

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron** Ruff

3. **Committee** House Finance

4. **Title** Local Enterprise Zone Development
Taxation Program: Local Technology Zones

2. **Bill Number** SB 343

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize any county, city, or town to adopt a local enterprise zone development taxation program for any locally designated technology zone, regardless of whether the technology zone has been designated as a state enterprise zone.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not Available. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. The impact local revenue is unknown because localities may or may not adopt local enterprise zone taxation programs for technology zones.

9. Specific agency or political subdivisions affected:

Cities, counties and towns

10. Technical amendment necessary: None.

11. Other comments:

Background

Under current law, a locality may adopt a local enterprise zone development taxation program for any zone within its boundaries that is declared by the Governor to be a state enterprise zone.

A local enterprise zone development taxation program allows a specified percentage of real estate and machinery and tools tax revenue resulting from the incremental increase in the assessed value of real estate and machinery and tools located within an enterprise zone to be allocated to the "Local Enterprise Zone Development Fund." This Fund is used for grants aimed at attracting businesses to an enterprise zone or enhancing governmental services within an enterprise zone.

Any city, county or town may currently establish one or more technology zones for up to ten years. Localities may grant tax incentives and provide certain regulatory flexibility in a technology zone. The establishment of a technology zone does not disqualify the area from also being designated as an enterprise zone.

Proposed Legislation

Under this bill, any county, city, or town would be allowed to adopt a local enterprise zone development taxation program for a locally designated technology zone, regardless of whether the technology zone has been designated as an enterprise zone. This bill would allow localities more enhance local incentives associated with technology zones.

cc: Secretary of Finance

Date: 02/15/02/dtm

Document: S:\2002leg\WorkInProgress\OTPwork\Senate Bills\SB0343FE161.doc