

Fiscal Estimate - 2025 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 25-4913/1	Introduction Number SB-0564
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Description
 qualified new business venture eligibility

Fiscal Effect

State:

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

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate	5. Types of Local Government Units Affected	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

WEDC 10/30/2025

LRB Number	25-4913/1	Introduction Number	SB-0564	Estimate Type	Original
Description qualified new business venture eligibility					

Assumptions Used in Arriving at Fiscal Estimate

AB-0565/SB-0564 would amend the eligibility criteria of the Qualified New Business Venture (QNBV) program through several measures.

Firstly, the proposal removes the requirement that 51% of the business's employees are located within Wisconsin. The only locational requirement would be that the business is headquartered in Wisconsin without consideration of the location of its employees or payroll.

Secondly, the proposal alters QNBV's criteria for relocation. Under current rules, a business cannot relocate outside Wisconsin within three years of receiving QNBV credits, where a relocation is the movement of at least 51% of the business's headquarters, employment, or total payroll. The proposal eliminates consideration of employment and payroll, which means a relocation would only be considered as a movement of the business's headquarters outside Wisconsin.

Between 2023-2025, the average rate of decertification was about 11% of total certified QNBV awards (average of 24 total decertifications per year out of 217 certified QNBV awards). In general, these decertified businesses had little to no QNBV credits awarded. Of these decertified businesses, about 12 on average were decertified due to employment or payroll issues. Based on these averages, the proposal's elimination of employment/payroll considerations would impact few businesses and have a nominal fiscal effect since these businesses were awarded little to no QNBV credits in the first place.

Lastly, the proposal raises the maximum amount of eligible QNBV investments a QNBV can receive from \$12,000,000 to \$20,000,000 for taxable years starting after Dec 31, 2025. In effect, this means that the maximum amount of QNBV tax credits a business can be certified for would increase from \$3,000,000 to \$5,000,000.

In general, QNBV awards rarely reach the maximum total investment/award amounts. Throughout the entire history of the QNBV program, only 6 QNBV awards have reached the current \$3 million credit ceiling. Based on this, raising the total investment threshold to \$20,000,000 would impact very few businesses/investors and have a nominal fiscal effect.

Overall, the Corporation estimates the proposal would have a nominal fiscal impact to the state, and that the proposal would be absorbable within existing WEDC resources.

Long-Range Fiscal Implications