

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB2807

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 grants; additional appropriations and method for requests.

5. Summary/Purpose: Allows businesses to apply for additional enterprise zone grant moneys when grant requests exceed original appropriations and additional funds are appropriated by the General Assembly.

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 directs the Department of Housing and Community Development (DHCD) to request from the General Assembly additional funding in the budget for the next fiscal year to pay the total unpaid portion of all eligible grants. The bill also sets out criteria a company must meet to receive any funds that may be appropriated for this purpose.

The bill does not require either the Governor, in his introduced budget bill, or the General Assembly to approve such a request.

If funding were approved, 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, and HB 2805 also change the enterprise zone incentive program. SB1302 is the companion to this bill.

Date: 01/22/07/tmw

Document: G:\2007 Session\Fiscal Impact Statements\HB2807.Doc

cc: Secretary of Commerce and Trade