

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

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Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Term of Act 126 of 2015 Regular Session	

TAX/TAX REBATES EN 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. As enrolled, HB 62 terminates on July 1, 2018.

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.	\$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

EXPENDITURE EXPLANATION

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

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.

As enrolled, HB 62 of 2016 terminates on July 1, 2018, the same date as Act 126 of 2015. Thus, this bill has no effect on the term and anticipated revenue effect of Act 126 of 2015, with respect to the rebate reductions.

However, a provision in Act 126 of 2015 allowed certain projects (identified as having advance notifications submitted within certain dates; 7/1/2011 - 7/1/2012) extra time beyond the effective date of the bill to file their actual program applications (until 8/15/2015) and still receive 100% of program benefits. This bill identifies at least one additional project to receive 100% benefits by designating a new one-month advance notification window (1/1/2014 - 1/31/2014), and allowing actual program application to be filed by 1/31/2016. Affected projects were apparently intended to be granted full program benefits by Act 126.

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}

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