

2018 Second Extraordinary Session

SENATE CONCURRENT RESOLUTION NO. 3

BY SENATOR MORRELL

JOINT RULES. Requires that all legislative instruments creating a tax preference include a sunset date.

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A CONCURRENT RESOLUTION

To adopt Joint Rule 21 of the Joint Rules of Order of the Senate and House of Representatives, relative to legislative instruments that enact or amend tax preferences; to require that all legislative instruments enacting or amending tax preferences include a sunset date, a cost-benefit analysis requirement, and a stated policy goal.

BE IT RESOLVED that the Legislature of Louisiana adopts Joint Rule 21 of the Joint Rules of Order of the Senate and House of Representatives to read as follows:

Joint Rule No. 21. Tax preference instruments; required elements

A. In order to control the growth of tax preferences, to ensure that the economic benefit provided by a tax preference is commensurate with its cost, and to assist in the evaluation of the effectiveness of tax preferences, the legislature does adopt this Joint Rule.

(1) Any legislative instrument that enacts a new tax preference or that amends an existing tax preference shall include a sunset provision of two, four, or six years after which no additional tax preference can be earned without an extension.

1 **(2) Any legislative instrument that enacts a new tax preference or that**
 2 **amends an existing tax preference shall include a provision that requires an**
 3 **evaluation of the tax preference before it is extended to determine if the**
 4 **economic benefit realized from the tax preference outweighs the loss of revenue**
 5 **incurred by the state as a result of the tax preference.**

6 **(3) Any legislative instrument enacting a new tax preference or**
 7 **amending an existing tax preference shall include a provision that clearly sets**
 8 **forth the purpose and policy goals of the tax preference.**

9 **B. "Tax preference" means a credit, discount, exclusion, exemption,**
 10 **deduction, reduction, rebate, refund, special valuation, special accounting**
 11 **treatment, special rate, or special method of reporting authorized by state law**
 12 **that relates to a tax imposed by this state.**

13 **C. Legislative instruments that either enact a new tax preference or**
 14 **amend an existing tax preference shall only be advanced to third reading and**
 15 **final passage if they meet the requirements in Paragraph A of this Joint Rule.**

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SCR 3 Original

2018 Second Extraordinary Session

Morrell

Proposed joint rule provides that all legislative instruments enacting a new tax preference or amending an existing tax preference shall:

- (1) Provide for either a two, four, or six year sunset date after which no additional tax preference can be earned without an extension.
- (2) Include a provision that will require a review of the value of the tax preference before it can be extended.
- (3) Include a provision setting forth the purpose and policy goals of the tax preference.

Proposed joint rule defines tax preference as a credit, discount, exclusion, exemption, deduction, reduction, rebate, refund, special valuation, special accounting treatment, special rate, or special method of reporting authorized by state law that relates to a tax imposed by this state.

(Adds Jt. Rule No. 21)