



## Fiscal Estimate Narratives

WEDC 1/27/2014

LRB Number	13-3854/1	Introduction Number	AB-0761	Estimate Type	Original
<b>Description</b> Allocation of unused early stage seed investment credits					

### Assumptions Used in Arriving at Fiscal Estimate

This bill allows WEDC to allocate between 25% and 50% of unallocated early stage seed investment tax credits to Qualified Fund Managers. Allocated credits may then be awarded by the Qualified Fund Manager to investors willing to make investments in Qualified New Business Ventures. In order to claim the credits, the total amount of committed investment funds must equal at least 100% of the credit allocation. The fund manager must pay 50% of the investment return to the state, less the following:

- 1) Management fees not exceeding 2% a year on the amount of capital invested.
- 2) Reasonable costs and expenses for legal and professional services related to operating the fund.
- 3) Tax distributions to equity owners related to any projects increase in federal or state taxes.
- 4) An amount equal to a matching capital contribution, plus 5% of that amount.

The Qualified Fund Manager must report the allocation of credits within 10 days after the allocation, which shall subsequently be reported by WEDC to the Joint Committee on Finance. Annually by January 31st, The Qualified Fund Manager must submit a report to WEDC containing the name of each business receiving an investment, the investment amount, the number of jobs created or retained, and any other information required by the corporation. This report will also be submitted to the Joint Committee on Finance.

### Long-Range Fiscal Implications

Under the current proposal, WEDC would be able to absorb the staffing costs of the additional program described in this bill. However, this assumes that other bills requiring WEDC to absorb the administrative costs do not pass.