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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Hernandez, J./Dixon</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>2/21/2025</u>
<b>SHORT TITLE</b> <u>High Wage Jobs Tax Credit "Threshold Job"</u>	<b>BILL NUMBER</b> <u>House Bill 368</u>
	<b>ANALYST</b> <u>Gray</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
None	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
Economic Development Department (EDD)

Agency Analysis was Solicited but Not Received From  
Taxation and Revenue Department (TRD)

## SUMMARY

### Synopsis of House Bill 368

House Bill 368 (HB368) makes a minor adjustment to the high-wage jobs tax credit by changing the definition of a “threshold job.” Threshold jobs are used in the tax credit to track a company’s employment baseline and determine eligibility. The bill changes the timeframe for determining a threshold job from a “calendar year” to the “first 52 weeks of employment.” The 52-week period begins on the day the employee starts the job.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025, if enacted.

## FISCAL IMPLICATIONS

The bill will have no revenue implications. There may be administrative implications for the Taxation and Revenue Department (TRD), but analysis has yet to be received from that agency.

## **SIGNIFICANT ISSUES**

In FY24, there were 89 claims by businesses for the high-wage jobs tax credit; the state spent \$11.2 million for an average cost per claim of \$125.8 thousand. The value of the tax credit is equal to 8.5 percent with a cap of \$12.8 thousand per job. This implies that the high-wage jobs tax credit supported about 900 jobs in FY24. This cost per job is about the same as the cost per job of the state's flagship economic development programs (i.e., the Local Economic Development Act (LEDA) program and the Job Incentive and Training Program (JTIP)).

BG/hj