

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB3036

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|------------------------|--|-------------------------------------|------------------------------------|
| 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 McClellan

3. Committee Finance

4. Title Enterprise zone real property investment grants; mixed-use percentage.

5. Summary/Purpose: The bill changes from 30 percent to 20 percent the amount of floor space in a mixed-use building that must be devoted to commercial, office, or industrial use in an enterprise zone. The provisions of the bill would apply to properties placed in service on or after July 1, 2007.

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

7. Budget amendment necessary: Yes. Item 105. See item 8, below.

8. Fiscal implications: This bill will generate more demand for the Enterprise Zone Real Property Investment grant by making larger mixed use development projects eligible for the grant. From the data for the first year of the new program, mixed use projects added \$3.8 million in demand for the grants. There is no way to estimate the exact increase in demand this legislation would create; it will make eligible more projects and those projects would be expected to be of a larger scale than for the 2005 qualification year meaning that more projects could qualify for the maximum grant award. The Department of Housing and Community Development anticipates that this would lead to continued and probably deeper pro-ration of the grant awards based on the current funding allocation of \$13.5 million.

If the bills that require making pro-rated grant awards whole (HB2805, HB2807, and SB1302) pass, this bill may require an increase in program funding.

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 and HB 908 introduced during the 2006 Session, and SB 1057, HB 2417, HB 3036, SB 1302 and HB 2807 introduced during the 2007 Session also change the enterprise zone incentive program.

Date: 01/24/07/tmw

Document: G:\2007 Session\Fiscal Impact Statements\HB3036.Doc

cc: Secretary of Commerce and Trade