



# SENATE BILL 820: High-Pay JDIG Job Cap Modification.

2017-2018 General Assembly

<b>Committee:</b>	House Finance	<b>Date:</b>	November 29, 2018
<b>Introduced by:</b>	Sens. Tillman, Newton, Alexander	<b>Prepared by:</b>	Dan Ettefagh
<b>Analysis of:</b>	First Edition		Committee Counsel

**OVERVIEW:** Senate Bill 820 would increase the per job grant maximum for the Job Development Investment Grant Program (JDIG) from \$6,500 per job to \$16,000 per job.

**CURRENT LAW:** JDIG is a discretionary grant program by the State that provides incentives to new or expanding businesses for job creation in the State. To receive a JDIG award, the business must meet several conditions, including a finding that the benefits of its project to the State outweigh its costs and render the grant appropriate for the project and that it will create a minimum number of new full-time employee positions for a minimum time period. Failure to meet grant conditions may result in reduction or termination of the grant award.

The JDIG award is calculated as a percentage of the personal income tax withholdings of eligible positions for a period of years; provided that, the amount of the award for a single position does not exceed \$6,500. Based upon 2019 withholding tables and the maximum grant allowed, the \$6,500 per job cap effectively allows the maximum JDIG grant in a development tier 2 or 3 county to be based on the first \$175,000 of wages for each eligible position.

**BILL ANALYSIS:** The per job cap of \$6,500 was originally enacted with the creation of the JDIG program in 2002 and has not been modified for conventional awards since that time. Senate Bill 820 would increase that cap to \$16,000. Based upon 2019 withholding tables and the maximum grant allowed, a \$16,000 per job cap effectively allows the maximum JDIG grant in a development tier 2 or 3 county to be based on the first \$410,000 of wages for each eligible position. From 2015-2017, approximately 400 positions awarded JDIG grants may have been constrained by the cap. Based upon the increased cap amount proposed by this bill, around 20% of the JDIG grants awarded from 2015-2017 may have realized an increase of 19% in the amount of the award granted. The change in the per job cap does not change the amount Commerce may commit in JDIG awards in a calendar year; however, it may allow Commerce to commit that amount more quickly.

**EFFECTIVE DATE:** This act is effective when it becomes law and applies to awards granted on or after that date.

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