



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1437

PRINTERS NO. 4124

PRIME SPONSOR: M. K. Keller

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	See Fiscal impact	See Fiscal Impact

SUMMARY: House Bill 1437, Printer's Number 4124, amends the Tax Reform Code further providing for reports and restrictions in city revitalization and improvement zones (CRIZ) and further providing for definitions, rural growth funds, tax credit certificates, claiming of tax credits and revocation of tax credit certificates in Rural Jobs and Investment Tax Credit program.

ANALYSIS: House Bill 1437 amends Article XVIII-C (City Revitalization and Improvement Zones) providing for an extension of the deadline for qualified businesses to file the required report from June 15, 2020, to August 31, 2020, in response to the novel coronavirus and the proclamation of disaster emergency.

A new paragraph is added providing for temporary utilization of CRIZ State Tax monies transferred to a contracting authority. Specifically, these monies may be used to provide loans and grants to qualifying businesses, political subdivisions and municipal authorities operating within the zone which have been negatively impacted by the proclamation of disaster emergency. Grants and loans may be used for operating expenses, working capital, business loan payments and loan guarantees for short-term loans to financial institutions and payroll to retain current employees. This new paragraph expires June 30, 2021.

Language is added allowing the contracting authority to use CRIZ State Tax monies for maintenance and repairs to a facility for the period of April 1, 2020, through June 30, 2021, and clarifying that the contracting authority's report submitted by April 15, used in calculating the excess monies to be transferred back to the General Fund, includes monies budgeted or appropriated by official resolution of the contracting authority.

This legislation amends the definition of "qualified tax liability" in the Rural Jobs and Investment Tax Credit program to include any other retaliatory tax imposed on a business firm in this Commonwealth.

Language is added providing that at least 60% of a growth fund's investment authority shall be comprised of credit-eligible capital contributions. The amount of investment authority to be approved is reduced from \$100,000 to \$50,000.

The amendments to Article XVIII-C providing for additional uses of CRIZ State Tax monies by the authority apply retroactively to January 1, 2019. The amendments to the Rural Jobs and Investment Tax Credit program shall take effect in 60 days. The remainder of the act shall take effect immediately.

FISCAL IMPACT: The CRIZ State Tax transfer was \$7.193 million in 2018-19 and \$8.073 million was transferred in 2019-20. According to the Department of Revenue, \$308,000 was returned to the General Fund in fiscal year 2019-20. In the event that a contracting authority is able to utilize CRIZ State Tax transfer monies in 2020-21 and future fiscal years for additional expenses provided in the legislation, this may reduce revenues in the General Fund to the extent that any amounts would otherwise have been returned to the General Fund.

Changes to the Rural Jobs and Investment Tax Credit program will have no fiscal impact on Commonwealth funds as the annual cap and total amount of tax credits available is not amended.

PREPARED BY: Ritchie LaFaver
House Appropriations Committee (R)

DATE: July 14, 2020

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.