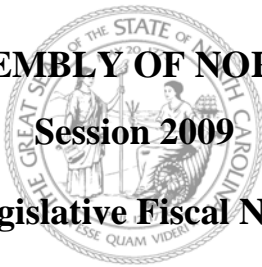


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1516 (Second Edition)

SHORT TITLE: JDIG Technical Modifications.

SPONSOR(S): Representatives Crawford, Gibson, and Dickson

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
EXPENDITURES	\$0	\$15,000,000	\$30,000,000	\$45,000,000	\$60,000,000
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Commerce					
EFFECTIVE DATE: When the bill becomes law.					

BILL SUMMARY:

H.B. 516 makes several technical modifications to the JDIG statutes. The bill also extends the sunset for the JDIG program to January 1, 2016.

ASSUMPTIONS AND METHODOLOGY:

Sections 1 through 5 of H.B. 516 make several technical changes to the Job Development Investment Grant (JDIG) statutes. These changes have no fiscal impact. Section 6 of H.B. 516 extends the sunset on JDIG for an additional six years, until January 1, 2016. Currently, the program is set to expire January 1, 2010. G.S. 143B-437.52(c), as revised by Section (c) of H.B. 516, caps the maximum liability for grants awarded in any single calendar year at \$15 million. G.S. 143B-437.56(b) states that the term of a grant shall not exceed twelve years starting with the first year a grant payment is made. Therefore, the total maximum liability for the extra six years will be \$1.08 billion over seventeen years. The table below shows the maximum liability for the first five years of the extension.

**JDIG Maximum Liability
CY 2010 to 2016**

Award Year	Grant Year				
	1	2	3	4	5
2010	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
2011		\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
2012			\$15,000,000	\$15,000,000	\$15,000,000
2013				\$15,000,000	\$15,000,000
2014					\$15,000,000
Total	\$15,000,000	\$30,000,000	\$45,000,000	\$60,000,000	\$75,000,000

This calculation makes the following assumptions:

1. The first grant payment for agreements entered into in any given year will be made in the same calendar year. To the extent that the first grant payments are not made in the same year of the award, the cost for the first year may be reduced. For the purposes of this fiscal note, it is assumed that grants made in the first calendar year of the extension (2010), will not be paid out until the second half of the year (i.e. Fiscal Year 2010-11).
2. The maximum amount of total annual liability will be awarded. To the extent that the cap is not reached each year, the total cost of the bill may be reduced.
3. Additional grant agreements entered into as a result of this bill will utilize the maximum term agreement of 12 years. To the extent that agreements are entered into for less than 12 years, the total cost of the bill may be reduced.

This analysis does not include any projections regarding potential increases to General Fund revenue directly associated with the JDIG program.

SOURCES OF DATA:

TECHNICAL CONSIDERATIONS: None

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DATE: June 24, 2009



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