

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1416 (First Edition)

SHORT TITLE: Extend and Expand JDIG.

SPONSOR(S): Representatives Wainwright and Daughtridge

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES:					
EXPENDITURES:	\$0	\$18million	\$36 million	\$54 million	\$72 million
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Commerce					
EFFECTIVE DATE: January 1, 2004					

BILL SUMMARY:

May 12, 2004

H 1416. EXTEND AND EXPAND JDIG. TO EXTEND THE SUNSET ON THE JOB DEVELOPMENT INVESTMENT GRANT PROGRAM AND TO ALLOW THE ECONOMIC INVESTMENT COMMITTEE TO ENTER INTO MORE AGREEMENTS UNDER THE PROGRAM AND TO COMMIT MORE FUNDS. Amends GS 143B-437.62 to extend until Jan. 1, 2009 (now, expires Jan. 1, 2005) the authority of the state Economic Investment Committee to enter into new agreements under GS Ch. 143B, Art. 10, Part 2G, "Job Development Investment Grant Program." Amends GS 143B-437.52(c) to increase the maximum amount of total annual liability allowed for grants for agreements entered into in any single calendar year from \$10 million to \$18 million. Effective Jan. 1, 2004; applies to agreements entered into after that date.

Source: Bill Digest H.B. 1416 (05/12/2004)

ASSUMPTIONS AND METHODOLOGY:

Expanding the annual cap on grants awarded from \$10 million to \$18 million will increase the potential liability by \$18 million each year the sunset on JDIG is extended. Therefore, in the first

year, the fiscal impact will be \$88 million, the second year, \$36 million, the third year, \$54 million and so on. Extending the sunset to 2009 will have a potential cumulative fiscal impact of \$90 million. The actual impact will depend upon how quickly the companies awarded the grants begin operations. Since the amount of the grant is determined by the company's withholdings, the company would have to have employees working before they would be eligible for their first grant payment. For instance, if a company is awarded a grant in the 2004 calendar year and hires employees that same year, the first grant disbursement will be made in the 2005 fiscal year. However, it is likely that some of the grants awarded in one calendar year will not actually impact the state budget until one or two years later. This would be the case if a grant is awarded to a company that doesn't plan on beginning operation in the same year. Increasing the number of projects eligible per year would not have a fiscal impact, as the amounts appropriated are dependent upon the grant cap of \$18 million annually.

SOURCES OF DATA: Department of Commerce

TECHNICAL CONSIDERATIONS: none

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DATE: June 21, 2004

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