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## DIGEST

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HB No. 316

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

Present law requires the Dept. of Revenue (DOR) to annually prepare a tax exemption budget which includes state revenue loss for the preceding three years caused by each tax exemption, deduction, exclusion, and credit authorized by law. Further requires the legislative auditor's office to conduct performance audits of state agency programs in order to evaluate the impact, efficiency, and cost-effectiveness of programs and to identify programs that are vital and in the best interests of the citizens of La. The DOR, and various other state agencies, administer the tax credits and rebates authorized by present law.

Proposed law retains present law.

Proposed law requires, in order for the legislature and the legislative auditor's office to get accurate and complete information regarding how much tax credits and rebates cost the state each year, no later than March 1 of each year, each state agency which administers a tax credit or tax rebate, (tax incentives), to prepare and submit a report to the legislature regarding the tax incentive the agency 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. 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 DOR to develop a format for such reports 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 their findings or recommendations developed as a result of the hearings to the legislature.

(Adds R.S. 47:1517.1)