



(6) The methodology and assumptions utilized to produce the information in the report.

Proposed law creates the Exemption Review Conference (Conference), composed of six members:

- (1) The governor, or his designee.
- (2) The president of the Senate, or his designee.
- (3) The speaker of the House of Representatives, or his designee.
- (4) The Legislative Auditor, or his designee.
- (5) Two economists who each have at least 10 years of economic forecasting expertise. The two economists and one alternate shall be selected by the other three members from a list of as many as six, but no fewer than four names, submitted to them by the Board of Regents after the board consults with the president of the Louisiana Association of Independent Colleges and Universities.

Provides that the Board of Regents in consultation with the La. Assn. of Independent Colleges and Universities shall propose the compensation to be paid to the economist members of the conference.

Requires the election of the initial chair of the conference from the membership. Thereafter, the chair shall rotate among the membership annually, with no one member serving as chair more than once in a five-year period. Provides for the duties of the chair.

Provides for the commissioner of administration to convene the initial meeting of the conference on or before January 31, 2016, and preside until the economist members are selected and there is an election for a chair. The initial selection of the two economists and alternate shall occur by May 1, 2016.

Proposed law provides that four members of the Conference shall constitute a quorum for the transaction of business and requires the Conference to be subject to the Open Meetings Law. Requires the conference to consider information provided by any participant at meetings of the conference, including members of the public.

Authorizes the Conference to utilize whatever staff, information, and technical expertise is required in its determinations, and the Conference may request and shall receive assistance from any public entity.

Proposed law provides that decisions to adopt an official exemption analysis and recommendations or any other action shall be by a majority vote of the total membership of the conference.

Proposed law requires an economist member of the conference to recuse himself if he has a material interest in any tax exemption instrument before the conference. The alternate economist shall serve

in place of the recused member.

Proposed law provides that when a tax exemption instrument is prefiled, the chief clerical officer of the house of origin shall promptly provide a copy of the instrument and the attached Exemption Explanatory Note to the Exemption Review Conference. The two economists shall review the instrument and note, which review shall encompass all aspects of the instrument and note, including but not limited to the following:

- (1) The reasonableness of the revenue loss estimates.
- (2) The validity, credibility, or reasonableness of the information in the Exemption Explanatory Note or the methodology and assumptions utilized to produce the information, or questions raised by such information or methodology.
- (3) Whether the actions being incentivized are already occurring without the enactment of the instrument.
- (4) A review of the data in the Exemption Explanatory Note and from other sources as to whether the same or similar provisions have been enacted in other states or territories of the United States or other nations.
- (5) Any other information not included in the Exemption Explanatory Note which may have a bearing on the question of whether the conference should recommend the tax exemption instrument for enactment.

Proposed law provides for the two economists to prepare their own analysis, and present the analysis in writing to the Conference for adoption, along with a written proposal for the type of action the Conference should recommend to the legislature regarding the instrument.

Proposed law provides that prior to the last day for prefiling legislative instruments in a legislative session, the Exemption Review Conference shall, in a public meeting, adopt an official tax exemption analysis and make an official recommendation to the legislature regarding the disposition of the tax exemption instrument, with reasons, of any of the following:

- (1) For enactment, addition, or renewal of the tax exemption.
- (2) For enactment, addition, or renewal of the tax exemption with modifications.
- (3) Against enactment, addition, or renewal of the tax exemption.

Requires that the Exemption Review Conference recommendation and the official tax exemption analysis be attached to the tax exemption instrument by the chief clerical officer of the house of the legislature where the instrument was filed.

Proposed law provides that a tax exemption instrument that does not have an official tax exemption

analysis and recommendation attached, or any tax exemption instrument that has been amended and has no revised analysis and recommendation attached, shall at any time, upon the motion of any legislator, be referred to the conference for a determination within five legislative days as to whether the instrument requires such an analysis and recommendation. A decision that an analysis and recommendation are needed shall require the affirmative vote of only two members of the conference.

Proposed law provides that if the decision is that an analysis and recommendation are required, then the Exemption Review Conference may either proceed with preparation of an analysis and recommendation, or defer the process until the interim between legislative sessions. Provides that if the item is deferred, it may be introduced and considered in the next regular session, whether it is an odd-numbered year session or not.

Proposed law requires the Exemption Review Conference to meet to review and prepare a tax exemption analysis report on each tax exemption existing prior to July 1, 2016, by no later than September 1, 2016. The tax exemption analysis report must include:

- (1) An estimate of the total decrease in taxes, fees, charges or other revenue resulting from each credit for the previous fiscal year in which data is fully available.
- (2) An estimate of the state's revenue loss ratio from each exemption; that is, the amount of money gained by the state compared to the cost of the benefit granted from each exemption for the previous fiscal year in which data is fully available.
- (3) An estimate of the effect on household earnings, employment, and value added in Louisiana from each exemption for the previous fiscal year in which data is fully available.
- (4) A summary of which beneficial economic actions are incentivized by each exemption.
- (5) A recommendation as to whether a sunset should or should not be proposed by the legislature for each exemption.
- (6) A summary of the methodology and assumptions utilized to produce the information in the report.

The exemption analysis report must be reviewed and may be amended by the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means meeting jointly within 60 days of its receipt.

Effective if and when the proposed amendment of Article III, Sections 2(A)(2)(d) and 15.1 and Article XIII, Section 1(A)(3), and the addition of Article III, Sections 2(A)(2)(e) of the Constitution of Louisiana contained in the Act which originated as Senate Bill No. 75 of the 2015 Regular Session of the Legislature is adopted at the statewide election to be held on October 24, 2015, and becomes effective.

(Adds R.S. 24:991-994)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Prohibits an economist from being appointed to or retained by the Exemption Review Conference unless the legislature has appropriated funds to adequately compensate such economist for any services required by the proposed law.
2. Requires the Exemption Review Conference to meet to review and prepare a tax exemption analysis report on each tax exemption existing prior to July 1, 2016, by no later than September 1, 2016, and for the tax committees to meet within 60 days of its receipt and review and amend it.
3. Adds the Legislative Auditor or his designee as a member of the Conference.