



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 41** SLS 22RS 32
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 18, 2022 11:29 AM	Author: REESE
Dept./Agy.: Economic Development	Analyst: Deborah Vivien
Subject: Extends the Quality Jobs Program by four years	

TAX/TAXATION OR SEE FISC NOTE GF RV Page 1 of 1
 Provides for the Louisiana Quality Jobs Program Act. (gov sig)

Current law authorizes the Quality Jobs program in which eligible participants receive a payroll rebate for new direct jobs (that also offer a defined health benefit) and a rebate of either sales tax on building material purchases and machinery and equipment or 1.5% of capital expenditures for ten years (5 year renewal). The annual payroll rebate is 4% of payroll for jobs paying at least \$18 per hour and 6% for new jobs paying at least \$21.66 per hour. Businesses are eligible by industry sector, out of state sales or services provided, parish per capita income or headquarters delineation and have minimum job creation requirements. Due to the sunset provision, the program will not accept advance notifications on or after July 1, 2022 for outstanding tax credits under the original program or rebates under the existing program.

Proposed law extends the application deadline for filing an advance notification in the current Quality Jobs Program from July 1, 2022 to June 30, 2026. Proposed law changes the verbiage "tax credits and rebates" to "incentives."

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	DECREASE	DECREASE	DECREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will have no material impact on the Department of Economic Development (LED) to extend the application deadline for advance notification in the Quality Jobs Program from July 1, 2022 to July 1, 2026. LED reports that existing resources are in place to handle current and future applicants.

REVENUE EXPLANATION

The impact of this bill is a phased-in reduction the state general fund as the expiration of the Quality Jobs Program is extended by four years to July 1, 2026. Program applicants must file an advance notice and most take 2 years to file the application. After the application is filed, benefits may begin and can last for 10 years. Thus, extending the program will slowly reduce state general fund revenue beginning in earnest in FY 25 and beyond.

The extent of the reduction in SGF is unknown because it is not clear of the number of businesses that will apply or the magnitude of the incentives for which they will be eligible. According to the tax Exemption Budget, the Quality Jobs Program has cost the state \$52 M to \$149 M in state general fund over the last five years. According to LED, its fiscal impact can be significantly affected by the size and number of projects participating in the program, which can be heavily influenced by the global market and macro-economic conditions.

It is not clear whether there are any outstanding tax credits in the Quality Jobs Program under past program provisions that may be impacted by the grouping of tax credits and rebates into incentives in order to extend the program benefits.

- | | | |
|--|----------------------------|---|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | | <input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Alan M. Boxberger
Alan M. Boxberger
Interim Legislative Fiscal Officer