

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 4** SLS 181ES 16
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 28, 2018 1:16 PM	Author: JOHNS
Dept./Agy.: LA Dept. of Economic Development	
Subject: Quality Jobs Program Incentive Rebates	Analyst: Zachary Rau

TAX/TAXATION EG -\$3,100,000 GF RV See Note Page 1 of 1
 Provides for incentive rebates under the Quality Jobs Program. (7/1/18) (Item No. 3)

Present law requires applications for incentives under the LA Quality Jobs Program be filed no later than 24 months after the filing of the advance notification. An exception is provided to the filing requirement for projects filing advance notifications on or after January 1, 2014, and before January 31, 2014, authorizing applications for those projects to be filed at any time prior to January 31, 2016.

Proposed law adds an additional exception to the application filing requirement for projects filing advance notifications on or after June 1, 2015, and before July 1, 2015, allowing applications for those projects to be filed prior to January 1, 2018, rather than 24 months after the filing of the advanced notification, granting an extension of 6 months beyond the 24 month deadline under present law. Effective July 1, 2018.

EXPENDITURES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$3,128,880)	(\$536,577)	(\$547,309)	(\$558,255)	(\$569,420)	(\$5,340,441)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$3,128,880)	(\$536,577)	(\$547,309)	(\$558,255)	(\$569,420)	(\$5,340,441)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Proposed law will decrease SGF receipts by an estimated \$3.13 M in FY 19 and by an average annual amount of \$552,890 from FY 20 to FY 23.

The LA Dept. of Economic Development (LED) reports one project related to the LA Quality Jobs program would qualify for the exception provided by the bill. As a result, the first 6% cash rebate on 80% of gross payroll for direct new jobs created by the project will take effect in FY 19 and will count for filings in calendar years 2015-2017, totaling an estimated \$803,880. Furthermore, the effect of the project's capital-expenditure related rebate will be realized in FY 19 and totals an estimated \$2.33 M, yielding a total revenue decrease of approximately \$3.13 M (\$803,880 + \$2.33 M) in FY 19.

SGF receipts will realize the effect of the rebate on gross payroll continuing in FYs 20-23. Estimated reductions of SGF receipts associated with the gross payroll rebate are listed by year below:

- FY 20 - (\$536,577)
- FY 21 - (\$547,309)
- FY 22 - (\$558,255)
- FY 23 - (\$569,420)

Note: the 6% cash rebate on 80% of gross payroll for direct new jobs may be claimed for up to 10 years, and may result in reductions to SGF receipts beyond FY 23 to the extent it is claimed after FY 23.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist