

Fiscal Estimate - 2023 Session

Original Updated Corrected Supplemental

LRB Number **23-1083/1** Introduction Number **AB-0933**

Description
transferring the angel investment tax credit

Fiscal Effect

State:
 No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations Increase Existing Revenues Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations Decrease Existing Revenues Yes No
 Create New Appropriations Decrease Costs

Local:
 No Local Government Costs
 Indeterminate
1. Increase Costs 3. Increase Revenue **5. Types of Local Government Units Affected**
 Permissive Mandatory Permissive Mandatory Towns Village Cities
2. Decrease Costs 4. Decrease Revenue Counties Others 0
 Permissive Mandatory Permissive Mandatory School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG 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	23-1083/1	Introduction Number	AB-0933	Estimate Type	Original
Description transferring the angel investment tax credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the angel investment tax credit offsets the individual income tax and equals 25 percent of the claimant's eligible investment in a qualified new business venture that is certified by the Wisconsin Economic Development Corporation. The credit is part of the early stage business investment program, along with the early stage seed investment tax credit.

Under the bill, a person eligible to claim the angel investment tax credit may sell or otherwise transfer the credit to another person who is subject to Wisconsin individual income tax if the person notifies WEDC and the Department of Revenue of the transfer and submits a copy of the transfer documents. The bill provides that, as with the early stage seed investment tax credit under current law, a person may not sell or otherwise transfer a credit more than once in a 12-month period and WEDC may charge a fee of up to 5 percent of the credit amount. The bill also specifies that a person may not sell or otherwise transfer an individual credit more than once in a 12-month period.

Transferability does not affect the amount of the credit, but may increase its usage. This can occur in two ways. First, an individual with a credit but without a tax liability to offset, may sell it to another individual who does have a tax liability. Second, transferability may encourage additional individuals to seek certification because it allows them to monetize the credit. The extent to which the bill increases usage is unknown but likely to result in a small revenue decrease.

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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Description transferring the angel investment tax credit		
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