

2025 Regular Session

HOUSE BILL NO. 535

BY REPRESENTATIVES MANDIE LANDRY, AMEDEE, BACALA, BAYHAM, BOYD,
EGAN, FARNUM, FISHER, HILFERTY, LARVADAIN, MARCELLE,
MCCORMICK, OWEN, WILDER, AND WYBLE

AN ACT

To enact R.S. 47:1517.2 and to repeal R.S. 51:935.1, relative to tax incentives and economic development programs; to provide for duties of the legislative auditor; to require the legislative auditor to evaluate and report on tax incentives within the state; to provide for the powers, duties, and functions of the legislative auditor as it relates to the evaluation of and the reports on tax incentives and economic development programs; to repeal requirements for the unified economic development budget report; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

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

§1517.2. Tax incentive and economic development program evaluation and reporting; powers and duties of the legislative auditor

A. For purposes of this Section, the following terms shall have the meanings ascribed to them in this Subsection:

(1) "Economic development program" means any state program which directly or indirectly confers fiscal benefits on employers located in the state for the purpose of retaining and creating jobs and growing the state's economy. Such programs may include grants, loan guarantees, and tax exemptions, exclusions,

1 credits, and rebates, but only to the extent that such benefits are used by an
2 identifiable group of employers in the same or a similar business. The ten-year
3 property tax exemption and the inventory tax credit shall not be deemed economic
4 development programs for purposes of this Section.

5 (2) "Tax incentive" means any tax rebate or tax credit.

6 B.(1) The legislative auditor shall have regular evaluation and reporting
7 authority concerning tax incentives and economic development programs in
8 accordance with R.S. 24:513, and shall evaluate and report on each tax incentive and
9 economic development program at least once every four years.

10 (2) The legislative auditor shall evaluate each tax incentive and economic
11 development program administered by a state agency. The legislative auditor may
12 exempt from evaluation any incentive or program that he concludes has a minimal
13 fiscal impact.

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

16 C.(1) The legislative auditor shall prepare a cost-benefit analysis of tax
17 incentives and economic development programs and an analysis of the impact of
18 those incentives and programs on state revenue. The cost-benefit analysis shall
19 include all of the following:

20 (a) The creation of jobs.

21 (b) The effect on personal income.

22 (c) The effect on gross domestic product.

23 (2) The legislative auditor shall independently evaluate the effectiveness of
24 each tax incentive and economic development program authorized by the legislature.

25 The evaluation shall include all of the following:

26 (a) Analyzing economic impacts created or constrained by the tax incentive
27 or economic development program.

28 (b) Forecasting the utilization of tax incentive maximums and impacts of
29 extending tax incentives and economic development programs.

1 (c) Determining whether there is a local sales tax increase or decrease from
2 the tax incentive or economic development program, quantifying the revenue impact
3 on a parish basis, including by requiring local sales tax collectors to report to the
4 legislative auditor information that he may require.

5 D. Evaluations shall also include the following assessments:

6 (1) Whether adequate protections are in place to ensure that the fiscal impact
7 of the incentive or economic development program does not increase substantially.

8 (2) Whether the company receiving the incentive or participating in the
9 economic development program is achieving its goals.

10 E. The legislative auditor may require companies receiving tax incentives or
11 participating in economic development programs to take part in evaluations and
12 accurately verify data.

13 F.(1) If the legislative auditor determines that a company receiving a
14 particular tax incentive or participating in a particular economic development
15 program has refused to submit data pursuant to this Section or has not met the
16 contractual obligations for the incentive or program, then the legislative auditor may
17 recommend to the administering agency that the company may no longer be eligible
18 for that incentive or program.

19 (2) If the legislative auditor determines that a company may not be eligible
20 for a tax incentive or economic development program pursuant to Paragraph (1) of
21 this Subsection, the legislative auditor shall notify the agency administering the tax
22 incentive of the determination. Within ninety days of being notified by the legislative
23 auditor, the administering agency shall provide a written response to the legislative
24 auditor regarding the legislative auditor's evaluation of the company and, if
25 necessary, include a proposed remedy to the legislative auditor's conclusion. The
26 administering agency shall transmit the response to the legislative auditor and the
27 company simultaneously.

28 G. The legislative auditor shall publish and submit to the legislature a
29 quadrennial report concerning evaluations conducted pursuant to this Section. The
30 legislative auditor shall submit the initial report required by this Section on or before

1 December 31, 2026. The report shall include recommendations to the legislature for
2 specific reforms for tax incentives evaluated pursuant to this Section.
3 Section 2. R.S. 51:935.1 is hereby repealed in its entirety.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____