

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB1067

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Armstrong

3. Committee Finance

4. Title Enterprise zone designations.

5. Summary/Purpose:

Allows an enterprise zone in any locality to consist of three noncontiguous zones while a joint enterprise zone between localities may consist of the joint zone plus two noncontiguous areas.

6. Fiscal Impact Estimates are: Not available.

7. Budget amendment necessary: No.

8. Fiscal implications:

The Department of Taxation would incur minimal administrative costs to administer this bill.

Currently, the total amount enterprise zone credits that can be approved annually is capped at \$19 million. The earliest any business located in new noncontiguous areas could apply for enterprise zone benefits would be for the May 1, 2005 application deadline. It is not known how much this bill would contribute toward reaching the \$19 million cap on approved credits.

9. Specific agency or political subdivisions affected: The Department of Taxation and the Department of Housing and Community Development.

10. Technical amendment necessary: No.

11. Other comments:

In 1982, the General Assembly established the Virginia Enterprise Zone Program to stimulate business and industrial growth in designated enterprise zones. The state program stimulates revitalization by offering regulatory flexibility and a series of tax credits and grants. An enterprise zone is a distinct geographical area designated by the Governor and stays in effect for 20 years from the date of zone designation. Virginia law permits the designation of 60 enterprise zones. There are currently 57 state-designated enterprise zones.

Currently, one enterprise zone located within any county, city, or town to may consist of two noncontiguous zone areas. In addition, a joint enterprise zone may consist of the joint zone plus one noncontiguous zone area in each of the localities sharing the joint zone. The noncontiguous zones are not be considered separate zones for purposes of calculating the maximum number of zone designations established under the Enterprise Zone Act.

This bill would increase the number of noncontiguous zone areas that may be established in connection with one state designated enterprise zone within a locality from two to three. In addition, the bill would allow each of the localities sharing a joint enterprise zone to create two noncontiguous zone areas.

Four other bills related to the Enterprise Zone Act are under consideration. These bills are: HB 599, HB 1070, SB 64, and SB 65

Date: 01/29/04/ tmw

Document: G:\2004 Session\Legislation\Hb1067.Doc

cc: Secretary of Commerce and Trade
Secretary of Finance