

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-3600/1	Introduction Number AB-0718
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Description
 Qualified new business venture eligibility

Fiscal Effect

State:

- | | | |
|---|---|---|
| <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 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 |
|---|---|---|

Local:

- | | | |
|--|--|---|
| <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 |
|--|--|---|

Fund Sources Affected <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	Affected Ch. 20 Appropriations
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Agency/Prepared By WEDC/ John Parrish (608) 210-6869	Authorized Signature Amy Young (608) 210-6711	Date 1/21/2016
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Fiscal Estimate Narratives

WEDC 1/21/2016

LRB Number	15-3600/1	Introduction Number	AB-0718	Estimate Type	Original
Description Qualified new business venture eligibility					

Assumptions Used in Arriving at Fiscal Estimate

AB-718 expands certain eligibility requirements in the Qualified New Business Venture (QNBV) program under Wis. Stats. 238.15 (1). Currently, \$8 million is the maximum amount of investments a QNBV may receive and still qualify to participate in the program. This bill raises that threshold to \$12 million.

WEDC assumes the allocation currently available in the QNBV program will be maintained in CY16 and beyond. It is also assumed that the program will continue with a similar level of participation. Further, it is assumed this bill will result in an increased utilization of the existing angel and early stage seed tax credit.

At present, approximately 190 businesses are certified as qualified new business ventures. Of those, 20 companies are approaching or have already reached the current \$8 million maximum investment amount. Four of these companies have expressed interest in continued program participation if the threshold increases. Two additional companies have indicated a further need to raise capital that would exceed the current threshold.

WEDC estimates the bill may increase the utilization of the program by \$2 - \$4 million in CY16, given the number of companies that have previously expressed interest and who would benefit from the statutory revisions in AB-718.

Long-Range Fiscal Implications

WEDC estimates an annual increase of approximately \$1.25 - \$2.5 million per year based on the assumption that other qualified new business ventures would need funding every other year with an average investment round size of \$2 million.