LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB** **18** HLS 201ES 56
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 4, 2020 4:09 PM
Author: WRIGHT
Dept./Agy.: Economic Development
Subject: Competitive Projects Payroll Incentive Program
Analyst: Greg Albrecht

TAX/TAX REBATES OR DECREASE GF RV See Note

Provides relative to the Competitive Projects Payroll Incentive Program (Item #18)

Present law provides a rebate of up to 15% of payroll for eligible firms, as well as either a rebate of sales tax on capital facilities expenditures or a rebate of 1.5% of qualified capital expenditures. Firms must be invited to participate in contracts for rebate for up to ten years, subject to approval of the Joint Legislative Committee on the Budget (JLCB). No new contracts may be approved on or after July 1, 2022.

Proposed law expands business activities eligible for the program, removes the discretion of LED as to which firms to offer the program, and eliminates JLCB approval for participation in the program. New activities made eligible are cybersecurity, renewable or a recycling process, agri-bio, and Covid virus screening, protective gear, medical devices, drugs, or equipment for treatment. Also extends the program by four years to allow new contracts approved up to July 1, 2026.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The program was first enacted in 2012, and has had no participation since inception. LED reports that only one firm was invited to participate, but ultimately declined to participate.

The bill expands eligible business activities, but does not specify industrial codes or sectors of eligibility. No information is readily available to indicate the number of firms already operating in the state, whose business activities might make them eligible for the program, or businesses that might begin such activities. The bill also removes LED discretion as well as JLCB approval, and extends the availability of the program for an additional four years. These changes would work to make it more likely that program utilization occurs. The extent of utilization and the cost of associated rebates is speculative, but the bill can only work to reduce state revenue receipts below what they would otherwise be.

Rebate benefits are paid from total current tax collections, without appropriation.

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