

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 19** HLS 182ES 46
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 25, 2018 2:53 PM **Author:** JACKSON
Dept./Agy.: LA Dept. of Economic Development/LA Dept. of Revenue **Analyst:** Zachary Rau
Subject: Continues Reductions to Rebates for Certain Programs

TAX/TAX REBATES EG +\$11,000,000 GF RV See Note Page 1 of 1
 Provides for continued effectiveness of reductions in the amount of certain rebates (Item #15)

Present law reduces the rebate benefits provided by the Competitive Projects Payroll Incentive Program, the Mega Project Energy Assistance Program, the Corporate Headquarters Relocation Program, and the Quality Jobs Program through June 30, 2018.

Proposed law removes the June 30, 2018 sunset date for the rebate reductions in present law and extends the sunset date until June 30, 2023.

Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$11,000,000	\$22,000,000	\$25,000,000	\$27,000,000	\$85,000,000
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$11,000,000	\$22,000,000	\$25,000,000	\$27,000,000	\$85,000,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law will increase SGF revenues by an estimated \$11 M in FY 20 with a phase-up to approximately \$27 M by FY 23.

When continuation of the limits imposed on these programs in the 2015 Regular Session was considered in the 2017 Regular Session, the LA Dept. of Economic Development (LED) indicated that the lack of activity in the Competitive Projects Payroll Incentive Program, the Mega Project Energy Assistance Program, and the Corporate Headquarters Relocation Program resulted in essentially no effect from the bill with respect to limiting the rebates provided by those programs. In addition, the Mega Project Program and the Corporate Headquarters Program have been closed to applications. However, the Quality Jobs Program has consistent activity and a fiscal impact from continuing its limitation could be anticipated with respect to that program. Potential program cost savings of continuing the limitations that were contained in the fiscal note on the 2017 Regular Session bill (HB 173) were estimated at \$15 M in FY 20 and phased up to \$30 M in subsequent years. The 2015 reductions were going to sunset at the start of FY 19, and the flow of applications and participation would delay cost saving realization into the following fiscal year. A simple assumption of one-half effect in the first year, then full effect in the second year and beyond anticipated this program lag time.

LED has since re-estimated the potential program cost savings of this bill in light of the program revisions and estimated program cost savings enacted by Act 386 of the 2017 Regular Session. Taking the 2017 revisions into effect, potential program cost savings of continuing the limitations imposed on these programs in the 2015 Regular Session are estimated at \$11 M in FY 20, stepping up to \$27 M by FY 23. In effect, some of the program cost savings from continuing the 2015 limitations is being realized in the program revisions of 2017.

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