

**DEPARTMENT OF TAXATION
2008 Fiscal Impact Statement**

1. **Patron** Thomas K. Norment, Jr.

3. **Committee** House Finance

4. **Title** Local Tourism Zones

2. **Bill Number** SB 591

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would increase, from ten years to twenty years, the time period in which any locality may provide tax incentives in a tourism zone.

Currently, localities are authorized to establish, by ordinance, one or more tourism zones. Localities may provide tax incentives within tourism zones for up to ten years including, but not limited to 1) reduction of permit fees, 2) reduction of user fees and 3) reduction of any type of gross receipts tax.

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 on local revenue is unknown because localities may or may not adopt local tourism zones.

9. Specific agency or political subdivisions affected:

All localities.

10. **Technical amendment necessary:** No.

11. Other comments:

Current Law

Localities are authorized to establish, by ordinance, one or more tourism zones. Localities may provide tax incentives within tourism zones for up to ten years including,

but not limited to 1) reduction of permit fees, 2) reduction of user fees and 3) reduction of any type of gross receipts tax. Localities are also authorized to provide regulatory flexibility within tourism zones for up to ten years including, but not be limited to 1) special zoning, 2) permit process reform, 3) exemption from ordinances and 4) any other incentive. The establishment of a tourism zone does not preclude the area from also being designated by the state as an enterprise zone.

Localities may 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.

Localities are also authorized to establish a local enterprise zone development taxation program that 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 or technology 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.

Proposal

This bill would increase, from ten years to twenty years, the time period in which any locality may provide tax incentives in a tourism zone.

cc : Secretary of Finance

Date: 2/11/2008 jkl
SB591FE161