

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB1070

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

**2. Patron** Armstrong

**3. Committee** Finance

**4. Title** Enterprise zones; sub-zones.

**5. Summary/Purpose:**

Authorizes enterprise zones to include sub-zones as deemed appropriate by the county, city, or town in which the enterprise zone is located. The bill also permits each of the three enterprise zone designations to contain one noncontiguous sub-zone. However, a joint enterprise zone may consist of the joint zone area and one additional noncontiguous zone area in each of the adjacent jurisdictions that submitted the application for the joint enterprise zone. The purpose of enterprise zones is to stimulate business and industrial growth in the enterprise zone areas, with the goal being neighborhood, commercial, and economic revitalization.

**6. Fiscal Impact Estimates are:** Not available, See item 8, below.

**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:** Department of Housing and Community Development and the Department of Taxation

**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.

Under this bill, a county, city, or town would be able to create a noncontiguous zone area for each enterprise zone designated in the locality. The bill would also repeal the provision that allows one enterprise zone within a locality to consist of two noncontiguous zone areas.

Four other bills related to the Enterprise Zone Act are under consideration. These bills are HB 599, HB 1067, SB 64, and SB 65.

**Date:** 01/22/04/ tmw

**Document:** G:\2004 Session\Legislation\Hb1070.Doc

cc: Secretary of Commerce and Trade  
Secretary of Finance