



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 187** SLS 11RS 461

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|   |         |                               |
|---|---------|-------------------------------|
| <b>Date:</b> May 18, 2011                                 | 5:27 PM | <b>Author:</b> LONG           |
| <b>Dept./Agy.:</b> Revenue / Economic Development         |         |                               |
| <b>Subject:</b> Cane River Heritage Area Development Zone |         | <b>Analyst:</b> Greg Albrecht |

TAX/TAXATIONEG -\$2,700 GF RV See NotePage 1 of 1

Extends Cane River Heritage tax credit to January 1, 2014. (8/15/11)

Current law provides tax credits to businesses operating in the Cane River Heritage Area Development Zone. Available credits are a single \$1,500 for business operations and \$1,500 per each new employee hired. Credits are nonrefundable but have a ten-year carry-forward for unused portions. No new applications for credits shall be approved after January 1, 2012.

Proposed law extends the application deadline for two years until January 1, 2014.

| EXPENDITURES   | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 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    | \$0     | \$0     | \$0     | \$0     | \$0     | \$0           |
| Annual Total   | \$0     | \$0     | \$0     | \$0     | \$0     | \$0           |

| REVENUES       | 2011-12 | 2012-13   | 2013-14   | 2014-15 | 2015-16 | 5 -YEAR TOTAL |
|----------------|---------|-----------|-----------|---------|---------|---------------|
| State Gen. Fd. | \$0     | (\$2,700) | (\$2,700) | \$0     | \$0     | (\$5,400)     |
| 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    | \$0     | \$0       | \$0       | \$0     | \$0     | \$0           |
| Annual Total   | \$0     | (\$2,700) | (\$2,700) | \$0     | \$0     | (\$5,400)     |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Since current law allows applications for tax credits to be approved through calendar year 2011, the extension provided by this bill has no effect on FY12. Tax credits approved in 2012 and 2013 under this bill would be new unanticipated credits reducing revenue in FY13 and FY14, and in subsequent years to the extent carry-forward provisions are utilized.

The tax credits realized that are associated with the program in Revenue Department data are relatively small. According to the Department of Revenue, tax credits realized against both corporate and individual tax liabilities have totaled \$10,000 since FY08 through FY11 to date. Annual credit realizations have been \$2,000 in FY08, \$3,100 in FY09, \$3,100 in FY10, and \$1,700 in FY11 to date. Average annual credit realizations for those years have been \$2,700, and this average is used as an estimate of the revenue losses likely in FY13 and FY14 with this bill’s extension.

Note: The Department of Culture, Recreation, and Tourism reports that it has not processed any applications for the tax credits offered by this program, although Revenue Department data indicates the amounts above claimed for this tax credit.

|   |                     |  |  |
|---|---------------------|--|--|
| Senate  | Dual Referral Rules | House  |  |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                     | <input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}                       |  |
|   |                     | <input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF 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} | <b>H. Gordon Monk</b><br><b>Legislative Fiscal Officer</b> |