

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|---|--|
| LRB Number 23-5347/1 | Introduction Number SB-0883 |
| Description modifying the certification criteria to be a qualified new business venture | |
| 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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" 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 | |
| Agency/Prepared By | Authorized Signature |
| DOR/ Bradley Caruth (608) 261-8984 | Michael Oakleaf (608) 261-5173 |
| Date | |
| 1/16/2024 | |

Fiscal Estimate Narratives

DOR 1/16/2024

| | | | | | |
|---|-----------|---------------------|---------|---------------|----------|
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Assumptions Used in Arriving at Fiscal Estimate

Under current law, the angel investment tax credit and the early stage seed investment tax credit are available to claimants making eligible investments in qualified new business ventures that are certified by the Wisconsin Economic Development Corporation. One criterion for certification is that the business has the potential for increasing jobs or capital investment in Wisconsin and is either:

1. Engaged in, or committed to engage in, innovation in any of the following:
 - a. Manufacturing, biotechnology, nanotechnology, communications, agriculture, or clean energy creation or storage technology.
 - b. Processing or assembling products, including medical devices, pharmaceuticals, computer software and hardware, semiconductors, and other innovative technology products, or other products that are produced using manufacturing methods that are enabled by applying differentiating technology.
 - c. Services that are enabled by applying differentiating technology.
2. Undertaking pre-commercialization activity related to differentiating technology that includes conducting research, developing a new product or business process, or developing a service that is principally reliant on applying differentiating technology.

The bill removes item 1 and maintains item 2. Eliminating one of the criterion for certification will increase the number of business ventures and investments that could qualify for the credit.

Because the credit is awarded and certified by WEDC, the extent to which the bill increases the credit amount will be determined by WEDC.

According to the American Rescue Plan Act (ARPA) Net Tax Reduction Calculation Update memo released by the Department of Administration on 8/28/2023, the remaining margin for tax reductions before triggering potential SLFRF recoupment at \$113 million for fiscal year 2024 and \$319 million for fiscal year 2025. This bill would reduce these margins.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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| 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 | | |
| | <u>State</u> | <u>Local</u> |
| NET CHANGE IN COSTS | \$ | \$ |
| NET CHANGE IN REVENUE | \$See Text | \$ |
| | | |
| Agency/Prepared By | Authorized Signature | Date |
| DOR/ Bradley Caruth (608) 261-8984 | Michael Oakleaf (608) 261-5173 | 1/16/2024 |