2017 Regular Session

#### **ENROLLED**

## SENATE BILL NO. 98

## BY SENATORS DONAHUE AND THOMPSON

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

| 1  | AN ACT  |
|----|---|
| 2  | To amend and reenact the introductory paragraph of R.S. 39:2(15.1), 24.1(A), (C), and         |
| 3  | (E)(3), 34(A), 51(A)(2), and 56(A) and to enact R.S. 39:24.1(E)(4) and (5) and                |
| 4  | 36(A)(7), relative to budgetary procedures; to define expenditures and incentive              |
| 5  | expenditure programs; to provide for inclusion in the executive budget, the general           |
| 6  | appropriation bill, other appropriation bills, and the state budget of incentive              |
| 7  | expenditures programs; to provide for an effective date; and to provide for related           |
| 8  | matters.  |
| 9  | Be it enacted by the Legislature of Louisiana:  |
| 10 | Section 1. The introductory paragraph of R.S. 39:2(15.1), 24.1(A), (C), and (E)(3),           |
| 11 | 34(A), $51(A)(2)$ , and $56(A)$ are hereby amended and reenacted and R.S. $39:24.1(E)(4)$ and |
| 12 | (5) and $36(A)(7)$ are hereby enacted to read as follows:                                     |
| 13 | §2. Definitions   |
| 14 | As used in this Chapter, except where the context clearly requires otherwise,                 |
| 15 | the words and expressions defined in this Section shall be held to have the meanings          |
| 16 | here given to them.   |
| 17 | * * *   |
| 18 | (15.1) "Incentive expenditures" means or "incentive expenditure                               |
| 19 | programs" mean the reductions of and payments from current tax collections                    |
| 20 | because of payments to businesses and individuals for the refund, rebate, or                  |
| 21 | transferable credits granted through either an incentive contract between the                 |
| 22 | state or an agency of the state and a specific recipient, or certification or                 |
| 23 | approval of a specific recipient by the state or an agency of the state, including            |
| 24 | the following incentive benefit statutes:   |
| 25 | * * *   |
| 26 | §24.1. Incentive expenditure <b>programs</b> forecast   |

Page 1 of 6 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

# **ENROLLED**

| 1  | A. The Revenue Estimating Conference shall establish a forecast of incentive                    |
|----|---|
| 2  | expenditures for each fiscal year, beginning for Fiscal Year 2016-2017, hereinafter             |
| 3  | referred to as the "incentive expenditure forecast", which shall be derived and                 |
| 4  | revised only as provided in this Section. The incentive expenditure forecast shall              |
| 5  | include a forecast of the amount of payments from and reductions of current tax                 |
| 6  | collections to be granted by each of the incentive <b><u>expenditure programs including</u></b> |
| 7  | the incentive benefit statutes listed in R.S. 39:2(15.1) for the forecasted year. The           |
| 8  | forecast shall be an amount that is no less than the estimated amount of payments               |
| 9  | from and reductions of current tax collections which will be made by each of the                |
| 10 | incentive expenditure programs including the incentive benefit statutes listed in               |
| 11 | R.S. 39:2(15.1) for the forecasted fiscal year.   |
| 12 | * * *   |
| 13 | C. The department which administers the incentive benefit program shall                         |
| 14 | give a report on the incentive expenditure program at each meeting of the                       |
| 15 | conference and shall notify the conference when the incentive expenditure forecast              |
| 16 | is not sufficient to meet the requirements of current law or current administrative             |
| 17 | procedures. The conference may revise the forecast as necessary.                                |
| 18 | * * *   |
| 19 | E.  |
| 20 | * * *   |
| 21 | (3) In addition to the data required to be submitted in Paragraph (2) of this                   |
| 22 | Subsection, each agency of the state, including the Department of Revenue, the                  |
| 23 | Department of Economic Development, and the Department of Culture, Recreation                   |
| 24 | and Tourism, which administers an incentive expenditure program as defined in R.S.              |
| 25 | 39:2(15.1) shall submit to the Revenue Estimating Conference, the legislative fiscal            |
| 26 | office, and the division of administration, upon request, an estimate of incentive              |
| 27 | expenditures for each of the incentive expenditure programs including the tax                   |
| 28 | benefit statutes listed in R.S. 39:2(15.1) administered by the respective agency. Such          |
| 29 | estimates shall be an amount that is no less than the estimated amount of reductions            |
| 30 | of and payments to be made from current tax collections for each incentive                      |

Page 2 of 6 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

# **ENROLLED**

| 1  | expenditure program for the current fiscal year. The participants of the conference      |
|----|--|
| 2  | shall work in conjunction with the respective agency to finalize all estimates for       |
| 3  | presentation to the conference.  |
| 4  | (4) In developing the estimate of incentive expenditures for each of the                 |
| 5  | tax benefit programs listed in R.S. 39:2(15.1), each agency of the state, including      |
| 6  | the Department of Revenue, the Department of Economic Development, and the               |
| 7  | Department of Culture, Recreation and Tourism, which administers an                      |
| 8  | incentive expenditure program, shall coordinate and implement procedures for             |
| 9  | developing the estimate of the incentive expenditures for submission to the              |
| 10 | <b>Revenue Estimating Conference, the legislative fiscal office, and the division of</b> |
| 11 | administration. Such procedures shall include consideration of, but not be               |
| 12 | limited to:  |
| 13 | (a) The statutory guidelines for the incentive expenditure program.                      |
| 14 | (b) Any application process for the incentive expenditure program.                       |
| 15 | (c) Estimates of the timeline from any application process through                       |
| 16 | approval of the application and the claiming of the tax benefit by a taxpayer.           |
| 17 | (d) Historical data on the actual amount of reductions of and payments                   |
| 18 | made from tax collections for the incentive expenditure program.                         |
| 19 | (e) Projections of tax revenue or budgetary savings to be generated for                  |
| 20 | state or local government as a result of the incentive expenditure.                      |
| 21 | (5) The participants of the conference shall work in conjunction with the                |
| 22 | respective agency or agencies to implement all procedures.                               |
| 23 | * * *  |
| 24 | §34. Executive budget  |
| 25 | A.(1) The governor shall cause to be prepared an executive budget presenting             |
| 26 | a complete financial and programmatic plan for the ensuing fiscal year which shall       |
| 27 | include recommendations for appropriations from the state general fund and               |
| 28 | dedicated funds which shall not exceed the official forecast of the Revenue              |
| 29 | Estimating Conference. Except as provided by R.S. 39:75(E), the executive budget         |
| 30 | shall not include recommendations for appropriations from any fund in excess of the      |
|    |  |

Page 3 of 6 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

| 1  | official forecast of money available for appropriation from that fund.               |
|----|--|
| 2  | (2) The executive budget for Fiscal Year 2018-2019 and each fiscal year              |
| 3  | thereafter shall include a listing of all incentive expenditure programs by          |
| 4  | department, including the forecasted amount of each incentive expenditure as         |
| 5  | adopted for the current fiscal year by the Revenue Estimating Conference. The        |
| 6  | incentive expenditures programs shall be stated as a separate description in the     |
| 7  | program activities of the respective department, agency, or authority of the         |
| 8  | state which administers the incentive expenditure program. Such incentive            |
| 9  | expenditures shall not be included as, nor counted towards, the operating            |
| 10 | expenses of the relevant department, agency, or authority.                           |
| 11 | * * *  |
| 12 | §36. Contents and format of executive budget; supporting document                    |
| 13 | A. The executive budget shall present a complete financial and programmatic          |
| 14 | plan for the ensuing year, and it shall be configured in a format so as to clearly   |
| 15 | present and highlight the functions and operations of state government and the       |
| 16 | financial requirements associated with those functions and operations. The executive |
| 17 | budget shall be a performance-based budget and as such may include key objectives    |
| 18 | and key performance indicators. The commissioner of administration may designate     |
| 19 | key objectives and key performance indicators to be included in the executive        |
| 20 | budget. Additionally, the executive budget shall include at a minimum the following: |
| 21 | * * *  |
| 22 | (7) The executive budget for Fiscal Year 2018-2019 and each fiscal year              |
| 23 | thereafter shall include a listing of all incentive expenditure programs by          |
| 24 | department, including the forecasted amount of each incentive expenditure as         |
| 25 | adopted for the current fiscal year by the Revenue Estimating Conference. The        |
| 26 | incentive expenditure programs shall be stated as a separate description in the      |
| 27 | program activities of the respective department, agency, or authority of the         |
| 28 | state which administers an incentive expenditure program. Such incentive             |
| 29 | expenditures shall not be included as, nor counted towards, the operating            |
| 30 | expenses of the relevant department, agency, or authority.                           |

Page 4 of 6 Coding: Words which are <del>struck through</del> are deletions from existing law; words in **boldface type and underscored** are additions.

| 1        | * * *   |
|----------|---|
| 2        | §51. General Appropriation Bill; other appropriation bills  |
| 3        | А.  |
| 4        | * * *   |
| 5        | (2) The General Appropriation Bill and other appropriation bills shall not  |
| 6        | appropriate any funds, as defined in Article VII, Section 10(J) of the Constitution of  |
| 7        | Louisiana, which are not part of the official forecast except as provided for in R.S.   |
| 8        | 39:54(A)(2). The General Appropriation Bill and other appropriation bills for   |
| 9        | Fiscal Year 2018-2019 and each fiscal year thereafter shall include a listing of  |
| 10       | all incentive expenditure programs by department, including the forecasted  |
| 11       | amount of each incentive expenditure as adopted for the current fiscal year by  |
| 12       | the Revenue Estimating Conference. The incentive expenditure programs shall   |
| 13       | be stated as a separate description in the program activities of the respective   |
| 14       | department, agency, or authority of the state which administers an incentive  |
| 15       | expenditure program. Such incentive expenditure programs shall not be   |
| 16       | included as, nor counted towards, the operating expenses of the relevant  |
| 17       | <u>department, agency, or authority.</u>  |
| 18       | * * *   |
| 19       | §56. State budget to be prepared by governor  |
| 20       | A. After the passage of the appropriation and revenue acts, but not later than  |
| 21       | October first of each year, the governor shall cause to be prepared a complete state  |
| 22       | budget for the fiscal year. The budget so prepared shall include all the details of the   |
| 23       | financial plan for the fiscal year, as to both expenditures and means of financing as   |
| 24       | presented in the executive budget, with such revision as may be necessary to bring  |
| 25       | them into conformity with the connection and recommended at the esta to   |
| 25       | them into conformity with the appropriation and revenue acts and other acts to  |
| 25<br>26 | provide means of financing, and with the legislative provisions in effect, governing  |
|          |   |
| 26       | provide means of financing, and with the legislative provisions in effect, governing  |
| 26<br>27 | provide means of financing, and with the legislative provisions in effect, governing administration of the budget. <u>The budget prepared for Fiscal Year 2018-2019 and</u> |

Page 5 of 6 Coding: Words which are <del>struck through</del> are deletions from existing law; words in **boldface type and underscored** are additions.

1

#### **ENROLLED**

| 2 | Section 2. This Act shall become effective on July 1, 2017; if vetoed by the governor    |
|---|--|
| 3 | and subsequently approved by the legislature, this Act shall become effective on July 1, |
| 4 | 2017, or on the day following such approval by the legislature, whichever is later.      |

\* \* \*

# PRESIDENT OF THE SENATE

# SPEAKER OF THE HOUSE OF REPRESENTATIVES

## GOVERNOR OF THE STATE OF LOUISIANA

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