

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 1459-01
BILL NO.: HB 409
SUBJECT: ECONOMIC DEVELOPMENT; REVENUE DEPARTMENT;
TAXATION AND REVENUE.
TYPE: ORIGINAL
DATE: FEBRUARY 25, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
NONE			

TOTAL ESTIMATED NET EFFECT ON OTHER STATE FUNDS	\$0	\$0	\$0
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NUMBERS WITHIN PARENTHESES: () INDICATE COSTS OR LOSSES.
 THIS FISCAL NOTE CONTAINS 5 PAGES.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
NONE			
TOTAL ESTIMATED NET EFFECT ON <u>ALL</u> FEDERAL FUNDS	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
LOCAL GOVERNMENT	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

OFFICIALS FROM THE DEPARTMENT OF ECONOMIC DEVELOPMENT (DED) STATE THE BILL IMPOSES SOME ADDITIONAL DUTIES ON DED WITH REGARD TO CAPTURING INFORMATION ON TAX CREDITS AND GRANTS. DED WOULD ALSO BE REQUIRED TO DO A REPORT TO THE PRESIDENT PRO TEM OF THE SENATE AND THE SPEAKER OF THE HOUSE.

DED FEELS CHANGES CAN BE INCORPORATED INTO EXISTING PROGRAMS AND THE REPORT CAN BE PREPARED FROM INFORMATION ALREADY GATHERED. NO COSTS ARE ANTICIPATED AT THIS TIME. DED STATES THAT IF THESE ITEMS REQUIRE MORE WORK THAN ANTICIPATED, A BUDGET REQUEST COULD BE SUBMITTED IN THE FUTURE.

IN RESPONSE TO A SIMILAR PROPOSAL FROM LAST YEAR, OFFICIALS FROM THE DEPARTMENT OF REVENUE (DOR) STATED THIS PROPOSAL REQUIRES ADDITIONAL INFORMATION REGARDING THE DEPARTMENT OF ECONOMIC DEVELOPMENT CONTRACTS FOR FINANCIAL ASSISTANCE, INCLUDING TAX CREDITS. DOR ASSUMED THE PROPOSAL WOULD NOT FISCALLY IMPACT THEIR AGENCY.

<u>FISCAL IMPACT - STATE</u> <u>GOVERNMENT</u>	FY 2004 (10 MO.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - LOCAL</u> <u>GOVERNMENT</u>	FY 2004 (10 MO.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - SMALL BUSINESS

NO DIRECT FISCAL IMPACT TO SMALL BUSINESSES WOULD BE EXPECTED AS A RESULT OF THIS PROPOSAL.

DESCRIPTION

FOR ANY CONTRACT OR AGREEMENT BETWEEN THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND ANOTHER PARTY THAT PROVIDES GRANTS, LOANS, OR OTHER ASSISTANCE TO WHICH A MONETARY VALUE CAN BE ASSIGNED, CURRENT LAW REQUIRES THE DEPARTMENT TO SPECIFY THAT THE RECIPIENT WILL USE THE GRANT, LOAN, OR OTHER ASSISTANCE SOLELY AS REQUIRED BY THE PROGRAM THROUGH WHICH THE ASSISTANCE WAS PROVIDED AND THAT MISAPPROPRIATED FUNDS BE REPAID IN FULL TO THE DEPARTMENT. THIS PROPOSAL APPLIES THE SAME CONDITIONS TO TAX CREDITS.

IN ADDITION, THE PROPOSAL REQUIRES THE DEPARTMENT FOR EACH GRANT, LOAN, OR TAX CREDIT TO:

- (1) DESCRIBE THE ECONOMIC INCENTIVE, INCLUDING ITS AMOUNT AND TYPE;
- (2) STATE WHY THE ECONOMIC INCENTIVE IS NEEDED;
- (3) STATE THE PUBLIC PURPOSE FOR THE INCENTIVE;
- (4) STATE THE GOALS FOR THE INCENTIVE AND THE TIME PERIODS BY WHICH THESE GOALS MUST BE MET;
- (5) DESCRIBE THE FINANCIAL OBLIGATIONS OF THE PARTY IF THE REQUIREMENTS OF THE CONTRACT OR AGREEMENT ARE NOT MET;

DESCRIPTION (CONTINUED)

RAS:LR:OD (12/02)

(6) STATE THE NAME AND ADDRESS OF THE PARENT CORPORATION OF THE RECIPIENT, IF ANY; AND

(7) STATE ALL OTHER FINANCIAL ASSISTANCE KNOWN BY THE DEPARTMENT THAT WAS RECEIVED BY THE RECIPIENT FOR THE SAME PROJECT. ALL CONTRACTS AND AGREEMENTS ARE GOVERNED BY THE APPLICABLE PROVISIONS OF CONTRACT LAW.

THE DEPARTMENT IS ALSO REQUIRED TO SUBMIT AN ANNUAL REPORT REGARDING ALL ECONOMIC INCENTIVES ADMINISTERED IN THE PREVIOUS CALENDAR YEAR. THE PROPOSAL SPECIFIES THE REQUIREMENTS OF THE REPORT.

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

DEPARTMENT OF ECONOMIC DEVELOPMENT
DEPARTMENT OF REVENUE



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FEBRUARY 25, 2003