

FISCAL NOTE

October 31, 2019

Bill No:	HB 1223	Printer's No:	1463	Sponsor:	Lawrence (R)
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COST / (SAVINGS)

Fund (s)	2019-20	2020-21
General Fund	\$1.8 million	\$15.4 million

SUMMARY: HB 1223 is the Keystone Opportunity Dairy Zone Act establishing an economic development program for dairy processing facilities in the commonwealth.

ANALYSIS: HB 1223 is the Keystone Opportunity Dairy Zone Act. The bill establishes the Keystone Dairy Opportunity Zone program to be administered by the Department of Community and Economic Development in consultation with the Department of Revenue and the Department of Agriculture. The program provides state and local tax incentives for dairy processing facilities in Pennsylvania.

The bill allows for the authorization of up to 20 zones for dairy processing facilities in the commonwealth, which are then able to claim an assortment of local and state tax incentives. Businesses will receive exemptions for sales and use tax (SUT) and personal income tax (PIT), and a credit to apply against their corporate net income (CNIT) tax liability. Credits and exemptions are not transferrable, and any business designated as a Keystone Opportunity Dairy Zone which relocates within five years must pay back two thirds of any tax incentives they received to the commonwealth.

HB 1223 takes effect immediately.

FISCAL IMPACT: The following table demonstrates the annual revenue loss to the General Fund resulting from the tax incentives offered to dairy businesses by HB 1223:

Year	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
PIT Loss	\$1.8 million	\$4.3 million	\$4.5 million	\$4.6 million	\$4.7 million	\$4.8 million
SUT Loss		\$6.0 million	\$6.2 million	\$6.5 million	\$6.7 million	\$7.0 million
CNIT Loss		\$5.1 million	\$5.0 million	\$5.0 million	\$5.0 million	\$5.1 million
Total Impact	\$1.8 million	\$15.4 million	\$15.6 million	\$16.0 million	\$16.4 million	\$16.8 million