

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>15-3458/1</b>	Introduction Number <b>AB-0486</b>
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**Description**  
 Allowing taxpayers to claim early stage seed investment credits for investments in the fund of funds

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**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	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<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
		<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> DOR/ Michael Oakleaf (608) 261-5173	<b>Authorized Signature</b> Michael Wagner (608) 266-6785	<b>Date</b> 11/13/2015
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## Fiscal Estimate Narratives

DOR 11/13/2015

LRB Number <b>15-3458/1</b>	Introduction Number <b>AB-0486</b>	Estimate Type <b>Original</b>
<b>Description</b> Allowing taxpayers to claim early stage seed investment credits for investments in the fund of funds		

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a taxpayer may claim an early stage seed investment credit equal to 25% of the taxpayer's investment paid in a taxable year directly to a fund manager that the fund manager invests in a certified qualified new business venture (QNBV).

As prescribed in 2013 Act 41, which created the state's fund of funds investment program, the investment manager must raise at least \$5 million from sources other than state funds. In addition, the fund manager must invest at least \$300,000 of the manager's own moneys.

For taxable years beginning after December 31, 2015, the bill would allow a taxpayer to claim an early stage seed investment credit based on the taxpayer's investment in the state's fund of funds investment program if the fund of fund's invest manager invests the taxpayer's funds with a certified fund manager who invests in a QNBV.

### Fiscal Estimate

If all of these private funds were invested with certified fund managers who invest in QNBVs, it would result in total claims for the early stage seed credit of \$1.325 million (\$5.3 million x 25%). The fiscal effect could be less than \$1.325 million to the extent that a portion of the funds were paid to a certified fund manager in tax years beginning before January 1, 2016, or were invested in businesses that were not certified QNBVs.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> Allowing taxpayers to claim early stage seed investment credits for investments in the fund of funds			
<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>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See Text	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Michael Oakleaf (608) 261-5173		Michael Wagner (608) 266-6785	
		<b>Date</b>	
		11/13/2015	