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FISCAL IMPACT REPORT

SPONSOR Harrison DATE TYPED 02-12-04 HB 491

SHORT TITLE Hospitality Training Tax Credit Act SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
(1,000.0)	(2,000.0)	Similar	Recurring	General Fund
(600.0)	(1,200.0)	Similar	Recurring	Local Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From
Taxation and Revenue Department

SUMMARY

House Bill 491 provides a tax credit for businesses in the hospitality industry that fund training for their employees. The credit is equal to the cost of training employees, but may not exceed \$10 thousand per year. It may be claimed against liability for gross receipts taxes, personal or corporate income taxes.

The tourism department is required to establish rules for the program. They are also tasked with administering the act and approving expenditures that would be eligible for the tax credit.

Provisions of the bill are applicable as of January 1, 2005.

FISCAL IMPLICATIONS

TRD estimates that the full-year impact of this bill is a \$2 million revenue loss to the general fund and \$1.2 million to local funds. They assume all credits will be against gross receipts taxes, thus the bill impacts both state and local funds. The estimated impact implies qualified training activity will be in excess of \$50 million. TRD also notes the estimate is uncertain, because

qualifying rules have not been established. They note the language as to what types of businesses would qualify for the credit is very liberal, and that almost any retail activity would qualify.

ADMINISTRATIVE IMPLICATIONS

TRD reports moderate impacts to that department. The bill would have a significant impact on the Tourism Department, but provides no appropriation for administering the program.

BTG/lg