

Fiscal Estimate Narratives

COMM 10/20/2003

LRB Number 03-3325/1	Introduction Number AB-538	Estimate Type Original
Subject Tax credit for new business venture		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes the following changes which affect the workload of the Department of Commerce:

1. Commerce may certify as a new business venture a business which meets statutory requirements concerning size, net worth, net income, employment in the state, and years of operation. To accomplish this, Commerce will develop an application process, develop application forms, publicize the program, work with businesses to complete the forms, review the completed applications and make recommendations, and notify businesses of the determination. Investors in businesses receiving this certification may claim an income or franchise tax credit based on the amount of their investment.
2. Commerce may certify qualifying venture capital firms for purposes of the capital gains tax deferral created in this bill. Investors may defer the tax owed on any long term capital gain if they reinvest it in a qualified business venture or a certified venture capital fund. A venture capital fund may receive this designation only if it is a private seed capital fund, has its principal place of business in Wisconsin, and commits to make equity investments in qualified business ventures in Wisconsin.
3. In cooperation with the Department of Financial Institutions and the UW System, Commerce must annually conduct and publish the results of a survey of Wisconsin businesses to determine new business trends and obstacles facing businesses, and making recommendations for changes to policy in order to satisfy the needs of Wisconsin businesses.
4. In cooperation with the Department of Financial Institutions and the UW System, provide education and other support to facilitate the development of angel investing networks.

Commerce will need 1.0 FTE position to administer this program. The position will certify both businesses and venture capital firms, work to match investors with firms seeking funding, facilitate the development of angel investor firms, and conduct the business survey. Costs for the position are as follows:

Salary \$40,700
Fringe \$15,900
Supplies \$8,000
TOTAL \$64,600

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3325/1		Introduction Number AB-538	
Subject			
Tax credit for new business venture			
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		\$56,600	
(FTE Position Changes)		(1.0 FTE)	
State Operations - Other Costs		8,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$64,600	\$
B. State Costs by Source of Funds			
GPR		64,600	
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		\$64,600	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	10/17/2003