

### Fiscal Estimate - 2007 Session

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> <b>07-3459/1</b>		<b>Introduction Number</b> <b>AB-0598</b>	
<b>Description</b> allocating early stage seed and angel investment credits			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations			
<input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues			
<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs			
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Michael Oakleaf (608) 261-5173		Rebecca Boldt (608) 266-6785	
<b>Date</b>			1/25/2008

## Fiscal Estimate Narratives

DOR 1/25/2008

LRB Number	<b>07-3459/1</b>	Introduction Number	<b>AB-0598</b>	Estimate Type	<b>Original</b>
<b>Description</b> allocating early stage seed and angel investment credits					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, for tax years beginning after December 31, 2007 the amount of Early Stage Seed Investment credit that may be claimed in a year is \$5.5 million, and \$6.0 million for the Angel Investment credit. Under this bill, for tax years beginning after December 31, 2008 a total of \$10 million may be claimed in any year for the Angel and Early Stage Seed credits combined.

Under current law, the total amount of Early Stage Seed Investment credits that taxpayers may claim for all taxable years combined is \$52,500,000 and the total amount of Angel Investment credits that taxpayers may claim for all taxable years combined is \$47,500,000. Under this bill, the total amount of Early Stage Seed Investment credits and Angel Investment credits that taxpayers may claim for all taxable years combined is \$100,000,000.

Under current law, the Department of Commerce (Commerce) may certify businesses to receive Angel investments if the businesses meet certain criteria, including having less than 100 employees. Under the bill, for certification purposes, Commerce must give preference to businesses with less than 100 employees, but may certify businesses with 100 employees or more and allow tax credits in lesser amounts for investments in such businesses. In addition, the bill allows Commerce to certify a business that is testing or producing a product at the time that business seeks certification.

### 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 an increase in revenue of \$800,000 in FY 2009. There would be no change in revenue in FY 2008 under the bill.

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. The fiscal effect in subsequent years could be higher to the extent that the Department of Commerce certifies the maximum annual amount and additional unclaimed credits from prior years.

### Long-Range Fiscal Implications

Using the same assumptions as above, and assuming that all carryforwards would be used by FY 2016, the bill would result in changes in revenue in the following amounts:

FY10: \$1.4 million  
FY11: \$1.4 million  
FY12: \$1.4 million  
FY13: \$1.4 million  
FY14: \$1.4 million  
FY15: \$-4.0 million  
FY16: \$-3.8 million

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> allocating early stage seed and angel investment credits			
<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	\$	\$
	(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, ets.)</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>			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$See	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Michael Oakleaf (608) 261-5173		Rebecca Boldt (608) 266-6785	1/25/2008