New law provides for the Competitive Projects Payroll Incentive Program that offers a rebate up to 15% of a participating company’s new payroll and either a sales tax rebate on capital expenditures or a one-time 1.5% project facility expense rebate for qualifying businesses. Program provisions require the creation of net new jobs to the state, health benefits, significant out-of-state sales and a positive economic benefit to the state. Eligibility is by invitation of the Secretary of LED and contracts may be for an initial term of 5 years with a 5 year renewal at the discretion of LED. Certain businesses are not eligible such as gaming, some natural resource extraction or exploration, retail, real estate, professional services, financial services, venture capital funds, shipbuilding, wood products, agriculture or MME for energy sector. The acceptance of new contracts expires July 1, 2022, though contracts in place may continue and be renewed.

Proposed law retains current law but extends the expiration date by four years from July 1, 2022, to July 1, 2026.

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

REVENUE EXPLANATION
There is no anticipated direct material effect on governmental revenues as a result of this measure. The program has had negligible participation in the past and, with no programmatic changes, is not expected to attract a material increase in participation in the future. Should circumstances change and eligible businesses be invited to use the incentive, the extension of the program would decrease SGF revenue by the amount of the rebates.