

1 SB208
2 173321-1
3 By Senator Orr
4 RFD: Finance and Taxation Education
5 First Read: 11-FEB-16

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8 SYNOPSIS: Currently, the State of Alabama does not
9 require follow up reporting on all economic tax
10 incentives to the Legislature.

11 This bill would require state agencies to
12 file annually to the Legislature a report on
13 economic tax incentives beginning in the 2018
14 Regular Session of the Legislature. This bill would
15 also require Legislative hearings regarding such
16 reports every two years.

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18 A BILL
19 TO BE ENTITLED
20 AN ACT

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22 To require state agencies which administer tax
23 credits and tax rebates to make certain reports; to provide
24 relative to the contents of such reports; to provide for
25 certain requirements and limitations; and to provide for
26 related matters.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. (a) For the purpose of this section, the
2 term "economic tax incentive" shall mean any tax credits,
3 deductions, exemptions, abatements, preferential rates, or
4 rebates given as an economic incentive. In order for the
5 Legislature to get accurate and complete information regarding
6 how much economic tax incentives cost the state each year,
7 each state agency that administers an economic tax incentive
8 shall annually report the information required herein to the
9 Legislature.

10 (b) The head of each state agency that administers
11 any economic tax incentive shall prepare and submit to the
12 Legislature a report regarding each tax incentive that the
13 agency administers no later than the second Legislative day of
14 the Regular Session beginning in the 2018 Regular Session of
15 the Legislature and each year thereafter. The report shall
16 include an assessment of each economic tax incentive based on
17 the following criteria:

18 (1) Whether or not each economic tax incentive has
19 been successful in meeting the purpose for which it was
20 enacted, in particular, whether each economic tax incentive
21 benefits those originally intended to be benefited, and if
22 not, those who do not benefit.

23 (2) Whether or not the state receives a positive
24 return on investment, specifically the direct and indirect
25 impact on state and local tax revenues, from the business or
26 industry for which the economic tax incentive is intended to

1 benefit and any other economic benefits produced by such tax
2 incentive.

3 (3) Unintended or inadvertent effects, benefits, or
4 harm caused by each economic tax incentive, including whether
5 each economic tax incentive conflicts with other state laws or
6 regulations.

7 (c) (1) Nothing in this section shall be construed to
8 require the disclosure of proprietary or trade secret
9 information that has been submitted to any state agency with
10 respect to a tax credit.

11 (2) Nothing in this section shall be construed to
12 supercede any provision with respect to the confidentiality of
13 taxpayer records.

14 (d) Each state agency required to submit a report
15 pursuant to the provisions of this section may request from
16 any other state or local agency or official any information
17 necessary to complete the required report. Any such agency or
18 official shall comply with this request.

19 (e) For purposes of this section, the term "state
20 agency" shall mean any office, department, board, commission,
21 institution, or division within the executive branch of state
22 government. Administration of an economic tax incentive shall
23 be evidenced by a legal requirement or authorization to
24 undertake any of the following actions for purposes of
25 administration of the tax incentive:

1 (1) Promulgation of rules or regulations; in cases
2 where more than one agency has rulemaking authority, the
3 report shall be prepared collaboratively;

4 (2) Determination, review, or confirmation of
5 eligibility or qualifications;

6 (3) Entering into a contract with an entity for
7 purposes of a tax credit; and

8 (4) Conducting oversight or substantial
9 administrative functions for an economic tax incentive when
10 the public purpose associated with the economic tax incentive
11 is within the core mission of the agency.

12 (f) The Department of Revenue shall develop a format
13 for reports required herein. The format shall be made
14 available to all state agencies for use in preparation of
15 their required reports.

16 (g) The House Ways and Means Committees and the
17 Senate Finance and Taxation Committees referred to in this
18 subsection as "committees", shall conduct hearings on the
19 reports every odd-numbered year, to be concluded thirty days
20 before the beginning of the Regular Session of the
21 Legislature. The committees shall analyze and consider each
22 economic tax incentive and shall provide a recommendation to
23 modify, discontinue, or take no action with respect to each
24 credit.

25 Section 2. This act shall become effective
26 immediately following its passage and approval by the
27 Governor, or its otherwise becoming law.

