

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3713-01
Bill No.: Truly Agreed to and Finally Passed SB 645
Subject: Bonds - General Obligation and Revenue; Business and Commerce; Cities, Towns and Villages; Economic Development.
Type: Original
Date: April 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **Department of Insurance** each assume the proposal would have no fiscal impact to their respective agencies.

Officials from the **Department of Economic Development (DED)** state the proposal should have no fiscal or administrative impact on their agency. DED states the legislation broadens the definition of “essential industry” for a specific project, it should have no negative fiscal impact. It could have a positive impact due to the retention of jobs, however, the dollar amount of the positive impact cannot be projected and is therefore listed as no impact at this time.

Officials from the City of Fenton did not respond to **Oversight’s** request for fiscal impact.

Oversight assumes the proposal does not change the annual cap of \$15 million in tax credits that may be authorized for this program. The proposal may result in an increased utilization of BUILD, but Oversight has reflected the cost of the program in previous fiscal notes. Therefore, Oversight assumes this proposal will not result in additional costs to the state above \$15 million annual threshold. The amount of tax credits issued under BUILD for the last three years has been \$3.5 million (FY 2003), \$5.1 million (FY 2004) and \$8.4 million (FY 2005).

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

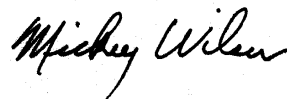
This proposal modifies language contained in the BUILD statutes (Sections 100.700 to 100.850) by expanding the definition of eligible industry to include an industry located in the city of Fenton. An eligible industry must retain the level of employment that existed at the site for three years from the date of issuance of certificates throughout the duration of the certificates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
Department of Insurance

NOT RESPONDING: City of Fenton



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