

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB555

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:** Marshall, D.W.

**3. Committee:** Appropriations

**4. Title:** Enterprise Zone Grant Program; preference for allocating grant funds.

**5. Summary:** Changes the eligibility for enterprise zone job grants in areas with an unemployment rate that is one and one-half times or more than the state average to positions paying at least 150 percent of the federal minimum wage including health benefits. Currently, positions paying less than 175 percent of the federal minimum wage are not eligible for the job grants. In addition, the bill provides that when the sum of grants for job creation and real property investment exceeds the total annual appropriation for payments, allocations shall be prioritized to fully fund the grants for job creation with any remaining funds to be allocated to the real property investment grants.

**6. Fiscal impact estimates are indeterminate.** See item 8, below.

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** The bill will allow a new and indeterminate universe of Job Creation Grant applicants. Those firms with jobs paying at least 150 percent of the federal minimum wage but less than 175 percent of the federal minimum wage, a previously ineligible segment, will now be eligible for the program. The current statutory threshold is 175 percent of the federal minimum wage. It is anticipated that the bill will result in an increase in demand for the program. Any additional demand is indeterminate as the Department of Housing and Community Development (DHCD), which is responsible for administering the Enterprise Zone Grant Program, does not have data on the positions paying less than the current statutory threshold for qualifying for the grant.

Also, the bill directs DHCD to fully pay grantees of the enterprise zone job creation grants prior to making payment to grantees of the enterprise zone real property grants. Any funds remaining after full payment of the enterprise zone job creation grants will be prorated and paid to the enterprise zone real property grant recipients. For the last four years, the Department of Housing and Community Development 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:** Funding 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 economic incentive grant program.

**Date:** 2/1/2010 tmw

**Document:** G:\2010 Session\Legislation\HB555.Doc