### Fiscal Estimate - 2007 Session

$\boxtimes$	Original		Updated		Corrected		Supple	emental
LRB	Number	07-0016/1		Intro	duction Nu	ımber <b>S</b>	SB-334	
	ing early stag	ge seed and an rom taxable ind	gel investment o	credits and	excluding ear	ly stage see	ed and an	gel
Fiscal	Effect							
	No State Fisc ndeterminate Increase E Appropria Decrease Appropria Create Ne	e Existing tions Existing	Revenu Decrea Revenu	se Existing	to	crease Costs absorb withi Yes ecrease Cos	in agency	
<u> </u>	Indeterminate  1.  Increase  Permiss  2.  Decrease	e Costs sive 🔲 Mandato	3.  Increas ory Permise 4.  Decrea	e Revenue sive	Gov ndatory	pes of Local vernment Ur Towns  Counties  School Districts	nits Affect Village Others WTCS District	Cities
Fund S	Sources Affe	ected PRO	] PRS   SE	EG 🔲 SE	<b>Affected</b> EGS	Ch. 20 App	propriatio	ons
Agenc	y/Prepared I	Зу	Au	uthorized S	Signature			Date
DOR/ Michael Oakleaf (608) 261-5173 Reb			Rebecca Boldt (608) 266-6785				12/14/2007	

# Fiscal Estimate Narratives DOR 12/14/2007

LRB Number 07	-0016/1	Introduction Number	SB-334	Estimate Type	Original		
Description Allocating early stage seed and angel investment credits and excluding early stage seed and angel investment credits from taxable income							

#### **Assumptions Used in Arriving at Fiscal Estimate**

Under this bill, the total amount of all early stage seed investment credits that may be claimed in any calendar year is increased from \$6 million to \$6.5 million and the total amount that may be claimed in all taxable years is increased from \$52.5 million to \$65 million. In addition, the total amount of all angel investment credits that may be claimed in any calendar year is increased from \$5.5 million to \$6.5 million and the total amount that may be claimed in all taxable years is increased from \$47.5 million to \$65 million.

Under current law, the Department of Commerce may certify businesses to receive Early Stage Seed and Angel investments if the business meets certain criteria. Under this bill, for certification purposes the Department of Commerce must give preference to businesses with less than 100 employees, but may certify businesses with 100 employees or more and allow tax credits in lesser amounts for investments in such businesses. The Department of Commerce may certify a business that is testing or producing a product at the time that business seeks certification.

#### Fiscal Effect

This estimate uses as its starting point the increased amounts for the Early Stage Seed and Angel Investment credits as enacted by 2007 Act 20.

Based on a review of returns for taxpayers who claimed the Early Stage Seed and Angel Investment credits in 2005, 95% of the amount of Early Stage Seed credit claimed and 90% of the Angel Investment Credit claimed were used in the year claimed. Assuming that 95% of Early Stage Seed Investment Credit is used in the year claimed, and 90% of the amount of Angel Investment Credit is used in the year claimed, the fiscal effect of the bill would be a reduction in revenue of \$800,000 in FY 2008, and a reduction in revenue of \$1.4 million in FY 2009.

The fiscal effect in a given year could be reduced to the extent that the Department of Commerce certifies less than the annual maximum statutory amount in that year.

#### **Long-Range Fiscal Implications**

Using the same assumptions as above, and assuming that all carryforwards would be used by FY 2017, the bill would result in a reduction of revenue in the following amounts:

FY 2010: \$1.4 million FY 2011: \$1.4 million FY 2012: \$1.4 million FY 2013: \$1.4 million FY 2014: \$4.0 million FY 2015: \$9.3 million FY 2016: \$6.5 million FY 2017: \$2.7 million

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

$\boxtimes$	Original		Updated		Corrected		Supplemental		
LRB	Number	07-0016	/1	Introduction Number SB-334					
Alloca	r <b>iption</b> iting early stag ment credits f			ent credits a	ınd excluding e	arly stage	e seed and angel		
	e-time Costs alized fiscal e		mpacts for S	State and/or	Local Govern	iment (do	o not include in		
II. Annualized Costs:  Annualized Fiscal Imp				pact on funds from:					
					Increased Cost	ts	Decreased Costs		
A. Sta	ate Costs by	Category							
Sta	te Operations	- Salaries an	d Fringes		\$				
(FT	E Position Ch	anges)							
Sta	te Operations	- Other Costs	S						
Loc	al Assistance								
Aid	s to Individual	s or Organiza	ntions						
Шт	OTAL State	Costs by Cat	tegory			\$	\$		
B. Sta	ate Costs by	Source of Fu	ınds						
GP	R								
FE	)								
PR	O/PRS								
SE	G/SEG-S								
	ate Revenues lues (e.g., tax				l will increase ts.)	or decre	ease state		
					Increased Re	ev	Decreased Rev		
GP	R Taxes				(	\$	\$-1,400,000		
GP	R Earned	·							
FE	)								
PR	O/PRS								
SE	G/SEG-S								
<u> </u>	TOTAL State Revenues					\$	\$-1,400,000		
			NET ANNUA	LIZED FISC	AL IMPACT				
				Stat	te				
NET CHANGE IN COSTS						\$	\$		
NET (	CHANGE IN F	REVENUE		<u> </u>	\$-1,400,00	0	\$		
Agen	cy/Prepared	Bv	I	Authorized	Signature		Date		
						12/14/2007			
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