

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0193-02  
Bill No.: HB 468  
Subject: Business and Commerce; Economic Development; Tax Credits  
Type: Original  
Date: February 9, 2015

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Bill Summary: This proposal extends the last year of availability of incentives for new or expanded business headquarters from 2020 to 2025

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
General Revenue	\$0	\$0	\$0	(Greater than \$5,291,242)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(Greater than \$5,291,242)</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>Total Estimated Net Effect on FTE</b>				

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **Office of Administration's Division of Budget and Planning** assume this proposal would extend the Business Facility tax credit from 2020 until 2025 for headquarters projects. Since FY 2012, the average annual issuance of the Business Facility tax credit has been \$5,702,680, and the average annual redemption has been \$5,352,732.

Officials at the **Department of Revenue** assume no fiscal impact from this proposal.

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Business Facility tax credit program had the following activity:

	FY 2012	FY 2013	FY 2014
Amount Authorized	\$4,840,502	\$5,704,373	\$6,563,164
Amount Issued	\$4,840,502	\$5,704,373	\$6,563,164
Amount Redeemed	\$4,867,041	\$4,572,711	\$6,618,443

**Oversight** assumes this proposal extends the Business Facility tax credit from 2020 until 2025. Oversight will show the fiscal impact beginning in year 2021 as greater than the average amount issued over the past five years (\$5,291,242).

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2021)
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**GENERAL REVENUE**

<u>Revenue Reduction -</u> extending tax credit from 2020 to 2025	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	(Greater than <u>\$5,291,242</u> )
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b>(Greater than <u>\$5,291,242</u>)</b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2021)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses may benefit from some of the provisions in this proposal.

FISCAL DESCRIPTION

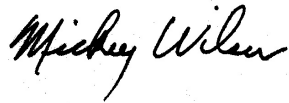
This bill extends the eligibility of the tax credit for the headquarters of a revenue-producing business to a facility commencing or expanding operations before January 1, 2020, to a facility commencing or expanding operations before January 1, 2025.

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

L.R. No. 0193-02  
Bill No. HB 468  
Page 5 of 5  
February 9, 2015

SOURCES OF INFORMATION

Office of Administration's Division of Budget and Planning  
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 9, 2015

Ross Strobe  
Assistant Director  
February 9, 2015