

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 13s0052/1	<b>Introduction Number</b> ASA1-AB181
<b>Description</b> Venture capital investment program	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b>	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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	
<b>Fund Sources Affected</b>	
<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 20.505(1)(a)	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DOA/ Nancy Foss (608) 261-2292	Jana Steinmetz (608) 266-1359
	<b>Date</b>
	6/5/2013

Fiscal Estimate Narratives

DOA 6/5/2013

LRB Number 13s0052/1	Introduction Number ASA1-AB181	Estimate Type Original
<b>Description</b> Venture capital investment program		

**Assumptions Used in Arriving at Fiscal Estimate**

Assembly Substitute Amendment to Assembly Bill 181 would direct the Department of Administration (DOA) to establish an economic development program to operate as the Fund of Funds Investment Program. DOA would contract with an investment manager to manage investments in venture capital funds and Wisconsin businesses. The manager would be chosen by a selection committee formed by the Secretary of DOA. The proposed contract between DOA and the investment manager must be reviewed by the Legislative Audit Bureau and would be subject to passive review by the Joint Committee on Finance.

The amendment further requires DOA to pay \$25,000,000 to the investment manager for investments in venture capital funds. The investment manager would be required to contribute \$300,000 of its own moneys and \$5,000,000 raised from other funding sources. These funds must be committed within 24 months of execution of the contract between DOA and the investment manager. The investments must be made in at least four different venture capital funds and not more than \$10,000,000 in any one venture capital fund.

Enactment of the substitute amendment would generate a workload for the State Bureau of Procurement and the Office of Legal Services within the DOA. It is anticipated that both activities can be absorbed by existing staff and that no on-going costs would occur.

Oversight for the program would be provided by a staff person within the Division of Executive Budget and Finance, Capital Finance Office. This person would need to ensure that payments were made to the investment manager, that reports were received timely and accurately, and to oversee the contract and ensure that all procurement met the statutory requirements. It is estimated that the annual costs for this position would be \$74,200.

**Long-Range Fiscal Implications**

The annual on-going costs would continue for the life of the program adjusted by any approved salary increases, fringe benefit adjustments, and inflation of supplies and services costs.

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 13s0052/1		<b>Introduction Number</b> ASA1-AB181	
<b>Description</b> Venture capital investment program			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  None identified.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$62,700		\$
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	11,500		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$74,200</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	74,200		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$74,200		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOA/ Nancy Foss (608) 261-2292		Jana Steinmetz (608) 266-1359	6/5/2013