

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 2075 (Third Edition)

SHORT TITLE: Economic Development Modifications.

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>
REVENUES	***See Assumptions and Methodology***				
EXPENDITURES	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Commerce					
EFFECTIVE DATE: When the bill becomes law.					

BILL SUMMARY:

Section 1 of S. B. 2075 amends GS 143B-437.08(h) to specify that eligible industrial parks include parcels of land located within the industrial park that are subsequently transferred to another owner and used for industrial purposes. Section 2 increases the maximum amount of total annual liability for grants for agreements entered into in the 2008 calendar year under the Job Development Investment Grant Program (JDIG), including amounts transferred to the Utility Account, to \$25 million. Current law sets the limit at \$15 million.

ASSUMPTIONS AND METHODOLOGY:

Section 1 of the bill clarifies qualifications for the multijurisdictional industrial parks tier designation; this section has no fiscal impact.

Section 2 of the bill increases the maximum amount of total annual liability for JDIG awards made during the 2008 calendar year from \$15 million to \$25 million. G.S. 143B-437.56(b) limits the term of a grant agreement to 12 years. Therefore, the total maximum cost of increasing the cap

will be \$120 million, or \$10 million per year for the next 12 years (\$25 million new cap less \$15 million existing cap equals \$10 million in new grants).

This calculation makes the following assumptions:

1. The first grant payment will be made in the first year of the award. To the extent that the first grant payments are not made in the first year of the award, the cost for FY 2008-09 may be reduced.
2. The maximum amount of total annual liability will be awarded. To the extent that the cap is not reached in 2008, the total cost of the bill may be reduced.
3. Additional grant agreements entered into as a result of this bill will utilize the maximum term agreement of 12 years. To the extent that agreements are entered into for less than 12 years, the total cost of the bill may be reduced.

This analysis does not include any projections regarding potential increases to General Fund revenue directly associated with the JDIG program.

SOURCES OF DATA:

TECHNICAL CONSIDERATIONS: None

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