Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2183 - Distribution Center Enterprise Zone (LSB 6466 SV.4)
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Fiscal Note Version – As Amended by H-8544 to S-5135

Description

Amendment H-8544 to S-5135 (House amendment) to SF 2183, as passed by the Senate, makes changes that will limit the enterprise zone expansions contained in the Bill as amended and passed by the House. Amendment H-8544 changes the limit on awards and adds a "blighted" requirement for the new Transportation Zones as defined by Section 403.17, Code of Iowa.

The limit on awards was based upon the year a zone was certified. Amendment H-8544 changes the limit to $25.0 million, based upon the fiscal year the award is applied for by an eligible business located in all Transportation Zones in each FY 2008, FY 2009, and FY 2010.

Assumptions

The areas eliminated with the addition of the "blighted" requirement are unknown.

Fiscal Impact

Amendment S-5135 to Senate File 2183, is estimated to reduce State General Fund revenue as follows:

- $17.5 million in FY 2008
- $21.6 million in FY 2009
- $25.8 million in FY 2010
- $29.9 million in FY 2011
- $29.9 million in FY 2012

Since the areas eliminated with the addition of the "blighted" requirement are unknown, Amendment H-8544 to S-5135 will have an unknown fiscal impact. However, the requirement would decrease the number of projects that are eligible for awards and lessen the reduction in State General Fund revenue.

Insufficient information is available to determine if any specific project would have a fiscal impact in FY 2007. In order for a project to have a fiscal impact in FY 2007, a zone would have to be applied for, certified by the DED, the eligible business would have to have the project approved, begin construction, and apply for and receive a sales and use tax refund during FY 2007.

The fiscal impact does not include an adjustment for "indirect" impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

Source

Department of Economic Development

/s/ Holly M. Lyons

April 17, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.