

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-3600/1	Introduction Number AB-0718
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Description
 Qualified new business venture eligibility

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

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	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<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 <input type="checkbox"/> Counties <input type="checkbox"/> Others <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	

Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	Michael Wagner (608) 266-6785	1/26/2016

Fiscal Estimate Narratives

DOR 1/26/2016

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Description Qualified new business venture eligibility					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, certain investors may receive tax credits under Angel Investment Credit and the Early Stage Seed Investment Credit programs for investments in businesses certified by the Wisconsin Economic Development Corporation (WEDC) as qualified new business ventures. WEDC may certify a business as a qualified new business venture (QNBV) if, among other requirements, for taxable years beginning after December 31, 2010, the business has not received more than \$8 million in investments that qualified for tax credits under the aforementioned credit programs. The bill raises that threshold to \$12 million for taxable years beginning after December 31, 2015.

Fiscal Estimate

Based on information from WEDC, four QNBVs have reached the \$8 million threshold and an additional 34 are nearing the \$8 million limit. Assuming that 1) the 4 QNBVs that have hit the maximum each receive an additional \$4 million in investment in tax year 2016; and 2) that an additional \$6 million is invested in QNBVs in tax year 2017 over and above the previous \$8 million limit; and 3) the additional investment amount grows by 10% per year in tax years beyond 2017, the bill would result in a reduction in income and franchise tax revenue of an estimated \$1.0 million in FY 2016, \$3.4 million in FY 2017, \$1.5 million in FY 2018, \$1.7 million in FY 2019, and \$1.9 million in FY 2020.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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Description Qualified new business venture eligibility			
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, ets.)			
		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		Authorized Signature	
DOR/ Michael Oakleaf (608) 261-5173		Michael Wagner (608) 266-6785	
		Date	
		1/26/2016	