## Fiscal Estimate - 2011 Session

×	Original		Updated		Correcte	d [		Supplemental	
LRB	Number	11-0975/1		Introd	duction	Number	AB	3-0002	
		gnation of add	tional enterpris	se zones and	d requiring	the designa	ition of	fenterprise zone	s
Fiscal	Effect								
	No State Fisca Indeterminate Increase E Appropriat Decrease Appropriat Create Ne	existing ions Existing	Rever Decre Rever	ase Existing			vithin a es	May be possible agency's budget □No	:
Local:	No Local Gov Indeterminate 1. Increase I Permiss 2. Decrease	e Costs ive 🔲 Mandato	3. Increa ory Permi 4. Decre	ise Revenue ssive	ndatory e	Types of Loc Government Towns Countie School Districts	t Units	s Affected Village	es
Fund Sources Affected Affected Ch. 20 Appropriations									
⊠ G	PR  FED	PRO [	PRS S	SEG SE	EGS 20.83	35(2)(co)			
Agen	cy/Prepared E	Зу		Authorized S	Signature			Date	
DOR/ Michael Oakleaf (608) 261-5173 Rebe				Rebecca Bol	ecca Boldt (608) 266-6785 2/15/201				

# Fiscal Estimate Narratives DOR 2/15/2011

LRB Number	11-0975/1	Introduction Number	AB-0002	Estimate Type	Original
<b>Description</b> Authorizing the in rural areas	e designation of addi	tional enterprise zones	and requiring	the designation of	of enterprise zones

#### **Assumptions Used in Arriving at Fiscal Estimate**

Under current law, the Department of Commerce (Commerce) may designate no more than 12 enterprise zones. Commerce must consider a number of factors related to the area prior to designating the area as an enterprise zone, including indicators of the area's economic need and whether designation as an enterprise zone would promote the retention of jobs in the area. A taxpayer who creates or retains jobs in an enterprise zone may claim certain credits against state income and franchise taxes. This bill requires the Department of Commerce to create four new enterprise zones, two in political subdivisions with populations of less than 5,000 and two with populations between 5,000 and 29,999.

#### Fiscal Estimate

According to Commerce, there have been nine enterprise zones designated with credits awarded totalling \$264.8 million for an average amount of tax credit allocated per enterprise zone of \$29.4 million. The average life of these enterprise zones is ten years. Therefore, each enterprise zone on average can be expected to result in credit claims of approximately \$2.9 million per year for ten years. Assuming that the additional zones authorized in the bill are of a similar size, the fiscal effect of adding four additional zones would be an increase in expenditures of an estimated \$11.6 million annually for ten years beginning in the year the zones are designated (\$2.9 million per year per zone x 4 zones). The total cost over the expected 10-year life of the zones would be an estimated \$116 million. To the extent that projects in the four new zones are smaller (larger) than than those in the existing zones, the fiscal effect would be lesser (greater) than \$11.6 million per year.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

X	Original		Updated		Corrected		Supplemental		
LRB	Number 1	1-0975	<b>′</b> 1	Intro	duction Nu	ımber	AB-0002		
		ation of ad	ditional ente	prise zones	and requiring	the designa	ation of enterprise		
	-time Costs or alized fiscal effe		mpacts for S	State and/or	Local Gover	nment (do	not include in		
II. Anı	nualized Costs:				Annualized I	Fiscal Imp	act on funds from:		
					Increased Co	sts	Decreased Costs		
A. Sta	ite Costs by Ca	tegory							
Sta	te Operations - S	Salaries an	d Fringes			\$	\$		
(FT	E Position Chan	ges)							
Sta	te Operations - (	Other Cost	3						
Loc	al Assistance								
Aid	s to Individuals c	or Organiza	tions		11,600,0	000			
דַ	OTAL State Co	sts by Ca	egory		\$11,600,0	000	\$		
B. Sta	ite Costs by So	urce of Fu	ınds						
GP	R				11,600,0	000			
FE	)								
PR	O/PRS								
SE	G/SEG-S								
	ate Revenues - ues (e.g., tax in					e or decre	ase state		
					Increased F	Rev	Decreased Rev		
GP	R Taxes					\$	\$		
GP	R Earned								
FEI	)								
PR	O/PRS								
SE	SEG/SEG-S								
יעע	TOTAL State Revenues					\$	\$		
	NET ANNUALIZED FISCAL IMPACT								
					<u>St</u>	<u>ate</u>	Local		
NET CHANGE IN COSTS				\$11,600,0	000	\$ \$			
NET CHANGE IN REVENUE				\$					
Agen	cy/Prepared By	•		Authorized	Signature		Date		
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