

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 686** HLS 13RS 1487
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Revenue/Economic Development	Analyst: Deborah Vivien
Subject: Gun Manufacturer relocation tax credit	

TAX CREDITS EG DECREASE GF RV See Note Page 1 of 1
 Establishes the Firearm and Ammunitions Manufacturer Tax Credit

Proposed law creates a non-refundable income and franchise tax credit for 30% of relocation expenses if a firearm or ammunition manufacturer relocates its headquarters and/or manufacturing facility to the state and is invited to apply by the Secretary of Economic Development. Personnel relocation costs are limited to those associated with 60% of the greater of HQ or manufacturing jobs. The contract must state that the project provides a significant positive economic benefit, and the bill requires certain calculations be made. The relocation appears to qualify those moving within Louisiana as well as to Louisiana. The HQ must create at least 10 jobs and a manufacturing facility must create at least 25 jobs. The Department of Economic Development will promulgate rules for implementation of the program.

Effective July 1, 2013

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	2013-14	2014-15	2015-16	2016-17	2017-18	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Similar programs are currently conducted and resources allocated to those programs can also accommodate this one.

REVENUE EXPLANATION

This credit will only apply to firearm or ammunition manufacturers. As licensed through the ATF (though that is not a requirement of this bill), there are 1,759 ammunition manufacturers and 4,293 firearms manufacturers in the U.S. in 2010 - the latest published data. If any relocate to Louisiana the state will pay for 30% of relocation expenses up to the amount of the firm's state tax liability, presumably in the year in which the relocation takes place since the credit is non-refundable with no carryforward provisions. However, the bill does not appear to be limited only to firms moving to Louisiana but also firms moving in Louisiana, where there are 22 firearms manufacturers and presumably fewer ammunitions manufacturers. To the extent that any of these firms are invited into the program, state general fund revenue will decrease, with the amount of loss dependent on the size and scope of the qualifying project(s).

LED reports that these same firms are eligible for a number of existing incentives currently offered and may be able to realize an amount approaching the value of this credit from the existing incentives, as well. However, this bill does not limit the use of other credits along with this one.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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