

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-1028/1	<b>Introduction Number</b> SB-004
<b>Description</b> Authorizing the designation of additional enterprise zones and requiring the designation of enterprise zones in rural areas	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate	
<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
<b>Local:</b>	
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(2)(co)	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785
<b>Date</b>	
2/15/2011	

## Fiscal Estimate Narratives

DOR 2/15/2011

LRB Number	11-1028/1	Introduction Number	SB-004	Estimate Type	Original
<b>Description</b> Authorizing the designation of additional enterprise zones and requiring the designation of enterprise zones in rural areas					

### 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 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

Original     
  Updated     
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<b>LRB Number</b> 11-1028/1	<b>Introduction Number</b> SB-004	
<b>Description</b> Authorizing the designation of additional enterprise zones and requiring the designation of enterprise zones in rural areas		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
	<b>Increased Costs</b>	<b>Decreased Costs</b>
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations	11,600,000	
<b>TOTAL State Costs by Category</b>	<b>\$11,600,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	11,600,000	
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	<b>Increased Rev</b>	<b>Decreased Rev</b>
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$11,600,000	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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		2/15/2011