

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 783** HLS 16RS 1190

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 30, 2016 9:08 AM	Author: ABRAMSON
Dept./Agy.: Economic Development	
Subject: Detaches QJP from EZ statute and Extends QJP Program	Analyst: Deborah Vivien

TAX/TAX REBATES EG DECREASE GF RV See Note
Relative to the Louisiana Quality Jobs Program

Current law provides a capital expenditure benefit to participants in the Quality Jobs Program, including either a sales tax rebate for taxes paid on construction or 1.5% of capital expenditures as defined in law. The program statutes are shared with the Enterprise Zone program. In addition, the program provides a subsidy of 5% or 6% of payroll depending on the wages and health benefits of the job along with the health benefit utilization rate (80% of payroll as of Act 126 of 2015 through June 30, 2018). The payroll subsidy is contracted for 10 years (five initial years with a 5 year renewal). The department will no longer approve applications for this program beginning January 1, 2018.

Proposed law retains current law but moves the capital expenditure benefit authorization within the Quality Jobs Program statutes so that it is no longer linked to the Enterprise Zone statute. In addition, the deadline for application approval is extended by 6 months to July 1, 2018. (proposed House Committee amendment 2991 1683)

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill does not appear to alter the calculation of benefits, but only the location of the statute authorizing the benefits. However, the program is also extended by 6 months which will allow additional participation to enter the program beyond that of current law. To the extent that applications are approved between January 1, 2018 and July 1, 2018, state general fund net receipts will decrease over the next 10 years as those additional contracts are paid out.

Quality Jobs program rebates have totaled \$51.3M in FY 13, \$55.7M in FY 14 and \$72.8M in FY 15.

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|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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