

2016 Regular Session

SENATE BILL NO. 318

BY SENATOR DONAHUE

FISCAL CONTROLS. Provides for the appropriation of incentive expenditures. (7/1/16)

1 AN ACT

2 To amend and reenact the introductory paragraph of R.S. 39:2(15.1), 24.1(A) and (E)(3),
3 34(A), 51(A)(2), and 56(A) and to enact R.S. 39:36(A)(7), relative to budgetary
4 procedures; to define incentive expenditures; to provide for inclusion in the
5 executive budget, the general appropriation bill, other appropriation bills, and the
6 state budget of incentive expenditures; to provide for an effective date; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. The introductory paragraph of R.S. 39:2(15.1), 24.1(A) and (E)(3), 34(A),
10 51(A)(2), and 56(A) are hereby amended and reenacted and R.S. 39:36(A)(7) is hereby
11 enacted to read as follows:

12 §2. Definitions

13 As used in this Chapter, except where the context clearly requires otherwise,
14 the words and expressions defined in this Section shall be held to have the meanings
15 here given to them.

16 * * *

17 (15.1) "Incentive expenditures" means the reductions of and payments from

1 current tax collections because of payments to businesses and individuals for the
2 refund, rebate, or transferable credits granted through either an incentive
3 contract between the state or an agency of the state and a specific recipient, or
4 certification or approval of a specific recipient by the state or an agency of the
5 state, including the following incentive benefit statutes:

6 * * *

7 §24.1. Incentive expenditure forecast

8 A. The Revenue Estimating Conference shall establish a forecast of incentive
9 expenditures for each fiscal year, beginning for Fiscal Year 2016-2017, hereinafter
10 referred to as the "incentive expenditure forecast", which shall be derived and
11 revised only as provided in this Section. The incentive expenditure forecast shall
12 include a forecast of the amount of payments from and reductions of current tax
13 collections to be granted by each of the incentive expenditure programs including
14 the incentive benefit statutes listed in R.S. 39:2(15.1) for the forecasted year. The
15 forecast shall be an amount that is no less than the estimated amount of payments
16 from and reductions of current tax collections which will be made by each of the
17 incentive expenditure programs including the incentive benefit statutes listed in
18 R.S. 39:2(15.1) for the forecasted fiscal year.

19 * * *

20 E.

21 * * *

22 (3) In addition to the data required to be submitted in Paragraph (2) of this
23 Subsection, each agency of the state, including the Department of Revenue, the
24 Department of Economic Development, and the Department of Culture, Recreation
25 and Tourism, which administers an incentive expenditure as defined in R.S.
26 39:2(15.1) shall submit to the Revenue Estimating Conference, the legislative fiscal
27 office, and the division of administration, upon request, an estimate of incentive
28 expenditures for each of the incentive expenditure programs including the tax
29 benefit statutes listed in R.S. 39:2(15.1) administered by the respective agency. Such

1 estimates shall be an amount that is no less than the estimated amount of reductions
 2 of and payments to be made from current tax collections for each incentive
 3 expenditure for the current fiscal year. The participants of the conference shall work
 4 in conjunction with the respective agency to finalize all estimates for presentation
 5 to the conference.

6 * * *

7 §34. Executive budget

8 A.(1) The governor shall cause to be prepared an executive budget presenting
 9 a complete financial and programmatic plan for the ensuing fiscal year which shall
 10 include recommendations for appropriations from the state general fund and
 11 dedicated funds which shall not exceed the official forecast of the Revenue
 12 Estimating Conference. Except as provided by R.S. 39:75(E), the executive budget
 13 shall not include recommendations for appropriations from any fund in excess of the
 14 official forecast of money available for appropriation from that fund.

15 **(2) The executive budget for Fiscal Year 2017-2018 and each fiscal year**
 16 **thereafter shall include a separate recommendation for appropriations from the**
 17 **state general fund and dedicated funds for the incentive expenditure allocations**
 18 **contained in the incentive expenditure forecast. The incentive expenditures**
 19 **allocations shall be stated as a separate description in the program activities of**
 20 **the respective department, agency, or authority of the state which administers**
 21 **an incentive expenditure. Such incentive expenditures shall not be included as,**
 22 **nor counted towards the operating expenses of the relevant department, agency,**
 23 **or authority. The recommended appropriations shall not exceed the amount**
 24 **estimated in the official forecast for expenditure incentives.**

25 * * *

26 §36. Contents and format of executive budget; supporting document

27 A. The executive budget shall present a complete financial and programmatic
 28 plan for the ensuing year, and it shall be configured in a format so as to clearly
 29 present and highlight the functions and operations of state government and the

1 financial requirements associated with those functions and operations. The executive
2 budget shall be a performance-based budget and as such may include key objectives
3 and key performance indicators. The commissioner of administration may designate
4 key objectives and key performance indicators to be included in the executive
5 budget. Additionally, the executive budget shall include at a minimum the following:

6 * * *

7 **(7) A separate recommendation for appropriations from the state general**
8 **fund and dedicated funds for expenditure incentive payments. The**
9 **recommended appropriation shall not exceed the amount estimated in the**
10 **incentive expenditure forecast. The recommendation for appropriations for**
11 **incentive expenditures shall be stated as a separate description in the program**
12 **activities of the respective department, agency, or authority of the state which**
13 **administers an incentive expenditure. Such incentive expenditures shall not be**
14 **included as, nor counted towards the operating expenses of the relevant**
15 **department, agency, or authority.**

16 * * *

17 §51. General Appropriation Bill; other appropriation bills

18 A.

19 * * *

20 (2) The General Appropriation Bill and other appropriation bills shall not
21 appropriate any funds, as defined in Article VII, Section 10(J) of the Constitution of
22 Louisiana, which are not part of the official forecast **or the incentive expenditure**
23 **forecast** except as provided for in R.S. 39:54(A)(2). **Appropriations in the general**
24 **appropriation bill and other appropriation bills for Fiscal Year 2017-2018 and**
25 **each fiscal year thereafter, shall include a separate recommendation setting**
26 **forth the incentive expenditures payments, which appropriations shall not**
27 **exceed the amount estimated in the expenditure incentive forecast.**

28 * * *

29 §56. State budget to be prepared by governor

expenditures as contained in the incentive expenditure forecast. The incentive expenditures allocations shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. A statement of total incentive expenditure allocations shall also be provided in the executive budget proposal. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

Present law provides for the contents and format of executive budget.

Proposed law retains present law and further provides that the executive budget shall contain a statement of incentive expenditures as contained in the incentive expenditure forecast. The incentive expenditures allocations shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. A statement of total incentive expenditure allocations shall also be provided in the executive budget proposal. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

Present law provides relative to the general appropriation bill and provides that the general appropriation bill and other appropriation bills shall not appropriate any funds, which are not part of the official forecast except appropriations from existing statutorily dedicated funds for purposes other than the fund's statutory purpose as provided in present law.

Proposed law retains present law and further provides that the General Appropriation Bill and other appropriation bills shall include a statement of incentive expenditure allocations as contained in the incentive expenditure forecast. The incentive expenditures allocations shall be stated as a separate description in the program activities of the respective department, agency, or authority of the state which administers an incentive expenditure. Such incentive expenditures shall not be included as, nor counted towards the operating expenses of the relevant department, agency, or authority.

Present law provides that after the passage of the appropriation and revenue acts, but not later than October first of each year, the governor shall cause to be prepared a complete state budget for the fiscal year. The budget so prepared shall include all the details of the financial plan for the fiscal year, as to both expenditures and means of financing as presented in the executive budget, with such revision as may be necessary to bring them into conformity with the appropriation and revenue acts and other acts to provide means of financing, and with the legislative provisions in effect, governing administration of the budget.

Proposed law retains present law but further provides that the budget so prepared for Fiscal Year 2017-2018 and each fiscal year thereafter shall include a statement of total incentive expenditure allocations and a statement of incentive expenditure allocations by department.

Effective July 1, 2016.

(Amends R.S. 39:2(15.1)(intro para), 24.1(A) and (E)(3), 34(A), 51(A)(2) and 56(A); adds R.S. 39:36(A)(7))