

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-4167/1	Introduction Number SB-696	
Description Increasing the claim amounts and altering various eligibility criteria under the angel and early stage seed investment credits, authorizing the transfer of angel investment tax credits, and creating a tax credit for purchases made from qualified new business ventures		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.192		
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Fiscal Estimate Narratives

WEDC 4/1/2014

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Assumptions Used in Arriving at Fiscal Estimate

2013 SB 696 makes numerous changes to the angel and early stage seed investment credits. The changes are as follows:

- 1) Increases amount of credits that may be earned on the first \$1,000,000 invested from 25% of investment to 40%.
- 2) Changes the list of ineligible businesses to only include those that are primarily involved in lobbying or political consulting. This change means that real estate development, insurance, banking, lending, wholesale or retail trade, leisure, hospitality, transportation (excluding construction), and professional services provided by attorneys, accountants, business consultants, physicians, and healthcare consultants are all eligible investment businesses.
- 3) Prohibits WEDC from considering the level of expected investment in the investment fund as part of a tax credit certification.
- 4) Removes the requirement that qualified new business ventures be engaging in pre-commercialization activity related to proprietary technology.
- 5) Extends transferability to the angel investment credit.
- 6) Creates a new non-refundable tax credit equal to 25% of the sales price of goods and services that a corporation or insurer purchases from a qualified new business venture, capped at \$125,000 per taxable year.

As a further consideration, unused Act 255 credits may be transferred to the Jobs Tax Credit program to fund additional activity through that program. By dramatically expanding the existing angel and early stage programs, it may limit the amount of funding that is available for the Jobs Tax Credit program.

Long-Range Fiscal Implications

WEDC currently manages the angel and early stage investment program. With the expected increase in eligible applications and the underwriting requirements of a new credit program, it is expected that WEDC would need to increase staffing by a .5 FTE in order to cover additional administration. Given that WEDC receives a block grant to develop and implement economic development programs and this legislation contains no augmentation to our existing funds, the increase in staffing requirements for this expansion would need to come from already committed programmatic funds.