

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 567** HLS 15RS 1083  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

|  |                               |
|--|-------------------------------|
| <b>Date:</b> May 13, 2015 7:05 PM          | <b>Author:</b> PEARSON        |
| <b>Dept./Agy.:</b> Revenue                 | <b>Analyst:</b> Greg Albrecht |
| <b>Subject:</b> Sunset Tax Rebate Programs |                               |

TAX/TAX REBATES

OR INCREASE GF RV See Note

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Provides a sunset date for all tax rebates

Terminates four tax rebate programs on January 1, 2018. The affected programs are the School Tuition Organization rebate, the Procurement Processing Company rebate, the Enterprise Zone program rebate, and the Mega-Project Energy Assistance rebate.

| <b>EXPENDITURES</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <b>\$0</b>           |
| <b>Annual Total</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>           |

  

| <b>REVENUES</b>     | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | \$0            | INCREASE       | INCREASE       | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <b>\$0</b>           |
| <b>Annual Total</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |                |                | <b>\$0</b>           |

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The bill terminates rebate payments or new program entrants on January 1, 2018. There is no effect on the state fisc until the second half FY18 at the earliest, in this case from the termination of the School Tuition Organization rebate program. To date, only one request for rebate has been received by the state. Some growth in this program would be expected and some relatively small gain in state revenue should occur in FY18 and beyond.

With respect to the Procurement Processing Company rebate program, contracts have been signed but no rebates have been requested and it is not known what gain in state revenue might occur as a result of prohibiting new contracts from being entered into after January 1, 2018.

With respect to the Mega-Project Energy Assistance rebate, no agreements have been entered into and no rebates have been requested. It is not known what gain in state revenue might occur as a result of prohibiting new agreements from being entered into after January 1, 2018.

With respect to Enterprise Zone program, rebates have been paid for a number of years and have averaged some \$46 million per year since 2008. The bill prohibits new contracts from being entered into after January 1, 2018. Since these contracts are for five years, it is well outside the fiscal note horizon before the state fisc experiences net revenue gains. Eventually, those gains would accumulate to the current level of average rebates, with some growth likely from the current period.

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|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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} |

**John D. Carpenter**  
**Legislative Fiscal Officer**