

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 367** HLS 17RS 977
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 29, 2017 1:25 PM	Author: IVEY
Dept./Agy.: LA Dept. of Economic Development	Analyst: Zachary Rau
Subject: Repeals Statutes for Board of Commerce & Industry	

TAX EXEMPTIONS OR INCREASE GF RV See Note Page 1 of 1
 Repeals authority for tax exemption contracts to be granted by the Board of Commerce and Industry for manufacturing establishments, corporate headquarters, and warehousing and distribution establishments
Present law authorizes the Board of Commerce & Industry to grant exemptions from various state taxes through the granting of contracts. Present law allows for the C&I Board to enter into contracts with manufacturing establishments, corporate headquarters, and warehousing and distribution establishments. Present law gives the C&I Board rulemaking authority to establish criteria and requirements for exemptions.

Proposed law repeals these present law statutes, effective January 1, 2018.

Contingent upon enactment of an unspecified House Bill and House Concurrent Resolution, both of this 2017 session.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$1,900,000	\$1,900,000	\$4,900,000	\$8,700,000
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	\$1,900,000	\$1,900,000	\$4,900,000	\$8,700,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The LA Dept. of Economic Development (LED) states that administrators overseeing the Tax Equalization Program and the Exemptions for Manufacturing Establishments Program will remain on staff at the department, as the aforementioned programs only require a small time commitment to administer and are only a portion of the current administrators' duties. These resources would be shifted to the administration of other LED programs.

REVENUE EXPLANATION

Proposed law will increase SGF receipts by approximately \$1.9 M in FYs 19 - 20 and by approximately \$4.93 M in FY 22. The increase in SGF receipts is associated with the elimination of the Tax Equalization (TE) Program. Presently the TE Program has two open contracts, and it is assumed that elimination of the program will preclude renewal of those contracts. The first contract ends in FY 19 with a remaining value of \$1.9 M in FY 18, and the second contract ends in FY 21 with a remaining value of approximately \$3.04 M. As a result of the TE Program's elimination under the provisions of proposed law, the savings of \$1.9 M would be realized beginning in FY 19 after the first contract expires with a phase up in FY 22 as the second contract totaling \$3.04 M expires, yielding an increase of approximately \$4.94 M in SGF receipts. There would be no increase in SGF receipts resulting from the elimination of the Exemptions for Manufacturing Establishments Program, as LED reports no current activity in the program.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist