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FISCAL IMPACT REPORT

SPONSOR: Hobbs DATE TYPED: 03/12/01 HB 470/aHBIC/aHTRC
 SHORT TITLE: Technology Startup Tax Credit SB _____
 ANALYST: Williams

REVENUE *

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (1,200.0)	\$ (1,300.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

*On March 5th, 2001, TRD changed their projection of the fiscal impact of the bill to \$0, and indicate that “because of the 59 month waiting period in the bill, no fiscal impact can occur for about five years. For the 2007 and subsequent fiscal years, the fiscal impact could run over \$1,000.0 per year.” See Fiscal Implications for additional information.

Duplicates [SB288](#)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 Economic Development Department

SUMMARY

Synopsis of HTRC Amendments

The amendments make technical clarification and reflect that expenditures incurred prior to July 1, 2001 are not eligible for the credit.

Synopsis of HBIC Amendment

The amendment reflects a sole proprietorship as well as a corporation, partnership, or limited liability company can qualify for the technology startup credit.

Synopsis of Original Bill

This credit was enacted in limited form last session. House Bill 470 provides a credit equal to gross receipts taxes, compensating or withholding taxes which may be carried forward to up to five years. A qualifying business must spend at least 20% of total revenue on research and development, employ fewer than 50 persons and have fiscal year revenue of \$10 million or less.

Expenditures through an IRB or other tax incentives are not eligible. Firms that sell stock in an IPO or takeover are disqualified.

FISCAL IMPLICATIONS

General fund recurring revenues are projected to be reduced by \$1,200.0 in FY02 and \$1,300.0 in FY 03.

On March 5th, 2001, TRD changed their projection of the fiscal impact of the bill to \$0, and indicate that “because of the 59 month waiting period in the bill, no fiscal impact can occur for about five years. For the 2007 and subsequent fiscal years, the fiscal impact could run over \$1,000.0 per year.” LFC staff has contacted TRD to more fully understand this fiscal impact change, but a response has not yet been received.

AW/njw:ar