

ACT No. 592

2016 Regular Session

HOUSE BILL NO. 795

BY REPRESENTATIVE STOKES

1 AN ACT

2 To amend and reenact R.S. 47:1517(B), relative to the tax exemption budget; to require
3 certain organization of the tax exemptions; to provide for an effective date; and to
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:1517(B) is hereby amended and reenacted to read as follows:

7 §1517. Tax exemption budget

8 * * *

9 B.(1) The annual tax exemption budget shall include the following:

10 ~~(1)~~ (a) Each tax exemption, its statutory citation, and its purpose.

11 ~~(2)~~ (b) The revenue loss to the state caused by each tax exemption for the
12 three preceding years, the estimated revenue loss to the state caused by each tax
13 exemption for the current fiscal year, and the estimated revenue loss to the state
14 caused by each tax exemption for the ensuing fiscal year.

15 ~~(3)~~ (c) The estimated cost of administering and implementing each tax
16 exemption for the three preceding fiscal years, the current fiscal year, and the
17 ensuing fiscal year.

18 (2) The tax exemptions in the annual tax exemption budget shall also be
19 organized in an additional opening schedule as follows:

20 (a) Agricultural/Rural: a tax exemption that pertains to a business or person
21 being located in a rural area; or, engaging in an agricultural trade/business.

1 (b) Business Environment: a tax exemption that encourages competitiveness
2 with other states by impacting the tax burden of business entities that engage in
3 specific activities that include holding or maintaining inventory or property in the
4 state, using or deriving benefit from water, electric power, energy or any other utility
5 type resources, or buying, leasing, renting or selling machines or equipment used for
6 the production, modification, creation or facilitation of tangible personal property in
7 the state, or using consumables in the manufacturing process that does not become
8 a part of the final product, including the following:

9 (i) Inventory Tax Ad Valorem.

10 (ii) Business Utilities Sales Tax.

11 (iii) Manufacturing Machinery and Equipment.

12 (iv) Direct Inputs and Consumables.

13 (c) Corporate Income Tax Formula: a tax exemption that is unique or
14 specific to Louisiana and relates to assisting, guiding or aiding a business entity in
15 determining the amount of its income for Louisiana tax purposes.

16 (d) Dealers and Vendors Compensation and Discounts: a tax exemption that
17 encourages either the timely filing of a return, report, form or document or the timely
18 payment of a tax, fee or other amount due.

19 (e) Educational Breaks for Educational Institutions: a tax exemption that
20 pertains to an entity that engages in a specified activity that provides or facilitates the
21 act of learning, or, an entity or institution who provides or facilitates learning.

22 (f) Educational Breaks for Individuals: a tax exemption that pertains to an
23 individual who engages in a specified activity that is beneficial to, or provides or
24 facilitates the act of learning.

25 (g) Incentives: a tax exemption that encourages a particular or specified
26 economic activity by modifying the tax burden of the economic activity or behavior
27 that is taking place. Categories of incentives include those, that spur the hiring of
28 employees by business, or that are administered by and through a contract with the
29 department of:

30 (i) Economic Development.

1 (ii) Culture, Recreation & Tourism.

2 (iii) Environmental Quality.

3 (iv) Revenue, including those for Severance Tax (that is not a part of the
 4 normal taxing scheme of other states).

5 (h) Louisiana Constitutional Mandates: a tax exemption outlined in the state
 6 constitution that modifies the tax burden.

7 (i) Non-itemized Sales and Use Tax Exclusions and Exemptions: a sales tax
 8 exemption that is not individually itemized on a Louisiana sales tax return before
 9 March 2016 and is therefore not assigned a value in the Tax Exemption Budget.

10 (j) Normal Tax Structure: an exemption that is commonly used or
 11 implemented in other states; enacted to prevent double taxation; or used to prevent
 12 the taxation of direct business inputs. The exemption could be mandated by the
 13 federal government, the state to ensure a foreign, tribal, local, municipality or state
 14 entity addresses taxes owed to the state, the federal or state government to ensure
 15 the protections of commerce across state lines, the state government to determine the
 16 taxability of businesses when it incurs losses, or the state government on activities
 17 that sever the state's natural resources in a manner that is not unique to Louisiana and
 18 widely accepted policy among oil producing states, including the following:

19 (i) Federal Mandatory.

20 (ii) Intergovernment.

21 (iii) Interstate Commerce.

22 (iv) Net Operating Loss.

23 (v) Normal Severance.

24 (k) Personal Income Tax Formula: a tax exemption that assists, guides, or
 25 aids an individual in determining Louisiana tax table income after determining
 26 Louisiana adjusted gross income.

27 (l) Retirement, Disability, and Military: a tax exemption that modifies the
 28 tax owed by individuals who receive money, including but not limited to wages and
 29 interest as a result of this special status or position in life that is recognized by
 30 statute.

- 1 (m) Specialty Sales Tax Exemptions, including the following:
- 2 (i) Sales tax holidays.
- 3 (ii) Purchase of a specific item.
- 4 (iii) Purchase made by a specific taxpayer.
- 5 (iv) Activities of a specific group or organization.
- 6 (n) Specialty Income Tax Exemptions, including the following:
- 7 (i) Performance of a specific activity.
- 8 (ii) Purchase of a specific item.
- 9 (iii) Purchase made by a specific taxpayer.
- 10 (3) No statute, provision, exemption, exclusion, refundable or nonrefundable
- 11 credit, rebate or deduction listed in the categories outlined above shall be listed in
- 12 more than one category without a specific notation of doing such.
- 13 (4) The secretary may add additional categories to the additional opening
- 14 schedule as deemed appropriate and necessary.

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Section 2. This Act shall become effective on July 1, 2016; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2016, or on the day following such approval by the legislature, whichever is later.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____