

2015 Regular Session

SENATE BILL NO. 222

BY SENATOR DONAHUE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FISCAL CONTROLS. Provides for an incentive expenditure forecast to be established.
(7/1/15)

1 AN ACT

2 To enact R.S. 39:2(15.1) and (15.2) and 24.1, relative to budgetary procedures; to define
3 incentive expenditures; to provide for an incentive expenditure forecast; to provide
4 for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 39:2(15.1) and (15.2) and 24.1 are hereby enacted to read as follows:

7 §2. Definitions

8 As used in this Chapter, except where the context clearly requires otherwise,
9 the words and expressions defined in this Section shall be held to have the meanings
10 here given to them.

11 * * *

12 **(15.1) "Incentive expenditures" means the reductions of and payments**
13 **from current tax collections because of the following incentive benefit statutes:**

14 **(a) Atchafalaya Trace Heritage Area Development Zone Tax Exemption**
15 **(Part II of Chapter 26 of Title 25 of the Louisiana Revised Statutes of 1950,**
16 **comprised of R.S. 25:1226 et seq.).**

17 **(b) Brownfields Investor Tax Credit (R.S. 47:6021).**

1 (c) Cane River Heritage Tax Credit (R.S. 47:6026).

2 (d) Louisiana Community Economic Development Act (R.S. 47:6031).

3 (e) Ports of Louisiana Tax Credits (R.S. 47:6036).

4 (f) Motion Picture Investor Tax Credit (R.S. 47:6007).

5 (g) Research and Development Tax Credit (R.S. 47:6015).

6 (h) Digital Interactive Media and Software Tax Credit (R.S. 47:6022).

7 (i) Louisiana Motion Picture Incentive Program (Chapter 12 of Subtitle
8 II of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S.
9 47:1121 et seq.).

10 (j) Louisiana Capital Companies Tax Credit Program (Chapter 26 of
11 Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 et
12 seq.).

13 (k) New Markets Tax Credit (R.S. 47:6016).

14 (l) University Research and Development Parks (R.S. 17:3389).

15 (m) Industrial Tax Equalization Program (Chapter 1 of Subtitle V of
16 Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:3201
17 through 3205).

18 (n) Exemptions for Manufacturing Establishments (Chapter 3 of Subtitle
19 V of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S.
20 47:4301 through 4306).

21 (o) Enterprise Zones (Chapter 21 of Title 51 of the Louisiana Revised
22 Statutes of 1950, comprised of R.S. 51:1781 et seq.).

23 (p) Sound Recording Investor Tax Credit (R.S. 47:6023).

24 (q) Urban Revitalization Tax Incentive Program (Chapter 22 of Title 51
25 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801).

26 (r) Technology Commercialization Credit and Jobs Program (Part VI of
27 Chapter 39 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of
28 R.S. 51:2351 et seq.).

29 (s) Angel Investor Tax Credit Program (R.S. 47:6020).

1 (t) Musical and Theatrical Productions Income Tax Credit (R.S.
2 47:6034).

3 (u) Retention and Modernization Act (Chapter 39-C of Title 51 of the
4 Louisiana Revised Statutes of 1950, comprised of R.S. 51:2399.1 through
5 2399.6).

6 (v) Green Jobs Industries Tax Credit (R.S. 47:6037).

7 (w) Louisiana Quality Jobs Program (Chapter 42 of Title 51 of the
8 Louisiana Revised Statutes of 1950, comprised of R.S. 51:2451 et seq.).

9 (x) Corporate Headquarters Relocation Program (Chapter 54 of Title 51
10 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:3111 through
11 3115).

12 (y) Competitive Projects Payroll Incentive Program (R.S. 51:3121).

13 (z) Procurement Processing Company Rebate Program (R.S. 47:6351).

14 (aa) Rehabilitation of Historic Structures Tax Credit (R.S. 47:6019).

15 (bb) Rebates for Donations to School Tuition Organizations (R.S.
16 47:6301).

17 (15.2) "Current tax collections" means the current collections of the
18 taxes imposed by Subtitle II of Title 47 of the Louisiana Revised Statutes of
19 1950.

20 * * *

21 §24.1. Incentive expenditure forecast

22 A. The Revenue Estimating Conference shall establish a forecast of
23 incentive expenditures for each fiscal year, beginning for Fiscal Year 2016-2017,
24 hereinafter referred to as the incentive expenditure forecast, which shall be
25 derived and revised only as provided in this Section. The incentive expenditure
26 forecast shall include a forecast of the amount of payments from and reductions
27 of current tax collections to be granted by each of the incentive benefit statutes
28 listed in R.S. 39:2(15.1) for the forecasted year. The forecast shall be an amount
29 that is no less than the estimated amount of payments from and reductions of

1 current tax collections which will be made by each of the incentive benefit
2 statutes listed in R.S. 39:2(15.1) for the forecasted fiscal year. Such forecast
3 shall be used to provide for the statement of incentive expenditures in the
4 proposed executive budget.

5 B. The incentive expenditure forecast shall be derived and based upon
6 the assumption that the current law and current administrative procedures will
7 remain in effect for the forecast period.

8 C. The department which administers the incentive benefit shall notify
9 the conference when the incentive expenditure forecast is not sufficient to meet
10 the requirements of current law or current administrative procedures. The
11 conference may revise the forecast as necessary.

12 D. The incentive expenditure forecast shall be a separate forecast and
13 shall not be included in the estimates of the money to be received by the state
14 general fund and dedicated funds for the current and next fiscal years which are
15 available for appropriation.

16 E.(1) The Revenue Estimating Conference may utilize whatever staff,
17 information, and technical expertise which it may determine is required to
18 derive or revise the incentive expenditure forecast. The conference may request
19 and shall receive from all public officers, departments, agencies, and authorities
20 of the state such assistance and data as will enable the conference to fulfill its
21 duties.

22 (2) Each agency of the state, including the Department of Revenue, the
23 Department of Economic Development, and the Department of Culture,
24 Recreation and Tourism, which administers an incentive expenditure program
25 shall furnish the Revenue Estimating Conference, legislative fiscal office, and
26 the division of administration data reflecting the program's operations and shall
27 prepare a report setting forth the dollar amount of incentive expenditures for
28 each incentive benefit program administered by the respective department,
29 agency, or authority. In order for such information to be included in the

1 incentive expenditure forecast for the next fiscal year, such reports shall include
2 data beginning July first of each fiscal year through the date of the report and
3 the report shall be due monthly. An initial report detailing historical
4 participation and applicable dollar amounts of incentive expenditures shall also
5 be provided. The initial historical report and subsequent monthly reports shall
6 be developed in consultation with the Revenue Estimating Conference, the
7 legislative fiscal office, and the division of administration.

8 (3) In addition to the data required to be submitted in Paragraph (2) of
9 this Subsection, each agency of the state, including the Department of Revenue,
10 the Department of Economic Development, and the Department of Culture,
11 Recreation and Tourism, which administers an incentive expenditure as defined
12 in R.S. 39:2(15.1) shall submit to the Revenue Estimating Conference, the
13 legislative fiscal office, and the division of administration, upon request, an
14 estimate of incentive expenditures for each of the tax benefit statutes listed in
15 R.S. 39:2(15.1) administered by the respective agency. Such estimates shall be
16 an amount that is no less than the estimated amount of reductions of and
17 payments to be made from current tax collections for each incentive
18 expenditure for the current fiscal year. The participants of the conference shall
19 work in conjunction with the respective agency to finalize all estimates for
20 presentation to the conference.

21 F. The incentive expenditure forecast shall be determined by the
22 Revenue Estimating Conference through a process to be decided by the
23 conference except that any final action establishing an incentive expenditure
24 forecast shall be taken pursuant only to a unanimous decision by all of the
25 conference principals.

26 * * *

27 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
28 and subsequently approved by the legislature, this Act shall become effective on July 1,
29 2015, or on the day following such approval by the legislature, whichever is later.

- (20) Musical and Theatrical Productions Income Tax Credit (R.S. 47:6034).
- (21) Retention and Modernization Act (Chapter 39-C of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:2399.1 through 2399.6).
- (22) Green Jobs Industries Tax Credit (R.S. 47:6037).
- (23) Louisiana Quality Jobs Program (Chapter 42 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:2451 et seq.).
- (24) Corporate Headquarters Relocation Program (Chapter 54 of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:3111 through 3115).
- (25) Competitive Projects Payroll Incentive Program (R.S. 51:3121).
- (26) Procurement Processing Company Rebate Program (R.S. 47:6351).
- (27) Rehabilitation of Historic Structures Tax Credit (R.S. 47:6019).
- (28) Rebates for Donations to School Tuition Organizations (R.S. 47:6301).

Proposed law also defines "current tax collections" to mean the current collections of the taxes imposed by Subtitle II of Title 47 of the La. Revised Statutes of 1950.

Proposed law requires the Revenue Estimating Conference (REC) to establish a forecast of incentive expenditures for each fiscal year, beginning for fiscal year 2016-2017, which shall include a forecast of the amount of payments from and reductions of current tax collections to be granted by each of the incentive benefit statutes listed in the definition of incentive benefit for the forecasted year. Provides that the forecast shall be an amount that is no less than the estimated amount of payments from and reductions of current tax collections which will be made by each of the incentive benefit statutes. Such forecast shall be used to provide for the statement of incentive expenditures in the proposed executive budget.

Proposed law provided that the incentive expenditure forecast shall be derived and based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period. Provides that the agency which administers the incentive benefit shall notify the conference when the incentive expenditure forecast is not sufficient to meet the requirements of current law or current administrative procedures. The conference may revise the forecast as necessary. Provides that the incentive expenditure forecast shall be a separate forecast and shall not be included in the estimates of the money to be received by the state general fund and dedicated funds for the current and next fiscal years which are available for appropriation.

Proposed law provides for the information, and the timing of submission of the information, that agencies of the state are to provide in order for the REC to prepare an incentive expenditure forecast.

Proposed law provides that the incentive expenditure forecast shall be determined by the REC through a process to be decided by the conference except that any final action establishing an incentive expenditure forecast shall be taken only pursuant to a unanimous decision by all of the conference principals.

Effective July 1, 2015.

(Adds R.S. 39:2(15.1) and (15.2) and 24.1)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Deletes provisions providing for incentive expenditures to be contained in the executive budget.