

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4568-01
Bill No.: HB 1391
Subject: Economic Development; Tax Incentives
Type: Original
Date: December 16, 2015

Bill Summary: This proposal extends the sunset date of the Manufacturing Jobs Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 to (\$15,000,000)	\$0 to (\$15,000,000)	\$0 to (\$15,000,000)
Total Estimated Net Effect on General Revenue	\$0 to (\$15,000,000)	\$0 to (\$15,000,000)	\$0 to (\$15,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☒ 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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development** assume §620.1910.11(1) extends the sunset date of the program until October 12, 2028. It currently is set to expire October 12, 2016. This is an extension of 12 years.

§620.1910.6 states that the aggregate amount of withholding tax that may be retained by all qualified manufacturing companies shall not exceed \$15,000,000 per year.

Officials at the **Office of Administration's Division of Budget and Planning** assume this legislation would extend the provisions of the Manufacturing Jobs Act from 2016 until 2028. Because this is an extension of an existing program, it will not directly impact Total State Revenue, nor will it impact the calculation under Article X, Section 18(e). Since FY13, the average annual issuance and redemption has been \$5,486,738.

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

Oversight notes this program is currently scheduled to expire October 12, 2016. This proposal would extend the expiration date to October 12, 2028,

Oversight will range the fiscal impact from \$0 (no credits issued) to the annual limit of \$15,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (8.5 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Revenue Reduction</u> - extension of Manufacturing Jobs Act §620.1910.11(1)	\$0 to <u>(\$15,000,000)</u>	\$0 to <u>(\$15,000,000)</u>	\$0 to <u>(\$15,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(\$15,000,000)</u>	\$0 to <u>(\$15,000,000)</u>	\$0 to <u>(\$15,000,000)</u>

FISCAL IMPACT - Local Government

FY 2017
(8.5 Mo.)

FY 2018

FY 2019

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

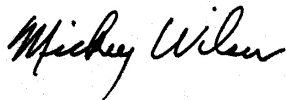
FISCAL DESCRIPTION

This bill reauthorizes the sunset on the Manufacturing Jobs Act from October 12, 2016, to October 12, 2028.

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

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



Mickey Wilson, CPA
Director
December 16, 2015

Ross Strobe
Assistant Director
December 16, 2015