

Regular Session, 2012

SENATE BILL NO. 717

BY SENATOR ADLEY

FISCAL CONTROLS. Requires rebate impact notes on certain legislative instruments with a net decrease in revenues due to rebates by the state. (gov sig)

1 AN ACT

2 To enact R.S. 24:609, relative to fiscal services; to provide for the preparation of certain
3 reports relative to legislative instruments providing rebates; to provide for the review
4 and analysis of certain data by the legislative fiscal office and the Department of
5 Revenue; to provide for procedures for certain legislative instruments which reduce
6 state revenues; to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 24:609 is hereby enacted to read as follows:

9 **§609. Rebate impact report; rebate impact notes; procedures**

10 **A. Rebate impact report. (1) Any legislative instrument which grants a**
11 **rebate by the state of five million dollars or more in any one of the five ensuing**
12 **fiscal years from the instrument's effective date shall be filed with the following**
13 **rebate impact report, hereinafter referred to as "the report", attached to the**
14 **instrument prepared by the author, or by a proponent of the instrument on the**
15 **author's behalf, relative to the economic effects of the enactment of the**
16 **legislative instrument:**

17 **(a) The total decrease due to the rebate estimated over the five ensuing**

1 fiscal years from the instrument's effective date.

2 (b) The state's rebate impact ratio; that is, the amount of money to be
3 gained by the state compared to the cost of the benefit granted.

4 (c) The effect of the rebate on household earnings, employment, and
5 value added in Louisiana.

6 (d) An indication of which beneficial economic actions will be
7 incentivized by the instrument.

8 (e) Data indicating whether the same or similar instruments have been
9 enacted in other states or territories of the United States or other nations and
10 the economic impact.

11 (f) The methodology and assumptions utilized to produce the information
12 in the report.

13 (2) The report shall be filed prior to the legislative session at which the
14 proposed legislation is to be considered, but not later than thirty days prior to
15 the regular session on any proposed legislative instrument as provided in this
16 Subsection.

17 B. Rebate impact report review. (1) Upon filing of the legislative
18 instrument and the rebate impact report as required by this Section, a copy of
19 the report shall be transmitted to the Department of Revenue and the legislative
20 fiscal office.

21 (2) The legislative fiscal office shall review the report. The review shall
22 encompass all aspects of the report including, but not limited to, the following:

23 (a) The reasonableness of the rebate impact estimates.

24 (b) How the rebate impact report compares to the fiscal note.

25 (c) The validity, credibility, or reasonableness of the information in the
26 report or the methodology and assumptions utilized to produce the information,
27 or questions raised by such information or methodology.

28 (d) Whether the actions being incentivized are already occurring without
29 the enactment of the instrument.

1 **(3) The Department of Revenue shall review the data in the report and**
2 **from other sources as to whether the same or similar instruments have been**
3 **enacted in other states or territories of the United States or other nations.**

4 **C. Rebate impact note. (1) In addition to the fiscal note prepared in**
5 **accordance with the rules of the legislature, the legislative fiscal office shall**
6 **prepare a rebate impact note, hereinafter referred to as an "impact note",**
7 **which sets forth a brief and concise summary of the results of its review, with**
8 **the data compiled by the Department of Revenue, of the report attached to the**
9 **legislative instrument as provided for in Subsection B of this Section.**

10 **(2) Any legislative instrument which requires a rebate impact report**
11 **under the provisions of Subsection A of this Section shall have the impact note**
12 **attached to it prior to its consideration by any committee and prior to its**
13 **consideration on final passage by either house of the legislature. In addition, the**
14 **presiding officer, the clerical officer, or any member of the respective house of**
15 **the legislature considering the instrument may offer a motion at any time that**
16 **a legislative instrument before that body requiring a rebate impact note without**
17 **such a note attached be deferred until the preparation of the impact note.**

18 **(3) However, nothing in this Section shall require the preparation of an**
19 **impact note by the legislative fiscal office for an instrument not prefiled as**
20 **required by Subsection A of this Section, or for an instrument filed without the**
21 **report as required by Subsection A of this Section, nor shall preparation of the**
22 **impact note take precedence over the preparation of any fiscal note required by**
23 **the rules of the legislature.**

24 **(4) A rebate impact note shall not constitute a part of the law proposed**
25 **by the legislative instrument to which it is attached.**

26 **D. Prior to the granting a rebate, the secretary of the Department of**
27 **Economic Development shall develop rules governing the implementation of the**
28 **rebate process in accordance with the Administrative Procedure Act. He shall**
29 **first submit the proposed rules to the House Committee on Ways and Means**

1 **and the Senate Committee on Revenue and Fiscal Affairs for review and**
2 **approval.**

3 Section 2. This Act shall become effective upon signature by the governor or, if not
4 signed by the governor, upon expiration of the time for bills to become law without signature
5 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
6 vetoed by the governor and subsequently approved by the legislature, this Act shall become
7 effective on the day following such approval.

The original instrument was prepared by Jay Lueckel. The following digest,
which does not constitute a part of the legislative instrument, was prepared
by Riley Boudreaux.

DIGEST

Adley (SB 717)

Proposed law provides for development of a rebate impact report for any legislative instrument which proposes a rebate by the state of \$5 million or more in any one of the five ensuing fiscal years from the instrument's effective date. The report shall be filed by the author of the proposed instrument, or by a proponent of the instrument on the author's behalf, relative to the economic effects of the enactment of the legislative instrument:

1. The total decrease due to the rebate estimated over the five ensuing fiscal years from the instrument's effective date.
2. The state's rebate impact ratio; that is, the amount of money to be gained by the state compared to the cost of the benefit granted.
3. The effect of the rebate on household earnings, employment, and value added in Louisiana.
4. An indication of which beneficial economic actions will be incentivized by the instrument.
5. Data indicating whether the same or similar instruments have been enacted in other states or territories of the United States or other nations.
6. The methodology and assumptions utilized to produce the information in the report.

Proposed law provides that the rebate impact report shall be filed on or before not later than 30 days prior to the regular session on any proposed legislative instrument which will grant a rebate with the impact described above.

Proposed law provides for a rebate impact report review process. It requires that upon filing of the legislative instrument and the rebate impact report, a copy of the report shall be transmitted to the Department of Revenue and the legislative fiscal office.

Proposed law provides that the legislative fiscal office shall review the report. The review shall encompass all aspects of the report including, but not limited to, the following:

1. The reasonableness of the rebate impact estimates.

2. The legislative instrument in the fiscal note to the report.
3. The validity, credibility, or reasonableness of the information in the report or the methodology and assumptions utilized to produce the information, or questions raised by such information or methodology.
4. Whether the actions being incentivized are already occurring without the enactment of the instrument.

Proposed law provides that the Department of Revenue shall review the data in the report and from other sources as to whether the same or similar instruments have been enacted in other states or territories of the United States or other nations.

Proposed law provides for the preparation of a rebate impact note in addition to the fiscal note prepared in accordance with the rules of the legislature to be prepared by the legislative fiscal office which sets forth a brief and concise summary of the results of its rebate impact report review.

Proposed law further requires that any legislative instrument which requires a rebate impact report shall have a rebate impact note attached to it prior to its consideration by any committee and prior to its consideration on final passage by either house of the legislature. In addition, the presiding officer, the clerical officer, or any member of the respective house of the legislature considering the instrument may offer a motion at any time that a legislative instrument before that body requiring a rebate impact note without such a note attached be deferred until the preparation of the impact note. A rebate impact note shall not constitute a part of the law proposed by the legislative instrument to which it is attached.

Proposed law provides that prior to the granting a rebate, the secretary of the Department of Economic Development shall develop rules governing the implementation of the rebate process in accordance with the Administrative Procedure Act. He shall first submit the proposed rules to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs for review and approval.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 24:609)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Deletes a provision prohibiting the granting of a rebate until it is approved by the legislature while it is session, or by the Joint Legislative Committee on the Budget when the legislature is not is session.
2. Changes the required time to file a rebate impact report from January 15th prior to the Regular Session in which the rebate instrument will be introduced to 30 days prior to the session.
3. Removes rebates affecting political subdivisions with boundaries coterminous with those of the state from the requirement of a rebate impact note.
4. Changes the name of the report and note from "rebate loss" to "rebate impact" and makes similar changes to such terms in the bill.