

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4554/2	Introduction Number SB-602
Description Creating a development zone credit for the license fees paid by certain insurers	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input 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 <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	
Fund Sources Affected	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
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Date	
2/22/2006	

Fiscal Estimate Narratives

DOR 2/22/2006

LRB Number	05-4554/2	Introduction Number	SB-602	Estimate Type	Original
Description Creating a development zone credit for the license fees paid by certain insurers					

Assumptions Used in Arriving at Fiscal Estimate

Income or franchise tax credits are available to businesses that are certified by the Department of Commerce in the Wisconsin development zone, development opportunity zone, enterprise development zone or agricultural development zone programs. The credit has three components:

- Up to \$8,000 for each full-time job created or retained by a member of a target group or if the department determines that the business made a significant capital investment to retain the full-time job. A member of a target group includes persons meeting certain requirements as a resident of an economic revitalization area designated by the U.S. government, a person employed in unsubsidized or trial jobs under the Wisconsin Works program, a person qualifying for the Wisconsin Works health plan or child assistance, a vocational rehabilitation referral, an economically disadvantaged veteran, an economically disadvantaged ex-convict, a dislocated worker, an SSI recipient, a general assistance recipient, an economically disadvantaged youth, or a qualified summer youth employee.
- Up to \$6,000 for each full-time job created or retained and filled by a person who is a Wisconsin resident and is not a member of a target group.
- Up to 50% of amounts spent for environmental remediation, including removal or containment of environmental pollution, and restoration of soil or groundwater that is affected by environmental pollution in a brownfield. Investigation costs are eligible unless the investigation determines that remediation is required and it is not undertaken.

Up to \$38.155 million of tax credits may be certified under the community development zone (CDZ) program. To date, \$35.9 million of credits have been certified. Approximately \$2.9 million of the possible \$5 million of credits have been certified under the agricultural development zone (ADZ) program. Ninety-eight businesses may be certified for up to \$3 million of credits under the enterprise development zone (EDZ) program. Sixty-five businesses have been certified for \$127 million of EDZ credits. Businesses under the development opportunity zone (DOZ) program are certified for a specific amount of credit. Two zones certified for \$9.4 million of DOZ credits remain open and have been allocated \$7.7 million of credits.

Under the bill, insurers could claim development zone credits against the insurance premium fees paid to the Office of the Commissioner of Insurance. The bill does not increase the caps for the existing programs, but allows additional businesses to claim the credits. As a result, the amount of credits that will be claimed under the programs will not increase, but the credits could be claimed more quickly. The rate at which credits will be claimed is not available and depends upon which businesses are certified by Commerce, when they are certified and for what amount of credit. The department believes the fiscal effect will be minimal.

Long-Range Fiscal Implications