



**Fiscal Estimate Narratives**  
**DOR 10/30/01**

|  |                                   |                               |
|--|-----------------------------------|-------------------------------|
| LRB Number <b>01-3900/1</b>  | Introduction Number <b>AB-579</b> | Estimate Type <b>Original</b> |
| <b>Subject</b><br>Certified capital investment limitations, qualified business requirements, and reviews of certified capital company statements |                                   |                               |

**Assumptions Used in Arriving at Fiscal Estimate**

Current law allows the Department of Commerce to certify investments in certified capital companies, which are required to invest the certified investments in qualified businesses. Certified investors who are insurers may claim a credit for certified capital investments against their insurance premiums tax. The credit equals 10% of the amount of investment each year over a 10-year period.

Current law limits the amount Commerce may certify to \$50 million. The bill, among other changes, provides Commerce with the authority to certify another \$100 million in investments.

The credit for these additional investments will reduce insurance premiums tax revenues by up to \$10 million per year for a minimum of 10 years. The revenue loss could be less than \$10 million in any year and the period over which credits are allowed could be more than 10 years, depending on when Commerce certifies the additional investments.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |   |  |                 |
|--|---|--|-----------------|
| <b>LRB Number</b> 01-3900/1  |   | <b>Introduction Number</b> AB-579              |                 |
| <b>Subject</b>   |   |  |                 |
| Certified capital investment limitations, qualified business requirements, and reviews of certified capital company statements   |   |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  |   |  |                 |
| A reduction in general purpose (insurance premiums) tax revenues of up to \$10 million per year for a minimum of 10 years. The total revenue loss over the period of 10 or more years is limited to \$100 million. |   |  |                 |
| <b>II. Annualized Costs:</b>   |   | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |   | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |   |  |                 |
|  | State Operations - Salaries and Fringes | \$   |                 |
|  | (FTE Position Changes)                  |  |                 |
|  | State Operations - Other Costs          |  |                 |
|  | Local Assistance                        |  |                 |
|  | Aids to Individuals or Organizations    |  |                 |
|  | <b>TOTAL State Costs by Category</b>    | <b>\$</b>                                      | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |   |  |                 |
|  | GPR                                     |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>   |   |  |                 |
|  |   | Increased Rev                                  | Decreased Rev   |
|  | GPR Taxes                               | \$   | \$              |
|  | GPR Earned                              |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               |  |                 |
|  | <b>TOTAL State Revenues</b>             | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |   |  |                 |
|  |   | <u>State</u>                                   | <u>Local</u>    |
|  | NET CHANGE IN COSTS                     | \$   | \$              |
|  | NET CHANGE IN REVENUE                   | \$   | \$              |
| <b>Agency/Prepared By</b>  |   | <b>Authorized Signature</b>                    | <b>Date</b>     |

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