



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

**HOUSE BILL NO.** 1503

**PRINTERS NO.** 2690

**PRIME SPONSOR:** Saylor

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 1503, Printer's Number 2690, amends Title 12 (Commerce and Trade) providing for an angel investment tax credit.

**ANALYSIS:** This legislation adds Chapter 38 entitled the Angel Investment Tax Credit. A taxpayer making an investment in a qualified business venture may apply to the Department of Community and Economic Development (DCED) for the tax credit. Upon approval, DCED shall notify and award the taxpayer a tax credit equal to 25% of the qualified investment made during the taxable year. The tax credit shall be applied first to the taxable year in which the tax credit was approved and any unused portion of the tax credit may be carried over for seven years. A taxpayer may sell or assign any unused portion of the tax credit.

Tax credits shall first be available for qualified investments made in taxable years beginning after December 31, 2011. DCED shall not approve a tax credit for investments incurred in taxable years ending after December 31, 2021. The total amount of tax credits approved in any calendar year shall be equal to the amount of Keystone Innovation Zone Tax Credits authorized but unissued as of December 15 of the prior calendar year. On or before December 20 of each calendar year, DCED shall post on its Internet website the amount available for the Angel Investment Tax Credit program in the next calendar year. Tax credits shall be allocated by DCED on a first come first served basis.

The act shall take effect immediately.

**FISCAL IMPACT:** The Keystone Innovation Zone Tax Credit (KIZ) program has an annual cap of \$25 million. According to information provided by the Department of Revenue, the KIZ tax credit program has issued total annual tax credits ranging from \$10 million to \$13.1 million over the last three years. The annual amount of tax credits available for the Angel Investment Tax Credit Program will be the difference between the cap of \$25 million and the amount awarded by December 15. Therefore, the additional cost to the General Fund will be the unused amount of the KIZ tax credits as of December 15, 2011, and each December 15 thereafter through 2020.

**PREPARED BY:** Ritchie LaFaver  
House Appropriations Committee (R)

**DATE:** November 2, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*