

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6872H.011  
 Bill No.: HB 3095  
 Subject: Tax Credits; Taxation and Revenue - General; Property, Real and Personal;  
 Business and Commerce  
 Type: Original  
 Date: February 28, 2026

Bill Summary: This proposal modifies a provision relating to a tax credit for new business facilities.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2032)
General Revenue*	\$0	\$0	\$0	More or less than (\$19,202,293)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>More or less than (\$19,202,293)</b>

\*Oversight reflects ongoing costs due to the extension of the sunset through January 1, 2041 (FY 2042).

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2032)
<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 2027	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §135.155 – Tax Credits for New Business Facilities

Officials from the **Department of Revenue (DOR)** assume this proposal extends from January 1, 2031, to January 1, 2041, the time allowed for a company to qualify for the New Business Facility Tax Credit program. The program allows a tax credit annually for the expansion of the companies headquarter building.

This tax credit program was created prior to 1980 and from FY 2020 through FY 2025 the House Appropriations committee has frozen the amount of the credit at no more than 12 million annually. The program has been modified numerous times to expand the definition of qualifying expenditures to allow the company to continue to qualify for the credit. For informational purposes only, the department is providing the amount of issuances and redemptions of this program over the last several years.

Year	Authorized	Issued	Total Redeemed
FY 2025	\$40,798,821.49	\$40,798,821.49	\$19,769,148.27
FY 2024	\$16,808,057.81	\$16,808,057.81	\$16,474,636.43
FY 2023	\$0.00	\$0.00	\$14,181,033.00
FY 2022	\$0.00	\$0.00	\$14,833,669.00
FY 2021	\$24,959,370.00	\$24,959,370.00	\$12,345,744.00
FY 2020	\$0.00	\$0.00	\$7,555,278.00
FY 2019	\$9,213,825.00	\$9,213,825.00	\$8,217,556.00
FY 2018	\$8,762,244.00	\$8,762,244.00	\$6,329,689.00
FY 2017	\$8,044,858.00	\$8,044,858.00	\$4,046,742.00
FY 2016	\$4,778,641.00	\$4,778,641.00	\$4,593,362.00
FY 2015	\$4,160,818.00	\$4,160,818.00	\$4,493,611.28
FY 2014	\$6,563,164.00	\$6,563,164.00	\$6,618,443.21
FY 2013	\$5,704,373.00	\$5,704,373.00	\$4,431,017.94
FY 2012	\$4,840,502.00	\$4,840,502.00	\$4,796,279.38

The extension of the expiration date of this proposal would result in the tax credit being allowed to continue into the future which would result in more loss to the general revenue. The loss occurs from the taxpayer no longer paying the state tax liability they owe. DOR assume this could result in additional loss to the state of up to the \$19 million currently being redeemed annually from 2031 to 2041.

**Oversight** notes that the New and Expanded Business Facility Credit program awards credits from \$75 to \$125 per job (for a new company) and per \$100,000 of new investment each year for 10 years. The program has no annual cap.

Oversight notes that this legislation extends the sunset date from January 1, 2031, to January 1, 2041. Therefore, Oversight will reflect a potential cost to the General Revenue Fund associated with the continuation of the tax credit of approximately \$19,202,293, which represents the 3-year average (2023-2025) annual authorization amounts shown in the table above.

Officials from the **Office of Administration – Budget & Planning, Department of Economic Development, and Oversight Division** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these respective agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>GENERAL REVENUE</b>				
<u>Cost – (\$135.155) Sunset Extension p.3-4</u>	\$0	\$0	\$0	More or less than (\$19,202,293)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>More or less than (\$19,202,293)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2032)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law authorizes a tax credit for a 10-year period for business headquarters that commence operations in this state on or before December 31, 2030.

This bill extends such date to December 31, 2040.

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

Office of Administration – Budget & Planning  
 Department of Economic Development  
 Department of Revenue  
 Office of the Secretary of State  
 Joint Committee on Administrative Rules  
 Oversight Division



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 Director  
 February 28, 2026



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 Assistant Director  
 February 28, 2026