



## Fiscal Estimate Narratives

DOR 3/18/2009

LRB Number	09-0034/1	Introduction Number	AB-0077	Estimate Type	Original
<b>Description</b> Increasing the amount of the early stage seed and angel investment credits					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, as amended by 2009 Act 2, the maximum annual amount of angel investment credit that can be claimed for all claimants is \$5.5 million for calendar years 2009 and 2010, and \$18.25 million for calendar years 2011 and after. The maximum aggregate amount that can be claimed for all tax years is \$47.5 million.

Under current law, as amended by 2009 Act 2, the maximum annual amount of early stage seed investment credit that can be claimed for all claimants is \$6.0 million for calendar years 2009 and 2010, and \$18.75 million for for calendar years 2011 and after. Act 2 removed the aggregate maximum for all years.

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

While the changes made under the bill with regard to the annual maximum credit amounts were increased relative to prior law, they are in fact lower than under current law as amended by 2009 Act 2 for calendar years 2011 and after. The aggregate maximum amount of angel investment credit for all years is higher under the bill than under current law. Under the bill the aggregate amount of early stage seed credit is capped, while under current law it is unlimited.

### Fiscal Effect

NOTE: This fiscal estimate uses as its base the credit maximum amounts as amended by 2009 Act 2, which differ from those in the bill text.

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 an estimated \$3.8 million in FY 2009, and \$7 million in FY 2010.

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, the bill would result in estimated increases in revenue in the following amounts:

FY 2011: \$6 million  
FY 2012: \$9.5 million  
FY 2013: \$1.7 million  
FY 2014: \$200,000  
FY 2015: \$200,000  
FY 2016: \$100,000  
FY 2017: \$6.2 million  
FY 2018: \$14.8 million

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>09-0034/1</b>		Introduction Number <b>AB-0077</b>	
<b>Description</b> Increasing the amount of the 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, etc.)</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 Text	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Michael Oakleaf (608) 261-5173		Rebecca Boldt (608) 266-6785	3/18/2009