

2015 Regular Session

HOUSE BILL NO. 646

BY REPRESENTATIVE HARRISON

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

BUDGETARY CONTROLS: Provides for an incentive expenditure forecast

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 from  
13 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).

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

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

20 (e) Ports of Louisiana Tax Credit (R.S. 47:6036).

- 1           (f) Motion Picture Investor Tax Credit (R.S. 47:6007).
- 2           (g) Research and Development Tax Credit (R.S. 47:6015).
- 3           (h) Digital Interactive Media and Software Tax Credit (R.S. 47:6022).
- 4           (i) Louisiana Motion Picture Incentive Program (Chapter 12 of Subtitle II of  
5 Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:1121 et  
6 seq.).
- 7           (j) Louisiana Capital Companies Tax Credit Program (Chapter 26 of Title  
8 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 et seq.).
- 9           (k) New Markets Tax Credit (R.S. 47:6016).
- 10          (l) University Research and Development Parks (R.S. 17:3389).
- 11          (m) Industrial Tax Equalization Program (Chapter 1 of Subtitle V of Title  
12 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:3201 through  
13 3205).
- 14          (n) Exemptions for Manufacturing Establishments (Chapter 3 of Subtitle V  
15 of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:4301  
16 through 4306).
- 17          (o) Enterprise Zones (Chapter 21 of Title 51 of the Louisiana Revised  
18 Statutes of 1950, comprised of R.S. 51:1781 et seq.).
- 19          (p) Sound Recording Investor Tax Credit (R.S. 47:6023).
- 20          (q) Urban Revitalization Tax Incentive Program (Chapter 22 of Title 51 of  
21 the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801).
- 22          (r) Technology Commercialization Credit and Jobs Program (Part VI of  
23 Chapter 39 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S.  
24 51:2351 et seq.).
- 25          (s) Angel Investor Tax Credit Program (R.S. 47:6020).
- 26          (t) Musical and Theatrical Productions Tax Credit (R.S. 47:6034).
- 27          (u) Retention and Modernization Credit (Chapter 39-C of Title 51 of the  
28 Louisiana Revised Statutes of 1950, comprised of R.S. 51:2399.1 through 2399.6).
- 29          (v) Green Jobs Industries Credit (R.S. 47:6037).

- 1           (w) Louisiana Quality Jobs Program (R.S. 51:2451 et seq.).
- 2           (x) Corporate Headquarters Relocation Program (Chapter 54 of Title 51 of
- 3           the Louisiana Revised Statutes of 1950, comprised of R.S. 51:3111 through 3115).
- 4           (y) Competitive Projects Payroll Incentive Program (R.S. 51:3121).
- 5           (z) Procurement Processing Company Rebate Program (R.S. 47:6351).
- 6           (aa) Rehabilitation of Historic Structures (R.S. 47:6019).
- 7           (bb) Rebates for Donations to School Tuition Organizations (R.S. 47:6301).
- 8           (15.2) "Current tax collections" means the current collections of the taxes
- 9           imposed by Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950.

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§24.1. Incentive expenditure forecast

A. The Revenue Estimating Conference shall establish a forecast of incentive expenditures for each fiscal year, beginning for fiscal year 2016-2017, hereinafter referred to as the incentive expenditure forecast, which shall be derived and revised only as provided in this Section. The forecast of incentive expenditures 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 provided for in R.S. 39:2(15.1) for the forecasted year. 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 provided for in R.S. 39:2(15.1) for the forecasted fiscal year.

B. 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.

C. The department 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.

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

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

10           (2) Public officers, departments, agencies, and authorities of the state,  
11           including the Department of Revenue, the Department of Economic Development,  
12           and the Department of Culture, Recreation and Tourism, which administer an  
13           incentive expenditure program shall furnish the Revenue Estimating Conference,  
14           legislative fiscal office, and the division of administration with data reflecting the  
15           program's operations and shall prepare a report setting forth the dollar amount of  
16           incentive expenditures for each incentive benefit program administered by the  
17           respective department, agency, or authority. In order for such information to be  
18           included in the incentive expenditure forecast for the next fiscal year, such reports  
19           shall include data beginning July first of each fiscal year through the date of the  
20           report and the report shall be due monthly. An initial report detailing historical  
21           participation and applicable dollar amounts of incentive expenditures shall also be  
22           provided. The initial historical report and subsequent monthly reports shall be  
23           developed in consultation with the Revenue Estimating Conference, the legislative  
24           fiscal office, and the division of administration.

25           (3) In addition to the data required to be submitted in Paragraph (2) of this  
26           Subsection, each department, agency, or authority of the state, including the  
27           Department of Revenue, the Department of Economic Development, and the  
28           Department of Culture, Recreation and Tourism, which administers an incentive  
29           expenditure as defined in R.S. 39:2(15.1) shall submit to the Revenue Estimating



- (6) Motion Picture Investor Tax Credit (R.S. 47:6007).
- (7) Research and Development Tax Credit (R.S. 47:6015).
- (8) Digital Interactive Media and Software Tax Credit (R.S. 47:6022).
- (9) Louisiana Motion Picture Incentive Program (Chapter 12 of Subtitle II of Title 47 of the La. Revised Statutes of 1950, comprised of R.S. 47:1121 et seq.).
- (10) Louisiana Capital Companies Tax Credit Program (Chapter 26 of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:1921 et seq.).
- (11) New Markets Tax Credit (R.S. 47:6016).
- (12) University Research and Development Parks (R.S. 17:3389).
- (13) Industrial Tax Equalization Program (Chapter 1 of Subtitle V of Title 47 of the La. Revised Statutes of 1950, comprised of R.S. 47:3201 through 3205).
- (14) Exemptions for Manufacturing Establishments (Chapter 3 of Subtitle V of Title 47 of the La. Revised Statutes of 1950, comprised of R.S. 47:4301 through 4306).
- (15) Enterprise Zones (Chapter 21 of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:1781 et seq.).
- (16) Sound Recording Investor Tax Credit (R.S. 47:6023).
- (17) Urban Revitalization Tax Incentive Program (Chapter 22 of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:1801).
- (18) Technology Commercialization Credit and Jobs Program (Part VI of Chapter 22 of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:2351 et seq.).
- (19) Angel Investor Tax Credit Program (R.S. 47:6020).
- (20) Musical and Theatrical Productions Tax Credit (R.S. 47:6034).
- (21) Retention and Modernization Credit (Chapter 39-C of Title 51 of the La. Revised Statutes of 1950, comprised of R.S. 51:2399.1-2399.6).
- (22) Green Jobs Industries Credit (R.S. 47:6037).
- (23) Louisiana Quality Jobs Program (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. 51:3111-3115).
- (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 (R.S. 47:6019).
- (28) Rebate 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 FY 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.

Proposed law provides that the incentive expenditure forecast 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 department 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 public officers, departments, agencies, and authorities 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 House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Delete requirement that a statement of total incentive expenditures be included in the executive budget.