

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 10** SLS 161ES 36  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> February 24, 2016 7:50 PM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> Economic Development	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Caps EZ sales/investment to \$100k per job, removes NAICS	

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Establishes a baseline limit on the payment of rebates and the use of tax credits in a fiscal year for Enterprise Zone and provides a sunset date for the Enterprise Zone program. (gov sig)

Current law provides benefits of a one-time non-refundable income or franchise tax credit of \$2,500 per permanent full-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 exclude all retail (NAICS 44, 45) and eating and drinking establishments (NAICS 722) filing advanced notice after July 1, 2015. Those filing prior to July 1, 2015 may claim benefits on or after July 1, 2016. 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. Half of qualifying employees must reside in an EZ or in an EZ parish and receiving some form of public assistance in the six months prior to employment, unemployable by traditional standards or lacking in basic skills.

Proposed law retains current law but appears to cap the cost of EZ program sales tax rebates, investment credits and job credits to an annual cumulative total of \$73M. The bill also sunsets the EZ program on June 30, 2021, after which no program benefits will be paid. Effective upon signature of Governor.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The EZ program benefits cost the state about \$50-55M per year on average. According to the agency, this bill appears to cap the EZ benefits at \$73M per year, finally ending the program on June 30, 2021 with no payments paid thereafter.

Because the program has not reached the cap of \$73M per year, this bill under the agency interpretation will have no fiscal impact until the program ends. The general fund revenue of FY 22 should increase by the cost of the EZ program at that time.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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