

Fiscal Estimate Narratives
COMM 9/23/2003

LRB Number 03-3258/1	Introduction Number AB-531	Estimate Type Original
Subject CAPCO changes		

Assumptions Used in Arriving at Fiscal Estimate

Commerce's responsibilities under the current CAPCO law include certifying certified capital companies (§ 560.31), certifying certified capital investments in certified capital companies [§ 560.32 (2)], certifying qualified businesses (§ 560.22), receiving annual reports and financial statements (§ 560.35), making written determinations regarding distributions from certified capital companies (§ 560.36), conducting an annual compliance review of each certified capital company [§ 560.37 (1)], and determining and providing written notice of disqualification of an investment pool [§ 560.37 (2)].

The bill makes the following changes to the certified capital company program that will affect the workload of the Department of Commerce:

1. Enables Commerce to allocate an additional \$300 million in tax credits to certified investors. In order to make this allocation, Commerce will hold another application cycle to enable additional venture capital firms to become certified capital companies. These applications include financial and other technical information and necessitate thorough review.
2. Requires Commerce to provide a written determination as to whether or not a business is a qualified business under the CAPCO law. Under current law, Commerce is not required to provide this written determination; CAPCOs may themselves review the law and determine whether the business they are contemplating investing in meets the requirements. Since under this bill the program will grow from a \$50 million program to a \$300 million program, the number of determinations will proportionately increase.
3. Changes the requirements for a qualified business, and allows Commerce to designate a business that does not meet these requirements, as long as an investment in it would further economic development in the state. Since this increases the pool of qualified businesses to potentially every business in the state, this could thus increase the number of businesses that CAPCOs would seek written determinations for.

To administer this expanded and modified program, Commerce will require 1.0 PRO FTE. The costs for this Grants Specialist Advanced position will be:

Salary \$40,700
Fringe \$15,900
Overhead \$9,200
Supplies \$4,000
TOTAL \$69,800

These costs will be funded from fees paid by CAPCOs into the 20.143 (1) (hm) appropriation.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
CAPCO changes			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
None			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$56,600	
(FTE Position Changes)		(1.0 FTE)	
State Operations - Other Costs		13,200	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$69,800	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS		69,800	
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			
		State	Local
NET CHANGE IN COSTS		\$69,800	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By			
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			Date
			9/23/2003