

Fiscal Estimate Narratives

COMM 2/25/2004

LRB Number 03-4157/1	Introduction Number AB-881	Estimate Type Original
Subject Airport development zones		

Assumptions Used in Arriving at Fiscal Estimate

This bill establishes the Airport Development Zone Program, under which Commerce would designate areas in the state as Airport Development Zones (ADZ).

Commerce will designate areas as ADZs. An ADZ may be designated in a geographic area in which the construction or expansion of an airport is expected to take place. In designating ADZs, Commerce will follow statutory criteria and must determine that the airport development project serves a public purpose, that the airport development project will likely retain or increase employment in the state, that the airport development project is not likely to occur or continue without the designation of an ADZ, and that the airport development project is likely to positively affect the area. Businesses located in those zones may, after submitting an application and business plan to the department, be certified to claim the existing development zones jobs and environmental and capital investment credits.

According to the Department of Transportation, Wisconsin has 131 airports, 8 of which have commercial service. Areas surrounding all of these airports would be eligible to apply for designation, if they planned on expanding, since the language makes no distinctions based on size of the airport, and whether the airport is publicly or privately owned. An area without an existing airport could apply if it planned to construct an airport. The bill does not limit the number of ADZs that may be designated. Under the bill, each ADZ is allocated \$3 million in tax credits that may be claimed by businesses in the zone.

Although the bill does not currently provide any staffing, Commerce will need 2.0 FTE positions to administer the program. Based on the assumption that the tax credits available to businesses will make the program attractive to communities, Commerce expects that 20 to 30 communities are likely to apply to participate in the program. Many of these communities will meet the statutory criteria for designation, and will be designated.

Commerce's costs for the 2.0 FTE positions will be as follows:

Salary \$81,400
Fringe \$31,800
Supplies \$8,000
Total \$121,200

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject Airport development zones			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$113,200	
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		8,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$121,200	\$
B. State Costs by Source of Funds			
GPR		121,200	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$121,200	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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