

Regular Session, 2012

HOUSE BILL NO. 1104

BY REPRESENTATIVE KATRINA JACKSON

TAX CREDITS: Requires state agencies which administer tax credits to report certain information

1 AN ACT

2 To enact R.S. 47:1517.1, relative to tax incentives; to require state agencies which
3 administer tax credits and tax rebates to make certain reports; to provide relative to
4 the contents of such reports; to provide for certain requirements and limitations; to
5 provide for definitions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:1517.1 is hereby enacted to read as follows:

8 §1517.1. Tax incentives; state agencies and state offices which administer tax
9 incentives; reporting requirements

10 A. No later than the first day of March each year, the secretary of each state
11 agency or head of each state office within a state department which administers a tax
12 credit or tax rebate, hereinafter referred to collectively as "tax incentive", shall
13 prepare and submit to the legislature a report regarding the tax incentive which the
14 department or office administers. The report shall include an assessment of each tax
15 incentive based on the following criteria:

16 (1) Whether or not each tax incentive has been successful in meeting the
17 purpose for which it was enacted, in particular, whether each tax incentive benefits
18 those originally intended to be benefitted, and if not, those who do benefit.

19 (2) Whether or not the state receives a positive return on investment from the
20 business or industry for which the tax incentive is intended to benefit.

1 (3) Unintended or inadvertent effects, benefits, or harm caused by each tax
2 incentive, including whether each tax incentive conflicts with other state laws or
3 regulations.

4 B.(1) Nothing in this Section shall be construed to require the disclosure of
5 proprietary or trade secret information which has been submitted to any state agency
6 with respect to a tax credit.

7 (2) Nothing in this Section shall be construed to supercede any provision of
8 R.S. 47:1508 with respect to the confidentiality of taxpayer records.

9 C. Each state department or state office required to submit a report pursuant
10 to the provisions of this Section is authorized to request from any other state or local
11 agency or official any information necessary to complete the report required by this
12 Section. Any such official shall comply with this request.

13 D. For purposes of this Section, the terms "state agency" and "state office"
14 shall mean any office, department, board, commission, institution, or division within
15 the executive branch of state government. An agency which is required to generate
16 reports pursuant to this Section shall be an agency which is required by law to
17 administer the tax credit. Administration of a tax credit shall be evidenced by a legal
18 requirement or authorization to undertake any of the following actions for purposes
19 of administration of the tax credit:

20 (1) Promulgate rules or regulations; in cases where more than one agency
21 has rulemaking authority, the report shall be prepared collaboratively.

22 (2) Eligibility or qualifications.

23 (3) Agency contract with an entity for purposes of a tax credit.

24 (4) Oversight or substantial administrative functions for a tax credit when
25 the public purpose associated with the tax credit is within the core mission of the
26 agency.

27 E. The Department of Revenue shall develop a format similar to the format
28 used for reporting information contained in the annual tax exemption budget
29 provided for in R.S. 47:1517. The format shall be made available to all state

1 agencies and state offices for use in preparation of their report pursuant to the
 2 provisions of this Section.

3 F. The House Committee on Ways and Means and the Senate Committee on
 4 Revenue and Fiscal Affairs, hereinafter referred to as "committees", shall conduct
 5 hearings on the reports every odd-numbered year, to be concluded thirty days before
 6 the beginning of the regular session of the Legislature of Louisiana. The committees
 7 shall analyze and consider tax incentives which have caused revenue loss to the state
 8 in any one of the last three fiscal years. From time to time, the committees may
 9 report to the legislature findings or recommendations developed as a result of the
 10 hearings.

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)]

Katrina Jackson

HB No. 1104

Abstract: Requires state agencies and state offices which administer tax credits and tax rebates (tax incentives) to report annually, no later than March 1, to the legislature, information regarding the tax incentives.

Proposed law requires, no later than March 1 of each year, the secretary of each state agency or head of each state office which administers a tax credit or tax rebate (hereinafter collectively tax incentives), to prepare and submit a report to the legislature regarding the tax incentive the department or office administers. The report shall include an assessment of each tax incentive based on the following criteria:

- (1) Whether or not each tax incentive has been successful in meeting the purpose for which it was enacted.
- (2) Whether or not the state receives a positive return on investment from the business or industry for which the tax incentive is intended to benefit.
- (3) Unintended or inadvertent effects, benefits, or harm caused by each tax incentive.

Proposed law defines "state agency" as any office, department, board, commission, institution, or division within the executive branch of state government, which agency is required by law to administer the tax incentive. Administration of a tax incentive shall be evidenced by a legal requirement or authorization to undertake any of the following actions for purposes of administration of the tax incentive:

- (1) Promulgate rules or regulations; in cases where more than one agency has rulemaking authority, the report shall be prepared collaboratively.
- (2) Eligibility or qualifications.

- (3) Agency contract with an entity for purposes of a tax incentive.
- (4) Oversight or substantial administrative functions for a tax incentive when the public purpose associated with the tax incentive is within the core mission of the agency.

Proposed law requires the Dept. of Revenue to develop a format similar to the format used in reporting the annual tax exemption budget required by present law to be made available to and used by all state agencies and offices in preparation of the report required by proposed law.

Proposed law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, hereinafter "committees", to conduct hearings on the reports every odd-numbered year, to be concluded 30 days before the beginning of the regular session of the legislature. Further requires the committees to analyze and consider tax incentives which caused revenue loss to the state and authorizes the committees to report its findings or recommendations developed as a result of the hearings to the legislature.

(Adds R.S. 47:1517.1)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Added requirement that the provisions of proposed law apply to tax rebates.
2. Added provisions for maintenance of confidentiality of taxpayer information.
3. Added definition of state agency.