

# OFFICE OF FISCAL ANALYSIS

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sSB-626

AN ACT ESTABLISHING AN ENTERPRISE ZONE IN THE TOWN OF PLYMOUTH.

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## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Policy & Mgmt., Off.	GF - Cost	None	See Below

Note: GF=General Fund

### ***Municipal Impact:***

Municipalities	Effect	FY 22 \$	FY 23 \$
Plymouth	Grand List Reduction	None	See Below
Plymouth	Revenue Gain	None	See Below

### ***Explanation***

The bill designates the Town of Plymouth as an Enterprise Zone, which entitles certain businesses within the zone to certain corporate and property tax breaks.

There is a potential grand list reduction to Plymouth due to multiple five-year property tax breaks of between 40% and 80%, depending on the type of business, and type of investment undertaken. This potential grand list reduction results in a revenue loss, given a constant mill rate. Due to the timing of grand list assessments, any revenue loss would first occur in FY 23.

Any revenue loss to Plymouth resulting from these exemptions is partially offset by the Distressed Municipalities grant program, which reimburses municipalities for 50% of the tax loss resulting from these

exemptions, for a five-year period. The bill results in an increased cost to OPM to fully fund the grant program, which will vary based on the revenue loss claimed by the Town of Plymouth. While the grant is proportionately reduced when the appropriation or bond authorization is insufficient for full funding, the grant is currently fully funded.<sup>1</sup>

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to any grand list reductions experienced by the Town of Plymouth as a result of any Enterprise Zone property tax exemptions.

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<sup>1</sup> FY 21 funding sources for the Distressed Municipalities grant program include 1) a prior year bond authorization of \$2.9 million, 2) a FY 21 bond authorization of \$7 million, and 3) a \$1.5 million General Fund appropriation. The cost to fully fund this grant in FY 21 is \$6.3 million.