

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 3** SLS 182ES 38
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 28, 2018	2:53 PM	Author: JOHNS
Dept./Agy.: LA Dept. of Economic Development/LA Dept. of Revenue		Analyst: Zachary Rau
Subject: Quality Jobs Program Incentive Rebates		

TAX/TAXATION EG -\$3,128,880 GF RV See Note Page 1 of 1
 Provides for administration of incentive rebates under the Quality Jobs and Enterprise Zone programs. (Items #21 and 27) (gov sig)

Present law requires applications for incentives under the LA Quality Jobs Program be filed no later than 24 months after the filing of the advance notification. Proposed law adds an exception to the application filing requirement for projects filing advance notifications on or after June 1, 2015, and before July 1, 2015, allowing applications for those projects to be filed prior to January 1, 2018, rather than 24 months after the filing of the advanced notification, granting an extension of 6 months beyond the 24 month deadline under present law. Present law requires the LA Dept. of Revenue to issue rebates totaling 80% of the total amount claimed within ten days for rebate requests associated with the LA Quality Jobs and Enterprise Zone programs. Proposed law retains present law, but changes rebate timelines from 10 days to 60 days. Present law provides that the LA Dept. of Revenue shall audit rebate requests associated with the aforementioned programs within 3 months of a rebate request. Proposed law increases the audit time by 3 months, from 3 months to 6 months. Proposed law will supercede provisions of Section 3 of Act 126 of 2015 in the event proposed law and Act 126 conflict. Proposed law delays payments for any projects qualifying for the exception provided for in proposed law by 24 months. Effective upon signature of the governor.

EXPENDITURES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
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	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	(\$3,128,880)	(\$536,577)	(\$547,309)	(\$4,212,766)
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	(\$3,128,880)	(\$536,577)	(\$547,309)	(\$4,212,766)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The LA Dept. of Revenue reports that proposed law only lengthens timelines for the department to issue rebates and audit entities requesting rebates, which will not impact expenditures.

REVENUE EXPLANATION

The LA Dept. of Economic Development (LED) reports one project related to the LA Quality Jobs program would qualify for the exception provided by the bill and would receive rebates beginning in FY 21 due to a 24 month delay on rebate payments contained in the proposed legislation. As a result, the first 6% cash rebate on 80% of eligible payroll associated with the project will take effect in FY 21, and will count for filings in calendar years 2015-2017, totaling an estimated \$803,880. In addition, the project's capital-expenditure related rebate may also be realized in FY 21, totaling an estimated \$2.33 million, resulting in a total cost of approximately \$3.13 M (\$803,800 + \$2.33 M). The 6% cash rebate on 80% of eligible payroll may be claimed for up to 10 years, and may result in reductions to net SGF receipts beyond FY 23, to the extent of eligible payroll each year. Annual costs of the 6% rebate on gross payroll continuing in FYs 22 and 23 are estimated in the table above. Anticipated out year costs are as follows: FY 24 - \$558,255; FY 25 - \$569,420.

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