

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 22** HLS 161ES 57
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 7, 2016 11:11 AM	Author: JACKSON
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Makes Act 126 of 2015 Regular Session permanent	

TAX/TAX REBATES RE SEE FISC NOTE GF RV See Note Page 1 of 1
 Repeals the three year sunset of certain reductions to tax rebates (Item #11)

Current law reduced certain rebate payments by 20%. The programs affected are Mega-Project Energy Assistance (Mega), Quality Jobs Program (payroll rebate), Headquarters Relocation (HQ), Competitive Projects Payroll (CPP, payroll rebate), and Enterprise Zone (investment rebate). The rebate reductions apply to applications made on or after July 1, 2015. Quality Jobs applications must be filed within 24 months after the advance notification, except for advances filed between July 1, 2011 and July 1, 2012, which may be filed prior to August 1, 2015. These rebate reductions remain in effect for three years, through June 30, 2018. Act 126 of 2015 enacted these rebate program changes as well as permanent restrictions on Enterprise Zone Program participation.

Proposed law extends the changes of Act 126 of 2015, relative to the rebate program reductions, for as long as HB 62 of this session remains in effect. HB 62 broadens the state sales tax base and increases the state tax rate. HB 62 is currently in conference committee with a term to April 1, 2021.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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. The need and timing for the department to change forms and processing for the 2015 Act will depend on the disposition of HB 62. These costs are typically absorbed within the departmental budget, with an assessment of future resource needs that incorporates all session changes to tax law.

REVENUE EXPLANATION

Act 126 of 2015 currently expires on July 1, 2018, and included both a temporary reduction in certain rebate programs and permanent restrictions on Enterprise Zone Program participation. With respect to the rebate programs affected by Act 126 as well as this bill, growing net state revenue gains are currently anticipated in FY17 (\$3.1 million) through FY19 (\$13.9 million), before gains diminish each year due to the termination of the rebate reductions in Act 126 and the timing pattern of affected rebate program participation. Should HB 62 fail to be enacted, Act 126 would apply as currently enacted.

To the extent HB 62 of the 2016 session remains in effect, the termination provisions of Act 126 are inapplicable and growth in net state revenue gains beyond FY19 may occur (HB 62 is currently in conference committee with an effectiveness to April 1, 2021).

However, should HB 62 be enacted with an effective term even shorter than currently anticipated for Act 126, then the currently anticipated net revenue gains from Act 126 would be curtailed.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer