

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



Fiscal Note On: **HB 846** HLS 20RS 1337

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|  |                               |
|--|-------------------------------|
| <b>Date:</b> April 30, 2020 4:12 PM                            | <b>Author:</b> WRIGHT         |
| <b>Dept./Agy.:</b> Economic Development                        | <b>Analyst:</b> Greg Albrecht |
| <b>Subject:</b> Competitive Projects Payroll Incentive Program |                               |

TAX/TAX REBATES OR DECREASE GF RV See Note Page 1 of 1  
Provides relative to the Competitive Projects Payroll Incentive Program

Present law provides a rebate of up to 15% of payroll for eligible firms, as well as either a rebate of sales tax on capital facilities expenditures or a rebate of 1.5% of qualified capital expenditures. Firms must be invited to participate in contracts for rebate for up to ten years, subject to approval of the Joint Legislative Committee on the Budget (JLCB). No new contracts may be approved on or after July 1, 2022.

Proposed law expands eligible industry sectors to the program, removes the discretion of LED as to which firms to offer the program, and eliminates JLCB approval for participation in the program. New sectors made eligible are cybersecurity, renewable or recycling, agri-bio, and Covid virus screening, protective gear, medical devices, drugs, or equipment for treatment. Also extends the program by four years to allow new contracts approved on or after July 1, 2026.

| <b>EXPENDITURES</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</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>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | DECREASE       | DECREASE       | DECREASE       | DECREASE       | DECREASE       |                      |
| 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> |                |                |                |                |                |                      |

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The program was first enacted in 2012, and has had no participation since inception. LED reports that only one firm was invited to participate, but ultimately declined to participate. The bill expands eligible industry sectors, removes LED discretion as well as JLCB approval, and extends the availability of the program for an additional four years. These changes would seem to work to make it more likely that program utilization could occur. The extent of utilization and the cost of associated rebates is speculative, but the bill can only work to reduce state revenue receipts below what they would otherwise be.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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