Department of Planning and Budget
2009 Fiscal Impact Statement

1. **Bill Number:** HB2332

House of Origin	X	Introduced	___	Substitute	___	Engrossed
Second House	___	In Committee	___	Substitute	___	Enrolled

2. **Patron:** Phillips

3. **Committee:** Commerce and Labor

4. **Title:** **Enterprise zone economic incentive grants.**

5. **Summary:** Enterprise zone economic incentive grants. Increases from $50,000 to $100,000 the minimum amount of investment required to be made in the rehabilitation or expansion of a building in order to be eligible for an enterprise zone incentive grant, and increases from $250,000 to $500,000 the minimum amount of investment required to be made for new construction in order to be eligible for an enterprise zone incentive grant. The bill would provide that any investor making $5 million or less in qualified real property investment in a building would be allowed a maximum of $100,000 in enterprise zone incentive grants within any five-year period for such building (the current maximum is $125,000). The bill would provide that any investor making more than $5 million in qualified real property investment in a building would be allowed a maximum of $200,000 in enterprise zone incentive grants within any five-year period for such building (the current maximum is $250,000). The bill also makes technical changes and repeals obsolete statutory provisions that established enterprise zone grants for a three-year transition period that ended July 1, 2008.

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

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

8. **Fiscal Implications:** The legislative proposal seeks to shrink the gap between the funding available for grants to participating grantees and the eligible grant requests by increasing the eligibility requirements and reducing the amount awarded for each grant. For the last three years, the Department of Housing and Community Development has prorated incentives provided under this program. Most recently, all grants were prorated at a rate of $0.60 per dollar. The proposed change to the parameters of the grant program is expected to reduce demand and thereby bring the amount of program requests more in line with the amount of available funding for incentives.

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 the Governor's introduced budget by $1.11 million in FY 2009 and $2.25 million in FY 2010. The introduced budget bill includes $14.29 million in FY 2009 and $13.15 million in FY 2010 for the enterprise zone economic incentive grant program.

The companion bill, SB 1165, is currently in Senate Finance.

Date: 1/21/2009 tmw
Document: G:\2009 Session\Legislation\Fiscal Impact Statements\HB2332.DOC

cc: Secretary of Commerce and Trade
Secretary of Finance