The original instrument was prepared by Riley Boudreaux. The following digest, which does not constitute a part of the legislative instrument, was prepared by Martha Hess.

DIGEST

SB 78 Reengrossed

2015 Regular Session

Mills

Proposed law defines "tax exemption", and "tax exemption instrument".

<u>Proposed law</u> requires the author of a tax exemption instrument, or the proponent of the instrument on the author's behalf to submit an Exemption Explanatory Note to include the following:

- (1) The total decrease in taxes, fees, charges or other revenue estimated over the five ensuing fiscal years from the instrument's effective date.
- (2) The state's revenue loss ratio; that is, the amount of money to be gained by the state compared to the cost of the benefit granted.
- (3) The effect on household earnings, employment, and value added in Louisiana.
- (4) An indication of which beneficial economic actions will be incentivized by the instrument.
- (5) Data indicating whether the same or similar provisions have been enacted in other states or territories of the United States or other nations.
- (6) The methodology and assumptions utilized to produce the information in the report.

<u>Proposed law</u> provides that the chief clerical officer of the house of the legislator in which the instrument and the exemption explanatory note were filed shall provide these documents to the legislative fiscal officer. The legislative fiscal officer or the economist for the legislative fiscal officer shall review the instrument and the note for information which may be used in the fiscal note for the instrument.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 24:991-992)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

- 1. Prohibits an economist from being appointed to or retained by the Exemption Review Conference unless the legislature has appropriated funds to adequately compensate such economist for any services required by the <u>proposed law</u>.
- 2. Requires the Exemption Review Conference to meet to review and prepare a tax exemption analysis report on each tax exemption existing prior to July 1, 2016, by no later than September 1, 2016, and for the tax committees to meet within 60 days of its receipt and review and amend it.
- 3. Adds the Legislative Auditor or his designee as a member of the Conference.

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

- 1. Deletes provisions relative to Exemption Review Conference, membership, appointment or retention of economist, and official exemption analyses.
- 2. Provides that the Exemption Explanatory Note shall be provided to the legislative fiscal officer for information which may be used by the legislative fiscal officer or the economist for the legislative fiscal office in the fiscal note for the bill.
- 3. Changes effective date to signature of the governor.