



## Fiscal Estimate Narratives

WEDC 2/8/2013

LRB Number	<b>13-0821/2</b>	Introduction Number	<b>SB-003</b>	Estimate Type	<b>Original</b>
<b>Description</b> Regulation of metallic mining, an occupation tax on iron mining, and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

Under this bill, revenue collected from the net proceeds occupation tax, calculated in this bill at \$2.412 for each 2,240 pounds, on extracting ferrous metallic minerals in Wisconsin will be deposited into two funds - 70% into the investment and local impact fund and 30% to be used for a regional Wisconsin diversification program created by the Wisconsin Economic Development Corporation (WEDC). WEDC must use the funds appropriated (calculated at approximately \$1,620.864 per 2,240 pounds) to create a new program for the purpose of making business diversification grants or loans in coordination with appropriate units of local government to businesses located in close proximity, but no more than 100 miles from, the site of a mine for ferrous metallic minerals. The net proceeds occupation tax would go into effect once a new iron mine is fully constructed and reaches a tax liability standing with the state. This bill annually adjusts the tax rate to reflect the change in gross domestic product.

As of the time of this estimate, an approximate amount that would be deposited into the economic development fund is indeterminate. Income derived from the iron ore sold in the future is difficult to predict because of the dynamic fluctuations in commodity prices. While this bill provides a benchmark for potential deposits, the amount is dependent upon the pounds of iron actually removed from the mine.

### Long-Range Fiscal Implications

WEDC currently manages a number of grant and loan programs through its Economic and Community Development Division, including staffing the areas of promotion to businesses, underwriting, compliance and finance. Under the current proposal, WEDC would be able to absorb the costs of the additional program as described.