

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2155-01
Bill No.: SB 626
Subject: Enterprise Zones; Economic Development.
Type: Original
Date: March 13, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$180,000)	(\$180,000)	(\$180,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$180,000)	(\$180,000)	(\$180,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state this bill authorizes three new satellite enterprise zones in Springfield. DED does not feel the bill has enough immediate impact on DED to warrant additional personnel or expenditures. At some point in the future, enough additional enterprise zone credits could be issued that would require an additional person. At that time, DED would request additional funding.

DED states the average cost for each satellite enterprise zone is \$60,000 per year as opposed to \$352,000 per regular enterprise zone. This bill authorizes three new satellite enterprise zones.

Officials from the **Department of Revenue (DOR)** state they do not anticipate a significant increase in the number of new credits filed. Therefore, the DOR does not request additional FTE at this time. However, if DOR is incorrect in this assumption, they will need one Temporary Tax Season Employee for every 75,000 additional credits, one Tax Processing Tech I for every 30,000 additional errors generated and one Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this credit. Any FTE needed will be requested during the normal budget process.

Officials from the **City of Springfield** assume this proposal would have no fiscal impact on their City.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
<u>Costs - Enterprise Zone Tax Credits</u>	(\$180,000)	(\$180,000)	(\$180,000)

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact on those small businesses in newly created satellite zones within the City of Springfield.

DESCRIPTION

This proposal authorizes the City of Springfield, in cooperation with the Director of the Department of Economic Development, to designate up to 3 satellite zones within the City. The Director must approve the City's overall plan for enterprise zone and satellite zone use prior to the designation.

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

City of Springfield
Department of Revenue
Department of Economic Development



Jeanne Jarrett, CPA
Director

March 13, 2001