

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB2805

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Byron

3. Committee Commerce and Labor

4. Title Enterprise zone incentive grants.

5. Summary/Purpose: Provides that the Governor shall include in his budget bill an additional appropriation to make full payment on prorated incentive grants awarded in the prior fiscal year. If the additional appropriation is enacted by the General Assembly, those business firms that are still operating the qualifying business in the enterprise zone and that have at least five employees of such business in full-time positions would be eligible for a proportional share of the additional appropriation.

6. Fiscal Impact Estimates are: Preliminary. See item 8, below.

7. Budget amendment necessary: Yes. Item 105. See item 8, below.

8. Fiscal implications: The bill would require the Governor to include in his introduced budget bill for the Department of Housing and Community Development (DHCD) a one-time appropriation for additional funding in the budget for the next fiscal year to pay the total unpaid portion of all eligible grants. Qualified businesses would be required to apply for a proportional share of the additional funding and may receive such funding provided they satisfy criteria set out in the legislation.

Based on FY 2006 performance, an increased allocation above the \$13.5 million currently in the base would be required. Based on data from the first year of the grant program, the state would have to allocate an additional \$8.8 million, from the general fund, annually to make whole all enterprise zone incentive awards. It would also require an additional application process in order to award this funding, increasing the number of applications that must be processed from approximately 433 to 719. Additional staff resources in DHCD of one P-14 at a cost of approximately \$8,100, from the general fund, would be necessary to address the increased workload.

9. Specific agency or political subdivisions affected: Department of Housing and Community Development.

10. Technical amendment necessary: No.

11. Other comments: The introduced budget bill includes an additional \$4 million, from the general fund, for the biennium (\$2 million in each year) for the grant program. SB 178, HB 908, SB 1057, HB 2417, HB 3036, SB 1302 and HB 2807 also change the enterprise zone incentive program.

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Document: G:\2007 Session\Fiscal Impact Statements\HB2805.Doc

cc: Secretary of Commerce and Trade