own software licensing agreement with REMI for the REMI Tax PI program, the estimated cost for a 12-month license is \$105,000, incurred once every four years.


Proposed legislation streamlines certain reporting requirements concerning economic development programs, which may result in a decrease in workload; however, it is not anticipated this will result in a significant savings in expenditures.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
 Deputy Fiscal Officer