

Fiscal Estimate - 2005 Session

Original Updated Corrected Supplemental

LRB Number 05-3448/2	Introduction Number AB-674	
Subject Development zone tax credit; including active duty veterans as a member of a targeted group		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect		
<input checked="" type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		
<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		
Local:		
<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<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		
Fund Sources Affected Affected Ch. 20 Appropriations		
<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		
Agency/Prepared By DOR/ Pamela Walgren (608) 266-7817	Authorized Signature Rebecca Boldt (608) 266-6785	Date 10/14/2005

Fiscal Estimate Narratives
DOR 10/18/2005

LRB Number	05-3448/2	Introduction Number	AB-674	Estimate Type	Original
Subject					
Development zone tax credit; including active duty veterans as a member of a targeted group					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, qualified businesses that locate or expand their operations in certain areas of the state are eligible to claim development zone tax credits. Qualified businesses must be certified by the Department of Commerce for a certain amount of credits. The development zone credit is based on the number of full-time jobs created or retained in the state and on amounts spent for environmental remediation in a development zone, development opportunity zone, enterprise zone or an agricultural zone. Businesses may be certified for up to \$8,000 for each full-time job created or retained and filled by a member of a target group, for up to \$6,000 for each full-time job created or retained and filled by a person who is not a member of a target group, and for up to 50% of amounts spent for environmental remediation. Economically disadvantaged veterans are included in the definition of targeted group members.

This bill would add certain veterans to the definition of target group member so that businesses could be certified for up to \$8,000 of credit for hiring them. Under the bill, a target group member would include a person who has served under honorable conditions in the U.S. armed forces or in forces incorporated as part of the U.S. forces for at least one year. A person that served on active duty for less than one year would be included in the target group if he or she was honorably discharged for a service-connected disability, or a disability that was later adjudicated to be service-connected, or was discharged for reasons of hardship or due to a reduction in the U.S. armed forces.

The Department of Veterans Affairs estimates that Wisconsin currently has about 469,000 veterans. This number does not include soldiers currently on active duty who will become members of the targeted group once they finish their service.

The provision would not increase the overall credit caps on the development zone programs, but could result in credits being used more quickly. Information is not available to determine the number of veterans that would be hired by certified businesses in one of the development zone programs. As such, the fiscal effect of credits being used more quickly is unknown.

Long-Range Fiscal Implications