

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB1299

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Crockett-Stark

3. Committee: Commerce and Labor

4. Title: Enterprise zone grants; value of qualified investments.

5. Summary: Reduces the amounts of qualified real property investments from \$100,000 to \$50,000 for buildings that have been rehabilitated or expanded and from \$500,000 to \$150,000 for new construction.

6. Fiscal impact estimates are preliminary. See item 8, below.

7. Budget Amendment Necessary:

8. Fiscal Implications: The bill lowers the threshold for qualified real property investments. It is anticipated that the bill will result in an increase in demand for the program. DHCD, which is responsible for administering the Enterprise Zone Grant Program, has historical data for firms with investments at the lower thresholds proposed by the bill. Based on historical data, the bill may increase demand for the real property investment grants by approximately \$4 million annually. The greatest program demand is associated with the real property investment grants. For the last four years, DHCD has prorated incentives provided under the Enterprise Zone Grant Program. Most recently, all grants were prorated at a rate of \$0.46 per dollar.

There would be some administrative costs to the agency, such as regulation development and the reprogramming of databases. However, any impact is expected to be minimal and could be absorbed within existing resources.

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

10. Technical Amendment Necessary: No.

11. Other Comments: General fund support for the program is reduced in HB30/SB30, the introduced budget bill for the 2010-2012 biennium, by \$1 million in each year. The introduced budget bill includes \$12.15 million, from the general fund, in each year for the Enterprise Zone Grant Program.

HB658 lowers the threshold for qualified real property investments under the Enterprise Zone Grant Program for distressed communities.

Date: 2/2/2010 tmw

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