

2015 Regular Session

SENATE BILL NO. 78

BY SENATOR MILLS

TAX/TAXATION. Provides the information to be submitted to the legislative fiscal information for the review of instruments relative to tax exemptions, exclusions, deductions, and credits.

1 AN ACT

2 To enact Chapter 21 of Title 24 of the Louisiana Revised Statutes of 1950, to be comprised  
3 of R.S. 24:991 through 992, relative to tax exemptions, exclusions, deductions, and  
4 credits against state tax; to provide that the author of an instrument, or the proponent  
5 of the instrument on the author's behalf, shall submit information regarding the  
6 economic effects of the instrument; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 24:991 through 992 are hereby enacted to read as follows:

9 **CHAPTER 21. EXEMPTION REVIEW CONFERENCE**

10 **§991. Definitions**

11 **As used in this Chapter, the following terms shall have the following**  
12 **meanings unless another meaning is clearly required by its context:**

13 **(1) "Tax exemption" or "exemption" means and includes any tax**  
14 **exemption, exclusion, deduction, or credit against state tax.**

15 **(2) "Tax exemption instrument" means any bill that enacts, amends, or**  
16 **renews an existing tax exemption, or any joint resolution that adds a new**  
17 **exemption, or amends or renews an existing tax exemption in the Constitution**

1 of Louisiana, if such instrument would have the effect of materially reducing  
2 state revenues.

3 §992. Tax exemption instrument review and recommendation

4 A. Each tax exemption instrument required to be prefiled shall be  
5 prefiled with an Exemption Explanatory Note attached to the instrument  
6 prepared by the author, or by a proponent of the instrument on the author's  
7 behalf, relative to the economic effects of the enactment of the legislative  
8 instrument. The Exemption Explanatory Note shall include the following:

9 (1) The total decrease in taxes, fees, charges, or other revenue estimated  
10 over the five ensuing fiscal years from the instrument's effective date.

11 (2) The state's revenue loss ratio; that is, the amount of money to be  
12 gained by the state compared to the cost of the benefit granted.

13 (3) The effect on household earnings, employment, and value added in  
14 Louisiana.

15 (4) An indication of which beneficial economic actions will be  
16 incentivized by the instrument.

17 (5) Data indicating whether the same or similar provisions have been  
18 enacted in other states or territories of the United States or other nations.

19 (6) The methodology and assumptions utilized to produce the  
20 information in the report.

21 B. The chief clerical officer of the house of the legislature in which the  
22 instrument and Exemption Explanatory Note were filed shall provide these  
23 documents to the legislative fiscal officer. The legislative fiscal officer or the  
24 economist for the legislative fiscal office shall review the tax exemption  
25 instrument and the Exemption Explanatory Note for information which may be  
26 used in the fiscal note for the instrument.

27 Section 2. This Act shall become effective upon signature by the governor or, if not  
28 signed by the governor, upon expiration of the time for bills to become law without signature  
29 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 2 effective on the day following such approval.

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

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	DIGEST	
SB 78 Reengrossed	2015 Regular Session	Mills

Proposed law defines "tax exemption", and "tax exemption instrument".

Proposed law requires the author of a tax exemption instrument, or the proponent of the instrument on the author's behalf to submit an Exemption Explanatory Note to include the following:

- (1) The total decrease in taxes, fees, charges or other revenue estimated over the five ensuing fiscal years from the instrument's effective date.
- (2) The state's revenue loss ratio; that is, the amount of money to be gained by the state compared to the cost of the benefit granted.
- (3) The effect 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 provisions 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 chief clerical officer of the house of the legislator in which the instrument and the exemption explanatory note were filed shall provide these documents to the legislative fiscal officer. The legislative fiscal officer or the economist for the legislative fiscal officer shall review the instrument and the note for information which may be used in the fiscal note for the instrument.

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

(Adds R.S. 24:991-992)

#### Summary of Amendments Adopted by Senate

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

1. Prohibits an economist from being appointed to or retained by the Exemption Review Conference unless the legislature has appropriated funds to adequately compensate such economist for any services required by the proposed law.
2. Requires the Exemption Review Conference to meet to review and prepare a tax exemption analysis report on each tax exemption existing prior to July

1, 2016, by no later than September 1, 2016, and for the tax committees to meet within 60 days of its receipt and review and amend it.

3. Adds the Legislative Auditor or his designee as a member of the Conference.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Deletes provisions relative to Exemption Review Conference, membership, appointment or retention of economist, and official exemption analyses.
2. Provides that the Exemption Explanatory Note shall be provided to the legislative fiscal officer for information which may be used by the legislative fiscal officer or the economist for the legislative fiscal office in the fiscal note for the bill.
3. Changes effective date to signature of the governor.