

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4125/1	Introduction Number SB-398
Description qualified new business venture eligibility	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>	
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 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 </div> </div>	
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 WEDC/ John Parrish (608) 210-6869	Authorized Signature Amy Young (608) 210-6711
Date 9/8/2017	

Fiscal Estimate Narratives

WEDC 9/8/2017

LRB Number	17-4125/1	Introduction Number	SB-398	Estimate Type	Original
Description qualified new business venture eligibility					

Assumptions Used in Arriving at Fiscal Estimate

SB-398 expands certain eligibility requirements in the Qualified New Business Venture (QNBV) program under Wis. Stats. 238.15 (1) for taxable years beginning after December 31, 2017. Currently, \$8 million is the maximum amount of investments a QNBV may receive and still qualify to participate in the program. This bill raises that threshold to \$12 million.

WEDC assumes the allocation currently available in the QNBV program will be maintained in CY17 and beyond. It is also assumed that the program will continue with a similar level of participation. Further, it is assumed this bill will result in an increased utilization of the existing angel and early stage seed tax credit.

In 2016, a total of 211 businesses were certified by WEDC as qualified new business ventures. Six QNBVs received the maximum allowable eligible investments in 2016, bringing the total number of QNBVs to reach the threshold to eleven. Of the 211 certified QNBVs, 22 have received more than \$4 million of investments and could reach the threshold within the 2017-19 biennium. There are also several QNBVs who previously reached the statutory limit and who may want to recertify as a QNBV. In total, there are about 35 companies who could be impacted by the proposal.

WEDC estimates the bill may increase the utilization of the program by \$2 - \$4 million in CY17, given the number of companies that have previously expressed interest and who would benefit from the statutory revisions in SB-398.

Long-Range Fiscal Implications

WEDC estimates an annual increase of approximately \$1.25 - \$2.5 million per year based on the assumption that other qualified new business ventures would need funding every other year with an average investment round size of \$2 million.