

# FISCAL NOTE

May 9, 2022

<b>Bill No:</b>	HB 223	<b>Printer's No:</b>	2842	<b>Sponsor:</b>	Lawrence
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## COST / (SAVINGS)

Fund (s)	2021-22	2022-23
General Fund		\$13 Million

**SUMMARY:** HB 223 is the Keystone Opportunity Dairy Zone Act establishing an economic development program for the dairy processing facilities in the commonwealth.

**ANALYSIS:** HB 223 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 30 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 223 takes effect immediately.

**FISCAL IMPACT:** The Department of Revenue has stated that there will be the following annual revenue loss to the General Fund resulting from the tax incentives offered by HB 223:

Fiscal Year	Sale and Use Tax Impact	Personal Income Tax Impact	Corporate Net Income Tax Impact	Total
FY 22-23	\$4.4 Million	\$5.6 Million	\$3.0 Million	\$13.0 Million
FY 23-24	\$4.9 Million	\$5.9 Million	\$2.8 Million	\$13.6 Million
FY 24-25	\$5.0 Million	\$6.3 Million	\$2.8 Million	\$14.1 Million
FY 25-26	\$5.2 Million	\$6.6 Million	\$2.9 Million	\$14.7 Million
FY 26-27	\$5.3 Million	\$7.0 Million	\$3.0 Million	\$15.4 Million

There will also be tax revenue loss from local governments.