

Fiscal Estimate Narratives

DOR 11/5/2007

LRB Number 07-3281/1	Introduction Number AB-0557	Estimate Type Original
Description Increasing the amount of the early stage seed and angel investment credits		

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, the total amount of all early stage seed investment credits that may be claimed in any calendar year is increased from \$6 million to \$10.225 million and the total amount that may be claimed in all taxable years is increased from \$52.5 million to \$102.25 million. In addition, the total amount of all angel investment credits that may be claimed in any calendar year is increased from \$5.5 million to \$8.775 million and the total amount that may be claimed in all taxable years is increased from \$47.5 million to \$87.75 million.

Fiscal Effect

Based on a review of returns for taxpayers who claimed the Early Stage Seed and Angel Investment credits in 2005, 95% of the amount of Early Stage Seed credit claimed and 90% of the Angel Investment Credit claimed were used in the year claimed. Assuming that 95% of Early Stage Seed Investment Credit is used in the year claimed, and 90% of the amount of Angel Investment Credit is used in the year claimed, the fiscal effect of the bill would be a reduction in revenue of \$3.8 million in FY 2008, and a reduction in revenue of \$7 million in FY 2009.

The fiscal effect in a given year could be reduced to the extent that the Department of Commerce certifies less than the maximum statutory annual amount in that year.

Long-Range Fiscal Implications

Using the same assumptions as above, and assuming that all carryforwards would be used in FY 2018, the bill would result in a reduction of revenue in the following amounts:

FY 2010 - \$7 million
FY 2011 - \$7 million
FY 2012 - \$7 million
FY 2013 - \$7 million
FY 2014 - \$9.5 million
FY 2015 - \$14.9 million
FY 2016 - \$14.8 million
FY 2017 - \$5.6 million
FY 2018 - \$6.4 million

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Increasing the amount of the early stage seed and angel investment credits			
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, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-7,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-7,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-7,000,000	\$
Agency/Prepared By		Authorized Signature	Date
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