LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 67** SLS 202ES 236
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: October 12, 2020 1:41 PM
Author: REESE
Dept./Agy.: Department of Economic Development
Subject: Enterprise Zone Incentives
Analyst: Rebecca Robinson

ECONOMIC DEVELOP DEPT EG DECREASE GF RV See Note

Authorizes the Department of Economic Development to provide an extension for certain job creation requirements for enterprise zone incentives and quality jobs incentive rebates due to the impacts of COVID-19 and Hurricane Laura. (gov sig)

Proposed legislation provides an option for companies with an active agreement under the Enterprise Zone Incentives Program to extend the time period for the creation of new jobs for an additional twelve months due to the impacts of COVID-19 and Hurricane Laura. Provides an option for companies with an active agreement under the Quality Jobs Program to extend the third annual rebate filing period for an additional twelve months due to the impacts of COVID-19 and Hurricane Laura. Companies/Employers must notify the Department of Economic Development of their preference regarding the option in writing prior to the original certification due date, but no later than December 31, 2021.

Effective upon Governor's signature.

EXPENDITURES	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**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	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**5 -YEAR TOTAL**
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

There will be no impact to the expenditures of the Department of Economic Development (LED) as a result of the proposed legislation. The amendments to the Enterprise Zone Incentives Program and the Quality Jobs Incentive Program extends the timeframe for performance of the relevant contracts and does not affect the workload of LED.

REVENUE EXPLANATION

There will be a reduction in revenue to the State General Fund (SGF) with the amendments to the Enterprise Zone Incentives Program and Quality Jobs Incentive Program. Both programs allow companies to enter into contracts with the LED that provide either tax rebates or tax income credits. In order to claim either benefit a business must create a certain number of net new jobs in a certain time period, as outlined in the contract. The proposed legislation would allow certain companies to extend the period in which they may create the net new jobs by an additional twelve months. The resulting impact to the SGF is increasing the time frame in which the state may experience decreased revenue due to the tax rebates or tax incentives claimed.

Per the original note, LED was unable to identify the number of contracts which could be impacted. However, the updated information received by the LFO on 10/12/20, indicates there are *77 performance agreements under the Enterprise Zone Program and 7 performance agreements under the Quality Jobs Program* that could take advantage of the additional twelve month window to claim benefits. The number of entities that will take advantage of the option under the proposed legislation and the potential amount of the rebate/credits awarded is unknown; therefore, the total reduction in revenue to the SGF is indeterminable.

There may also be a reduction in revenue to local governmental entities due to the amendment to the Enterprise Zone Incentives Program. This program allows a rebate of sales and use tax imposed by both the state and local municipalities and/or parishes. The proposed legislation extends the period in which the net new jobs may be created, thus increasing the time period in which local municipalities and/or parishes may receive reduced revenue. The magnitude of any such impacts is unknown at the current time.

They may be a reduction in revenue to the Department of Revenue, Office of Debt Recovery to the extent the proposed legislation results in a delay in triggering state efforts to recoup or clawback payments made to entities that do not meet performance standards with regard to the creation of new jobs pursuant to present law.

Senate Dual Referral Rules
- [ ] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- [x] 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}

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