

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2170/3	Introduction Number AB-0838
Description Creating an emerging target investment tax credit and granting rule-making authority	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <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	
Agency/Prepared By DOR/ Michael Oakleaf (608) 261-5173	Authorized Signature Rebecca Boldt (608) 266-6785
Date 10/8/2007	

Fiscal Estimate Narratives

DOR 10/8/2007

LRB Number	07-2170/3	Introduction Number	AB-0838	Estimate Type	Original
Description Creating an emerging target investment tax credit and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create an emerging target investment credit, equal to 15% of the investment a person would make in a minority-owned, woman-owned, or service-disabled veteran-owned business. The Department of Commerce would certify a person as eligible for the tax credit and certify the amount of the credit. The maximum amount a person could invest and use as the basis for a credit is \$500,000 for each investment. The maximum amount of credits that could be claimed for all claimants and all taxable years is \$20 million.

Eligible businesses could be sole proprietorships, partnerships, limited liability companies, joint ventures, or corporations that are at least 51% owned, controlled, and actively managed by an eligible owner (i.e., a member of a minority group, a woman, or a service-disabled veteran) as determined by the Department of Commerce. "Service-disabled veteran" has the meaning given in 38 USC 101 (16).

Qualifying investments would be in businesses engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.

The U.S. Census Bureau estimates that Wisconsin has about 18,000 minority-owned businesses, about 1,100 of which are currently certified minority-owned businesses. Commerce does not certify woman-owned businesses but estimates there are about 112,000 in the state. No data exist on the number of businesses actively managed by service-disabled veterans. Based on the available data, investments in an estimated 130,000 businesses would be eligible for the credit.

The maximum amount of credit for each investment would be \$75,000 (\$500,000 x 15%). As a result, as few as 267 investments could deplete the \$20 million lifetime cap on credits (\$20 million / \$75,000). The amount of investment and credit per year is unknown, but it is possible that the full \$20 million could be used in the first year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Creating an emerging target investment tax credit and granting rule-making authority			
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	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$See Text		\$
Agency/Prepared By		Authorized Signature	
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		Date	
		10/8/2007	