

**ACT No. 592**

2016 Regular Session

HOUSE BILL NO. 795

BY REPRESENTATIVE STOKES

1 AN ACT

2 To amend and reenact R.S. 47:1517(B), relative to the tax exemption budget; to require  
3 certain organization of the tax exemptions; to provide for an effective date; and to  
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:1517(B) is hereby amended and reenacted to read as follows:

7 §1517. Tax exemption budget

8 \* \* \*

9 B.(1) The annual tax exemption budget shall include the following:

10 ~~(1)~~ (a) Each tax exemption, its statutory citation, and its purpose.

11 ~~(2)~~ (b) The revenue loss to the state caused by each tax exemption for the  
12 three preceding years, the estimated revenue loss to the state caused by each tax  
13 exemption for the current fiscal year, and the estimated revenue loss to the state  
14 caused by each tax exemption for the ensuing fiscal year.

15 ~~(3)~~ (c) The estimated cost of administering and implementing each tax  
16 exemption for the three preceding fiscal years, the current fiscal year, and the  
17 ensuing fiscal year.

18 (2) The tax exemptions in the annual tax exemption budget shall also be  
19 organized in an additional opening schedule as follows:

20 (a) Agricultural/Rural: a tax exemption that pertains to a business or person  
21 being located in a rural area; or, engaging in an agricultural trade/business.

1           (b) Business Environment: a tax exemption that encourages competitiveness  
2           with other states by impacting the tax burden of business entities that engage in  
3           specific activities that include holding or maintaining inventory or property in the  
4           state, using or deriving benefit from water, electric power, energy or any other utility  
5           type resources, or buying, leasing, renting or selling machines or equipment used for  
6           the production, modification, creation or facilitation of tangible personal property in  
7           the state, or using consumables in the manufacturing process that does not become  
8           a part of the final product, including the following:

9                   (i) Inventory Tax Ad Valorem.

10                   (ii) Business Utilities Sales Tax.

11                   (iii) Manufacturing Machinery and Equipment.

12                   (iv) Direct Inputs and Consumables.

13           (c) Corporate Income Tax Formula: a tax exemption that is unique or  
14           specific to Louisiana and relates to assisting, guiding or aiding a business entity in  
15           determining the amount of its income for Louisiana tax purposes.

16           (d) Dealers and Vendors Compensation and Discounts: a tax exemption that  
17           encourages either the timely filing of a return, report, form or document or the timely  
18           payment of a tax, fee or other amount due.

19           (e) Educational Breaks for Educational Institutions: a tax exemption that  
20           pertains to an entity that engages in a specified activity that provides or facilitates the  
21           act of learning, or, an entity or institution who provides or facilitates learning.

22           (f) Educational Breaks for Individuals: a tax exemption that pertains to an  
23           individual who engages in a specified activity that is beneficial to, or provides or  
24           facilitates the act of learning.

25           (g) Incentives: a tax exemption that encourages a particular or specified  
26           economic activity by modifying the tax burden of the economic activity or behavior  
27           that is taking place. Categories of incentives include those, that spur the hiring of  
28           employees by business, or that are administered by and through a contract with the  
29           department of:

30                   (i) Economic Development.

1                   (ii) Culture, Recreation & Tourism.

2                   (iii) Environmental Quality.

3                   (iv) Revenue, including those for Severance Tax (that is not a part of the  
4 normal taxing scheme of other states).

5                   (h) Louisiana Constitutional Mandates: a tax exemption outlined in the state  
6 constitution that modifies the tax burden.

7                   (i) Non-itemized Sales and Use Tax Exclusions and Exemptions: a sales tax  
8 exemption that is not individually itemized on a Louisiana sales tax return before  
9 March 2016 and is therefore not assigned a value in the Tax Exemption Budget.

10                  (j) Normal Tax Structure: an exemption that is commonly used or  
11 implemented in other states; enacted to prevent double taxation; or used to prevent  
12 the taxation of direct business inputs. The exemption could be mandated by the  
13 federal government, the state to ensure a foreign, tribal, local, municipality or state  
14 entity addresses taxes owed to the state, the federal or state government to ensure  
15 the protections of commerce across state lines, the state government to determine the  
16 taxability of businesses when it incurs losses, or the state government on activities  
17 that sever the state's natural resources in a manner that is not unique to Louisiana and  
18 widely accepted policy among oil producing states, including the following:

19                   (i) Federal Mandatory.

20                   (ii) Intergovernment.

21                   (iii) Interstate Commerce.

22                   (iv) Net Operating Loss.

23                   (v) Normal Severance.

24                   (k) Personal Income Tax Formula: a tax exemption that assists, guides, or  
25 aids an individual in determining Louisiana tax table income after determining  
26 Louisiana adjusted gross income.

27                   (l) Retirement, Disability, and Military: a tax exemption that modifies the  
28 tax owed by individuals who receive money, including but not limited to wages and  
29 interest as a result of this special status or position in life that is recognized by  
30 statute.

- 1                   (m) Specialty Sales Tax Exemptions, including the following:
- 2                   (i) Sales tax holidays.
- 3                   (ii) Purchase of a specific item.
- 4                   (iii) Purchase made by a specific taxpayer.
- 5                   (iv) Activities of a specific group or organization.
- 6                   (n) Specialty Income Tax Exemptions, including the following:
- 7                   (i) Performance of a specific activity.
- 8                   (ii) Purchase of a specific item.
- 9                   (iii) Purchase made by a specific taxpayer.
- 10                  (3) No statute, provision, exemption, exclusion, refundable or nonrefundable
- 11                  credit, rebate or deduction listed in the categories outlined above shall be listed in
- 12                  more than one category without a specific notation of doing such.
- 13                  (4) The secretary may add additional categories to the additional opening
- 14                  schedule as deemed appropriate and necessary.

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Section 2. This Act shall become effective on July 1, 2016; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2016, or on the day following such approval by the legislature, whichever is later.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_