

Fiscal Estimate Narratives

DOR 6/28/2011

LRB Number	11-2177/1	Introduction Number	AB-0191	Estimate Type	Original
Description The Wisconsin Small Company Advancement program, requiring the Wisconsin Economic Development Corporation to issue bonds and notes to raise capital for investment by venture capital funds in Wisconsin businesses, allowing refunds for the early stage seed and angel investment tax credits, authorizing positions for the University of Wisconsin, and making appropriations.					

Assumptions Used in Arriving at Fiscal Estimate

This fiscal estimate pertains only to the provisions of the bill that change the Angel and Early Stage Seed Investment credits from non-refundable to refundable.

Under current law, a taxpayer may claim non-refundable Early Stage Seed and Angel Investment tax credits for the taxpayer's investments in qualified new businesses. The bill provides that the Early Stage Seed and the Angel Investment credits are refundable for taxable years beginning after December 31, 2010.

Fiscal estimate:

Non-refundable credits are considered reductions in tax revenue. Refundable credits are considered increases in appropriations. In general, changing a credit from non-refundable to refundable would involve an increase in revenue (technically a reduction in revenue reduction) and an increase in appropriations.

Assuming that refunds will be claimed for unused credits carried forward from taxable years beginning before January 1, 2011, and assuming similar amounts of refundable Angel Investment credits and modest growth in the amounts of Early Stage Seed credits are certified by the Department of Commerce as were certified as nonrefundable credits, the bill would result in an increase in revenue of an estimated \$11.8 million in FY 2012, \$10.1 million in FY 2013, and \$7.7 million in FY 2014. In addition, the bill would result in increased appropriations of an estimated \$3.5 million in FY 2012, \$13.3 million in FY 2013, \$10.6 million in FY 2014.

The bill would have no effect on the general fund in the long term, as the total amount of credits claimed would not be affected. The bill only affects the timing of the effect to the general fund and the mechanism through which the general fund is affected (revenue reduction vs. appropriations).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See Text	\$
Agency/Prepared By			
DOR/ Michael Oakleaf (608) 261-5173		Authorized Signature	
		Rebecca Boldt (608) 266-6785	
		Date	
		6/28/2011	