

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-1082/1	Introduction Number AB-0932
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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"/> Increase 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"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<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	5. Types of Local Government	
<input type="checkbox"/> Indeterminate	Units Affected	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u>
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173	Date 1/16/2024
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Fiscal Estimate Narratives

DOR 1/16/2024

LRB Number	23-1082/1	Introduction Number	AB-0932	Estimate Type	Original
Description modifying the certification criteria to be a qualified new business venture					

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
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