

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

| | | |
|--|---|-------------|
| LRB Number 07-3986/1 | Introduction Number AB-0789 | |
| Description The total amount of airport development zone and technology zone tax credits | | |
| Fiscal Effect | | |
| State: | | |
| <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations | | |
| <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 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 | Authorized Signature | Date |
| DOR/ Michael Oakleaf (608) 261-5173 | Rebecca Boldt (608) 266-6785 | 3/5/2008 |

Fiscal Estimate Narratives

DOR 3/5/2008

| | | | | | |
|--|------------------|---------------------|----------------|---------------|-----------------|
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Assumptions Used in Arriving at Fiscal Estimate

Under current law, the total amount of income and franchise tax credits that taxpayers may claim for conducting business in all airport development zones, for all taxable years, is \$9,000,000.

Also, the Department of Commerce may designate up to eight areas in the state as Technology Zones. The maximum eight Technology Zones have been designated. The total amount of income and franchise tax credits that taxpayers may claim for conducting business in a technology zone is \$5,000,000.

Under this bill, the Department of Commerce may allocate the amount of unallocated airport development zone tax credits to technology zones for which the \$5,000,000 maximum has been allocated, except that the total amount allocated from the airport development zone program to all technology zones may not exceed \$6,000,000.

Fiscal Effect

According to information supplied by the Department of Commerce, no airport development zones have been designated, and there are no pending applications for designation. Therefore, in the absence of this bill, it is likely that there would be no revenue lost during the biennium through the designation of an airport development zone.

The first technology zones were designated July 1, 2002, and at least one is reaching its statutory limit of \$5 million in tax credit. Therefore, during the life of the technology zone tax credits were allocated at an average rate of \$833,333 per year (\$5 million / 6 years). In addition, in tax year 2005 approximately 50% of the amount of Technology Zone credit that had been claimed was used. Assuming that tax credits would be transferred from the airport development zones to technology zones at the same rate, and assuming that 50% of the transferred credits claimed are used in the year claimed, then the fiscal effect of the bill is estimated to be a revenue loss of approximately \$417,000 in FY09 ($\$833,333 \times .5$).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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| | | | |
|--|---|--|-------------------|
| LRB Number 07-3986/1 | | Introduction Number AB-0789 | |
| Description The total amount of airport development zone and technology zone tax credits | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| | State Operations - Salaries and Fringes | \$ | \$ |
| | (FTE Position Changes) | | |
| | State Operations - Other Costs | | |
| | Local Assistance | | |
| | Aids to Individuals or Organizations | | |
| | TOTAL State Costs by Category | \$ | \$ |
| B. State Costs by Source of Funds | | | |
| | GPR | | |
| | 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 | \$ | \$-417,000 |
| | GPR Earned | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | | |
| | TOTAL State Revenues | \$ | \$-417,000 |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| | NET CHANGE IN COSTS | \$ | \$ |
| | NET CHANGE IN REVENUE | \$-417,000 | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
| DOR/ Michael Oakleaf (608) 261-5173 | | Rebecca Boldt (608) 266-6785 | 3/5/2008 |