

Fiscal Estimate Narratives

WEDC 1/24/2013

LRB Number	13-0762/1	Introduction Number	SB-001	Estimate Type	Original
Description Regulation of ferrous metallic mining and related activities, procedures for obtaining approvals from the Department of Natural Resources for the construction of utility facilities, making an appropriation, and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, revenue collected from the net proceeds occupation tax on extracting ferrous metallic minerals in Wisconsin will be deposited into two funds - 60% into the investment and local impact fund and 40% into the economic development fund. The revenue deposited into the economic development fund is to be appropriated to the Wisconsin Economic Development Corporation (WEDC) and must be used to make grants and loans to businesses in Wisconsin with a preference given to businesses in an area affected by iron mining. The net proceeds occupation tax would go into effect once a new iron mine is fully constructed and reaches a tax liability standing with the State.

As of the time of this estimate, an approximate amount that would be deposited into the economic development fund is indeterminate. Income derived from the iron ore sold in the future is difficult to predict because of the dynamic fluctuations in commodity prices.

Long-Range Fiscal Implications

WEDC currently manages a number of grant and loan programs through its Economic and Community Development Division, including staffing the area of promotion to businesses, underwriting, compliance and finance. Under the current proposal, WEDC would be able to absorb the costs of the additional program described under this bill.