



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 694** HLS 13RS 1381
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 8, 2013 6:11 PM	Author: GREENE
Dept./Agy.: Economic Development/Revenue	Analyst: Deborah Vivien
Subject: Modify Enterprise Zone Program	

TAX CREDITS OR +\$625,000 GF RV See Note Page 1 of 1
 Establishes criteria for participation in the Enterprise Zone Program for the receipt of tax credits and rebate payments

Current law provides benefits of a non-refundable income or franchise tax credit of \$2,500 per permanent full or part time job with a 10 year carryforward and either a sales tax rebate on construction materials or a payment of 1.5% of project expenditures (refundable tax credit with no cap treated as a rebate payment). Qualifying projects include retail and may be located in designated enterprise zones (EZ) but must have 35% of employees reside in EZ (or the same parish for rural) as the project or receiving public assistance or unemployable. Qualifying projects' net new jobs must be the lesser of 5 jobs within 2 years or 10% of existing jobs (minimum of 1) within 1 year. Hiring full-time FITAP recipients earns an extra \$2,500 annual credit per job for 2 years.

Proposed law removes part time jobs from eligibility.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$625,000	\$625,000	\$625,000	\$625,000	\$625,000	\$3,125,000
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>	\$0
Annual Total	\$625,000	\$625,000	\$625,000	\$625,000	\$625,000	\$3,125,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The net effect of the bill is expected to increase net SGF collections (via fewer credits and/or rebates). According to LED and LDR, this program has provided about \$380 M in total benefits to firms over the last 5 years. In FY 12, about \$45 M in benefits were approved with about \$67 M claimed (prior year carry-forwards contribute to the difference).

In LED's judgment, about 250 jobs per fiscal year were considered part time under current project qualifications, though this number cannot be readily corroborated. Based on that count and should each job receive the benefit of \$2,500 per year, SGF would increase by about \$625,000 (via fewer job credits awarded). If only prospectively applied, program cost savings will be smaller in the initial periods and accumulate over time as new participation under this bill's program parameters occurs.

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| <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) >= \$500,000 Annual Fiscal Cost {S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
 Chief Economist