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FISCAL IMPACT REPORT

SPONSOR: Maes DATE TYPED: 02/20/01 HB _____
 SHORT TITLE: Technology Startup Tax Credit SB 288
 ANALYST: Williams

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|--------------|----------------------------|-------------------------|------------------|
| FY01 | FY02 | | | |
| | \$ (1,200.0) | \$ (1,300.0) | Recurring | General Fund |
| | | | | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department
 Economic Development Department

SUMMARY

Synopsis of Bill

This credit was enacted in limited form last session. Senate Bill 288 provides a credit equal to gross receipts taxes, compensating or withholding taxes which may be carried forward to up to five years. A qualifying business must spend at least 20% of total revenue on research and development, employ fewer than 50 persons and have fiscal year revenue of \$10 million or less.

Expenditures through an IRB or other tax incentives are not eligible. Firms that sell stock in an IPO or takeover are disqualified.

FISCAL IMPLICATIONS

General fund recurring revenues are projected to be reduced by \$1,200.0 in FY02 and \$1,300.0 in FY 03.

TECHNICAL ISSUES

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The attached TRD analysis outlines a number of technical concerns about the bill.

AW/jsp

Attachment