

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 794** HLS 16RS 1192

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **W/ SEN FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: May 15, 2016 5:31 PM | Author: ABRAMSON |
| Dept./Agy.: Economic Development | Analyst: Deborah Vivien |
| Subject: Detaches CPP from EZ statute | |

TAX/TAX REBATES

REF DECREASE GF RV See Note

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Provides relative to the Competitive Projects Payroll Incentive Program

Current law provides a capital expenditure benefit to participants in the Competitive Projects Payroll Incentive Program (by invitation of Secretary of Economic Development only), including either a sales tax rebate for taxes paid on construction or 1.2% of capital expenditures as defined in law (1.5% after 7/1/18). The program statutes are shared with the Enterprise Zone program. The program also offers a payroll subsidy up to 12% of gross payroll for contracts invited to participate between 7/1/15 and 6/30/18 and up to 15% thereafter. No new contracts will be approved for this program on or after July 1, 2017.

Proposed law retains current law but moves the capital expenditure benefit authorization within the Competitive Projects Payroll Incentive Program statutes so that it is no longer linked to the Enterprise Zone statute. The bill also extends the sunset provision by one year from July 1, 2017 to July 1, 2018.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 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 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | DECREASE | DECREASE | DECREASE | DECREASE | \$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 |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill does not alter the calculation of benefits but only appears to move the location of the statute authorizing the benefits. The CPP program refers to EZ statutes for some of the benefits available to CPP participants. However, the Enterprise Zone Program begins phasing out July 1, 2017 under Act 18 of 2016 ES1. To maintain the availability of those benefits to CPP program participants, they are recreated within the CPP statutes by this bill.

In addition, the CPP program is also extended by one year which could allow additional participation beyond that of current law. To the extent that contracts are approved between January 1, 2018 and July 1, 2018, net state general fund receipts will be lower over the next 10 years as those contracts are paid out.

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}

Gregory V. Albrecht
Chief Economist