

Fiscal Estimate Narratives

DOA 9/3/2013

LRB Number	13-2790/1	Introduction Number	SB-260	Estimate Type	Original
Description Allowing refunds for the early stage seed and angel investment tax credits and having the Department of Administration administer the credits and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

2013 SB 260 would transfer the early stage seed and angel investment tax credit program from the Wisconsin Economic Development Corporation to the Department of Administration. The legislation also provides that individuals who claim the tax credit may receive a refund in the event that the annual credit exceeds the tax liability of the individual.

The early stage seed and angel investment tax credit program provides for tax credits to claimants for angel investments made directly into certified new businesses and for investments made by certified fund managers into certified businesses. The program provides for \$20,000,000 per calendar year in angel investment tax credits and \$20,500,000 in early stage seed investment tax credits, with an additional \$250,000 per year each for angel and early stage seed investment tax credits that may be claimed for investments in certified nanotechnology businesses. Also, the amount of unused credits in a given year may be utilized in subsequent years. In 2012, this amount was \$35,227,000. 216 businesses have been certified since the 2005 inception of the program, and 50 certified businesses resulted in \$11,170,000 in credits in 2011.

The Department estimates that .5 FTE staff would be needed to administer the program, at an annual cost of \$46,000. The legislation makes no provisions for administrative funding. The administration of the program would include the following:

- certification of businesses for angel investments;
- certification of investment fund managers who commit to consider placing early stage seed investments in certified businesses;
- development and maintenance of administrative rules for the program;
- maintenance of a listing of certified businesses and fund managers;
- notifications to the Department of Revenue regarding certifications;
- reallocation of unused credits and reporting to the Joint Committee on Finance;
- development and maintenance of program materials.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Allowing refunds for the early stage seed and angel investment tax credits and having the Department of Administration administer the credits and making an appropriation			
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	\$31,000		\$
(FTE Position Changes)	(0.5 FTE)		
State Operations - Other Costs	15,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$46,000		\$
B. State Costs by Source of Funds			
GPR	46,000		
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	\$46,000		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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