

Economic Development Department Update and Initiatives



JON BARELA

CABINET SECRETARY

ECONOMIC DEVELOPMENT DEPARTMENT

Local Economic Development Act

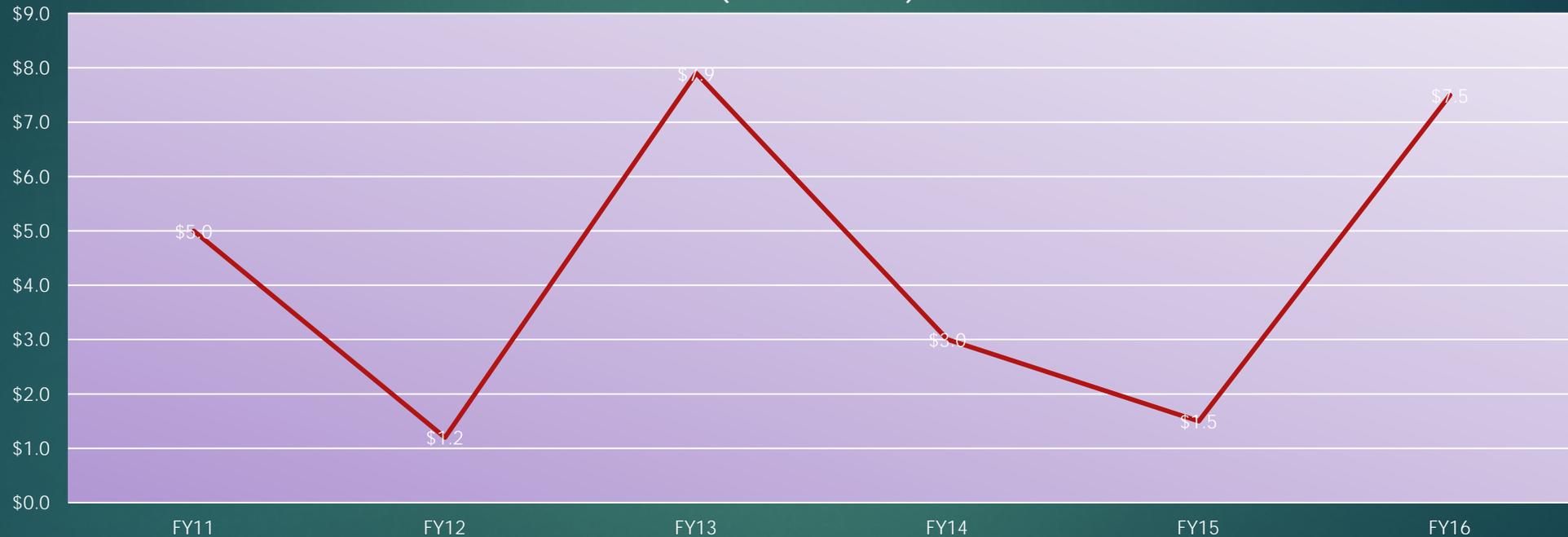
- ▶ To date in FY16, EDD has awarded \$2,225,000 in LEDA funds
 - ▶ Companies receiving those funds will create 386 jobs
 - ▶ \$5,764 per job
 - ▶ LEDA funds had a 32:1 private investment leverage ratio
- ▶ In FY15, EDD awarded \$6,579,700
 - ▶ Companies receiving those funds will create 2,608 jobs
 - ▶ \$2,523 per job vs. \$5,000 cost per job target
 - ▶ LEDA funds had a 10:1 private investment leverage ratio vs. 5:1 target

Local Economic Development Act

- ▶ In order to continue the success of the program, EDD will request to keep the LEDA fund at \$50M
 - ▶ Updated numbers will be provided regularly

JTIP Funding Levels

JTIP Appropriations
FY11-FY16
(In Millions)



FY 2017 Budget Request--\$10M

- Additional \$1M to existing recurring base budget of \$2M for a total of \$3M recurring
- \$7M Special Appropriation

JTIP FY 2015 Summary

Funds Approved	\$11.6M
Workers Trained by JTIP	2,086
Total New Jobs	2,011
Step-Up Trainees	68
Interns	7
Average Wage of Jobs Funded	\$17.26
Total Participating Companies	59
Rural Companies	13
Total Projects	73
Total Step-Up Projects	5
Claims for Reimbursement Paid	\$5M

JTIP Activity in FY16 (through October 2015)

Funds Approved	\$3.9M
Jobs Approved	980
Interns Approved	9
Average Wage of Jobs Approved	\$15.68
Total Companies Participating	29
Rural Companies	7

JTIP Budget Report as of October 2015

Cash Balance at Beginning of FY2016	\$14,851,600
Current Obligations	(10,748,660)
YTD Expenditures (claims paid)	(888,656)
Unobligated Balance for FY16	\$ 3,214,284
November 2015 Projects	\$2M
Companies	12
Rural Companies	1
Jobs	250
Interns	2

Cultural Properties Tax Credit

- ▶ Existing law provides PIT and CIT credits for 50% of cost of restoration of properties on the Register of Cultural Properties
 - ▶ Up to \$25,000 for all properties; and
 - ▶ Up to \$50,000 for properties in an Arts & Cultural District
- ▶ This bill would
 - ▶ Add MainStreet Districts and Frontier Communities to the areas eligible for the enhanced credit;
 - ▶ Increase the amount of the credit; and
 - ▶ Make the credit refundable

Economic Development Zones

- ▶ Create incentives for new construction or redevelopment in zones identified by EDD as having abnormally high unemployment, poverty, blight, or other economic distress

Rapid Workforce Deployment

10

- ▶ Create a new economic development recruitment tool that will allow higher education facilities to rapidly create technical or vocational certificate programs in response to immediate industry needs.
- ▶ Legislation would create a new fund to be administered by the Higher Education Department and appropriate \$1.25 Million to the fund.
- ▶ Money in the fund would be available for prospects approved by a board consisting of the cabinet secretaries of Higher Education Department, Department of Workforce Solutions, and the Economic Development Department.

Small Business Personal Income Tax Deduction

- ▶ Reintroduce legislation that would provide a PIT deduction for a taxpayer that is an equity owner of small businesses.
- ▶ To qualify, the taxpayer's business income must be less than \$350,000 in that tax year, its base income must be less than \$200,000, and each business that contributes to the taxpayer's business income and for which a deduction is being claimed must employ at least one full-time equivalent employee that is neither the taxpayer nor another equity owner of the business.
- ▶ The amount of the deduction begins at 100% for the first \$50,000 of business income, and decreases for each \$50,000 thereafter.
- ▶ The Taxation and Revenue Department is required to compile an annual report on the deduction in order to effectively evaluate its overall utilization and success.

Technology Research Collaborative

12

- ▶ \$2 Million in non-recurring funding

Tourism Department Funding

13

- ▶ \$4.7 Million in addition recurring funding

Uniformed Service Retiree Tax Deduction

- ▶ Create a new income tax deduction for the retirement or retainer pay of a uniformed services retiree or surviving spouse
 - ▶ Deduction capped at \$50,000 per taxable year
 - ▶ Deduction phased over four years
 - ▶ In the first year, the deduction would be 25%, not to exceed \$12,500
 - ▶ In the second year, the deduction would be 50%, not to exceed \$25,000
 - ▶ In the third year, the deduction would be 75%, not to exceed \$37,500
 - ▶ In the fourth year, the deduction would be 100%, not to exceed \$50,000