

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2332

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Phillips

3. Committee: General Laws and Technology

4. Title: Enterprise zone economic incentive grants.

5. Summary: Increases from \$50,000 to \$100,000 the minimum amount of investment required to be made in the rehabilitation or expansion of a building in order to be eligible for an enterprise zone incentive grant, and increases from \$250,000 to \$500,000 the minimum amount of investment required to be made for new construction in order to be eligible for an enterprise zone incentive grant. The bill would provide that any investor making \$5 million or less in qualified real property investment would be allowed a grant award of up to 20 percent of the investment in excess of \$500,000 in the case of new construction, and \$100,000 in the case of rehabilitation of a building or facility. Such an investor would be allowed a maximum of \$100,000 in enterprise zone incentive grants within any five-year period. Currently, such investors would be permitted grant awards equaling 20 percent of the amount of investment; the maximum award is \$125,000. Also, the bill would provide that any investor making more than \$5 million in qualified real property investment in a building would be allowed a maximum of \$200,000 in enterprise zone incentive grants within any five-year period for such building or facility (the current maximum is \$250,000). The bill also makes technical changes and repeals obsolete statutory provisions for enterprise zone grants.

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

7. Budget Amendment Necessary: No.

8. Fiscal Implications: The legislative proposal seeks to shrink the gap between the funding available for grants to participating grantees and the eligible grant requests by increasing the eligibility requirements and reducing the amount awarded for each grant. For the last three years, the Department of Housing and Community Development has prorated incentives provided under this program. Most recently, all grants were prorated at a rate of \$0.60 per dollar. The proposed change to the parameters of the grant program is expected to reduce demand and thereby bring the amount of program requests more in line with the amount of available funding for incentives.

9. Specific Agency or Political Subdivisions Affected: Department of Housing and Community Development

10. Technical Amendment Necessary: Yes. Line 152, strike “a new” and insert “an existing”.

11. Other Comments: Funding for the program is reduced in the Governor's introduced budget by \$1.11 million in FY 2009 and \$2.25 million in FY 2010. The introduced budget bill includes \$14.29 million in FY 2009 and \$13.15 million in FY 2010 for the enterprise zone economic incentive grant program.

SB1165 passed the Senate and also redefines the parameters for the enterprise zone grant program.

Date: 2/16/2009 tmw

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cc: Secretary of Commerce and Trade
Secretary of Finance