

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4050/1	Introduction Number AB-0001 (AU7)
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Description
 authorizing the creation of an electronics and information technology manufacturing zone, making changes to the enterprise zone tax credit program, authorizing limited use of the design-build construction process, granting contingent highway bonding authority, and making appropriations

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	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
<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	

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	s. 20.505 (1) (a), s. 20.505 (1) (fr), s. 20.867 (3) (w)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOA 8/3/2017

LRB Number	17-4050/1	Introduction Number	AB-0001	Estimate Type	Original
		(AU7)			
Description authorizing the creation of an electronics and information technology manufacturing zone, making changes to the enterprise zone tax credit program, authorizing limited use of the design-build construction process, granting contingent highway bonding authority, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

2017 AB 0001 (AU7) would authorize the creation of an electronics and information technology manufacturing zone, make changes to the enterprise zone tax credit program and tax incremental financing districts, authorize limited use of the design-build construction process by local governments, grant contingent highway bonding authority, create a program to provide grants to local governments, create an economic development liaison, and make appropriations, among other things.

State Fiscal Estimate:

2017 AB 0001 (AU7) requires the Secretary of the Department of Administration (Department) to appoint an economic development liaison to perform services related to economic development, assigns the salary to executive salary group 3 under s. 20.923 (4) (c) 2m, and increases the dollar amounts in the schedule under s. 20.505 (1) (a), by \$183,500 and \$177,500, respectively, in FY 2017-18 and FY 2018-19. The Department estimates the amounts provided in the schedule to be sufficient to provide salary, fringe, and supplies and services, for the economic development liaison. Therefore, there is no fiscal effect on the Department associated with this provision of the bill.

The bill authorizes the state to provide a local unit of government a moral obligation on up to forty percent (40%) of the local government's municipal obligations issued to finance costs related to development incurring in or for the benefit of an electronics and information technology manufacturing zone (zone) designated under s. 238.396 (1m). The Secretary of DOA would be required to approve the obligation prior to the local unit of government issuing debt that has the state's moral obligation attached. The amount, if any, of a local government's municipal obligation that may be issued for which a state moral obligation pledge may be provided is unknown. In addition, a state moral obligation pledge does not guarantee payment of local government obligations and provisions of any such state moral obligation would be outlined in an agreement between the municipal issuer and the Secretary of DOA. Subject to the provisions of this agreement, legislative approval would be needed, if requested, for any payment to be made. Therefore, the fiscal effect of this provision of the bill is indeterminate.

The bill authorizes the Department to make grants to local governmental units for costs associated with development occurring in an electronics and information technology manufacturing zone (zone) designated under s. 238.396 (1m), including costs related to infrastructure and public safety, and provides a \$10 million continuing GPR appropriation in FY 2017-18 for that purpose. Under the bill, the Department may require a local government to match the grant in whole or in part. The local governments that may incur costs associated with development occurring in a zone designated under s. 238.396 (1m) is not known at this time pending the Wisconsin Economic Development Corporation's (WEDC) designation of the same; however, the Department anticipates that it can administer the grant program with existing resources.

The bill authorizes the Department to contract public debt in an amount not to exceed \$252,400,000 to fund southeast Wisconsin freeway megaprojects under s. 84.585. The issuance of such debt, which is contingent upon the receipt of an award of federal moneys for the I 94 north-south corridor project under s. 84.015 (3) (b) 1, would be part of a larger/other general obligation bond issued for other authorized purposes (e.g., capital budget, biennial budget, etc). As there would be no specific issuance costs related to this authorization, there is no fiscal effect associated with this provision of the bill. [Debt service costs of the Capital Improvement Fund under s. 20.866 (2) (uuz), have been estimated by the Department of Transportation.]

Long-Range Fiscal Implications