

Fiscal Estimate Narratives

DOR 3/27/2007

LRB Number	07-0693/1	Introduction Number	AB-0222	Estimate Type	Original
Description Development zone tax credits for providing full-time jobs to veterans of the United States armed forces					

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 276,000 veterans under the age of 65. In addition, they estimate the number of veterans under the age of 65 to decline each year to approximately 190,000 by 2016.

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