

HB 995 -- Regional Economic Development Initiative

Sponsor: Hobbs

This bill establishes a Regional Economic Development Initiative to promote individual and business investments in economic development within a region through contributions to regional economic development organizations. A regional economic development organization is any legally formed and locally recognized nonprofit organization representing multiple cities or counties with the goal of promoting economic growth for its respective area.

Beginning January 1, 2008, taxpayers will be eligible to receive a tax credit equal to 50% of any amount contributed to a regional economic development organization if the organization's plan has been approved by the Department of Economic Development. In order to receive the tax credit, contributions must be made during the department-approved fundraising time period.

No more than \$12 million of tax credits can be authorized annually, and no more than \$36 million can be authorized for the life of the program. The tax credit can be used to offset a taxpayer's income tax; corporate franchise tax; financial institutions tax; or bridge, express, and public utilities tax. The tax can be carried forward for five years or sold.

The organization is required to submit an application to the department for tax credit authorization. The requirements of the application, eligible activities, and considerations the department must take into account when reviewing applications are specified. The organization must submit quarterly reports detailing its expenditure and the progress of its project. Within six months of the end of the project, the organization must report its results and submit an audit to the department. If the funds have not been expended in accordance with the approved application or if the project has not been completed, the organization must repay the department an amount equal to the tax credits issued.

The provisions of the bill will expire six years from the effective date.