

Fiscal Estimate - 2017 Session

Original Updated Corrected Supplemental

LRB Number 17-1625/1		Introduction Number SB-040	
Description grants to certain small businesses that receive federal grants			
Fiscal Effect			
State:			
<input checked="" type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<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	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input 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		Authorized Signature	Date
WEDC/ John Parrish (608) 210-6869		Amy Young (608) 210-6711	2/15/2017

Fiscal Estimate Narratives
WEDC 2/15/2017

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Description grants to certain small businesses that receive federal grants					

Assumptions Used in Arriving at Fiscal Estimate

SB-040 directs the Wisconsin Economic Development Corporation (WEDC) to establish a grant program under which WEDC may award state matching grants to recipients of grants under Phase I and Phase II of the federal Small Business Innovation Research Program (SBIR) or the federal Small Business Technology Transfer Program (STTR).

Under SB-040, WEDC may not award grants totaling more than \$300,000 per state fiscal year, and individual grants to the lesser of \$50,000 or the amount of the Phase I or Phase II federal grant. This estimate assumes no changes to the federal SBIR or STTR programs.

WEDC has the authority to implement grant and loan programs with approval from its Board of Directors. WEDC has managed an SBIR/STTR Matching Grant program (marketed as "SBIR Advance") since fiscal year 2015. WEDC sub-grants to the UW-Extension Center for Technology Commercialization, which administers the program due to its expertise in the federal SBIR/STTR program and its experience in helping Wisconsin small businesses obtain federal funding.

The SBIR Advance program solicits applications 2-3 times per year from Wisconsin businesses that have received a Phase I or Phase II federal SBIR/STTR award. SBIR Advance is a competitive program, as the total amount of annual federal SBIR/STTR awards received by Wisconsin companies greatly exceeds the annual SBIR Advance program budget of \$1 million, which is expected to support 13 small businesses.

Companies selected to participate in SBIR Advance are eligible to receive the lesser of \$75,000 or 50% of the amount of their federal award. This level of funding balances the ability to provide an impactful amount of capital for expenses that the federal grant cannot cover, with the goal to allow multiple Wisconsin companies to participate. Each solicitation for SBIR Advance generates 12-18 applications from which 5-8 grant recipients are selected, pending availability of program funds.

SB-040 would prohibit WEDC from allocating more than \$300,000 per fiscal year to the SBIR/STTR Matching Grant program, and prohibit individual awards in an amount greater than \$50,000. The restrictions under the bill would reduce the number of companies served by the program to six per year, and reduce each grant by \$25,000.

Long-Range Fiscal Implications