

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 183** SLS 17RS 260
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 7, 2017 3:53 PM	Author: MORRELL
Dept./Agy.: Economic Development / Revenue	Analyst: Greg Albrecht
Subject: Termination Dates for Certain Incentive and Rebates	

TAX/TAXATION OR SEE FISC NOTE GF RV Page 1 of 1
 Provides termination dates for certain tax incentive and rebate programs. (gov sig)

The bill prohibits entering into contracts with businesses to participate in the following programs: University Research and Development Parks, procurement processing companies, Enterprise Zone, Mega-Project Energy Assistance, Quality Jobs, Headquarters Relocation, and Competitive Projects Payroll Incentive. The dates after which contracts can not be entered into or advance notification applications can no longer be submitted range from July 1, 2017 to July 1, 2022, depending on the particular program.

Effective upon governor's signature.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The staggered dates for ceasing to enter contracts or accept applications associated with these programs is not likely to affect net state revenue receipts until FY19 or later at the earliest. The University R&D Parks program, the procurement processing companies program, the Mega-Project Energy Assistance program, the Headquarters Relocation program, and the Competitive Projects program all have no activity or very small activity realized in recent years. Any entities already in these programs will continue to be able to participate and cost realizations against the state fisc would still occur for those participants. In the case of procurement processing companies, for as long as 20 years.

The EZ and QJ programs have substantial current participation, and are likely to continue to be popular programs. Thus, stopping entrance into those two programs can eventually have a material positive affect on net state receipts. In the case of the EZ program, stopping advance notification acceptance on July 1, 2021 likely results in small cost savings beginning in FY22 possibly but more likely in FY23, with savings accumulating for several years afterwards as firms complete the program without new firms entering the program. A similar result would result with the QJ program from stopping advance notification acceptance on July 1, 2017, but with likely small cost savings beginning in FY19 possibly but more likely in FY20 (this program involves capital investment as well as hiring), with savings accumulating for several years afterwards as firms complete the program without new firms entering the program. With established termination dates, surges in contracts and/or applications are likely prior to the termination date, followed by surges in program costs and delay in program cost savings. Thus, the degree and timing of potential cost savings is highly speculative.

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}

John D. Carpenter
Legislative Fiscal Officer