

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4775-01
Bill No.: HB 1130
Subject: Cities, Towns and Villages; Counties; Economic Development; Economic Development Department
Type: Original
Date: January 27, 2012

Bill Summary: This proposal changes the distressed areas land assemblage tax credit act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning** assume the remaining amount of tax credits available for this program is approximately \$67 million. This proposal could therefore lower General and Total State Revenues by that amount. This program may encourage other economic activity, but Budget and Planning does not have data to estimate the induced revenues.

Officials at the **Department of Economic Development** assume this proposal revises the Distressed Area Land Assemblage Tax Credit Act under Section 99.1205 which is administered by the DED's Division of Business and Community Services. The proposal revises program definitions, procedures for issuance of tax credits, and increases the annual cap of tax credits from \$20 million to \$30 million. The aggregate program cap remains the same at \$95 million. The sunset date is extended from August 28, 2013 to August 28, 2017. The proposal may increase the number of applications for the program; therefore, BCS assumes an unknown negative impact over \$100,000 as a result of the proposal.

Oversight assumes this proposal increases the yearly cap from \$20 million annually to \$30 million annually beginning on August 28, 2012. Oversight will show the increase in the yearly cap as \$0, no more credits issued, to \$10 million, all the additional credits issued. Oversight assumes the \$95 program cap on this program has not changed and therefore this program could stop as early as 2014.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Revenue Reduction</u> - increase in the distressed area tax credit cap	<u>\$0 to (\$10,000,000)</u>	<u>\$0 to (\$10,000,000)</u>	<u>\$0 to (\$10,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to (\$10,000,000)</u>	<u>\$0 to (\$10,000,000)</u>	<u>\$0 to (\$10,000,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

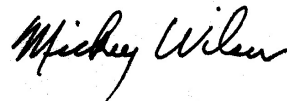
FISCAL DESCRIPTION

This bill changes the laws regarding the Distressed Areas Land Assemblage Tax Credit. The annual program cap is increased from \$20 million to \$30 million, but the aggregate program cap remains at \$95 million. The bill extends the provisions regarding the credit from August 28, 2013, to August 28, 2017.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Budget and Planning
Department of Economic Development



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Director
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