



## Fiscal Estimate Narratives

COMM 10/18/01

LRB Number <b>01-3568/1</b>	Introduction Number <b>SB-284</b>	Estimate Type <b>Original</b>
<b>Subject</b> Additional tax credits under the CAPCO program		

### Assumptions Used in Arriving at Fiscal Estimate

Current law allows the Department of Commerce to certify up to \$50,000,000 in certified capital investments. This bill authorizes the Department to certify an additional \$100,000,000 in certified capital investments. This bill also changes personnel and payroll requirements, income reporting requirements, financial review requirements and provides penalties if qualified businesses violate agreed upon conditions.

The Department has six certified capital companies at this time. The Department estimates that it will receive at least six more applications from companies seeking certification as a result of this bill. The workload generated from the current six CAPCO's, with the absence of a full time auditor, has exhausted the available resources of the Department. Under these circumstances, existing personnel cannot absorb any additional workload.

Due to the anticipated increased workload created by this bill, the Department estimates that 1.0 FTE Auditor-Journey position will be required to handle the increased responsibilities. The Department originally estimated at the inception of the CAPCO program that for every 10 certified companies, it would need 1.0 FTE to handle the workload. Based on the Department's experience in administering the program, this estimate has proven accurate. The need for an additional 1.0 FTE is based on the following information:

Certifying and maintaining the CAPCO program involves: auditing and reviewing financial statements, reviewing qualifications for evidence of venture capital experience, examining financial holdings, reviewing the organization of the company, auditing and reviewing the credit allocation plan, auditing and examining end of year reports to ensure the validity of investments and performing other financial and auditing requirements. This bill imposes additional requirements upon existing staff, which justifies the need for the requested Auditor-Journey position.

Under the provisions of this bill, the Department anticipates certifying at least 12 companies. This number includes recertifying the existing six plus certifying at least six new companies.

#### Costs:

Auditor-Journey salary and fringe benefits: \$52,083.03

Departmental overhead charges: \$9,500.00

Ongoing supplies and services: \$1,200.00

Rent: \$2,000.00

Ongoing annual total: \$64,783.03

The costs of the additional position will be paid out of existing program revenues.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

LRB Number <b>01-3568/1</b>		Introduction Number <b>SB-284</b>	
<b>Subject</b>			
Additional tax credits under the CAPCO program			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<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		\$52,083	
(FTE Position Changes)			
State Operations - Other Costs		12,700	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$64,783</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS		64,783	
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		45,000	
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$45,000</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$64,783	\$
NET CHANGE IN REVENUE		\$45,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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