

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: HB863

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: Yancey

3. Committee: Appropriations

4. Title: Enterprise Zone Grant Program.

5. Summary: This bill amends the Enterprise Zone Grant Program. Specifically, the bill removes the restriction on the number of enterprise zones that may exist at any one time. The current limit is 30.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see item 8.

8. Fiscal Implications: This bill removes the cap on the number of enterprise zones that may exist at any one time. According to the Department of Housing and Community Development (DHCD), the Enterprise Zone Grant Program currently includes 57 zones (at the time the statutory limit of 30 was enacted, existing zones designated in prior years were allowed to remain classified as such until the terms of existence expired). The department employs two full-time positions to handle the administration of the program, which includes administrative tasks, as well as workshops, technical assistance, and other hands-on activities that serve the zone participants. As this bill lifts the cap on the number of zones, it is likely that the program will expand as more localities apply. According to provisions of the bill, every eligible locality could establish up to three zones. At this time, it is not possible to predict the number of localities that will apply. As such, the fiscal impact to DHCD associated with the possible expansion of the program is also indeterminate.

The Introduced Budget Bill, HB30/SB30, includes \$14.1 million in FY 2015 and \$14.1 million in FY 2016 from the general fund for payments under the Enterprise Zone Grant Program. While the bill eliminates the cap on the number of enterprise zones that may exist at one time, the bill does not provide for additional funding for the grant awards. In the event that demand for grants under the program exceeds the amount of available funding, DHCD is authorized to prorate payouts of program benefits. The last year in which the department prorated payments was 2009.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.