

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	HB 3397
Version:	Committee Substitute
Author:	Representative McNeil
Date:	March 9, 2010
Impact:	Potential Positive Significant Fiscal Impact

Bill Summary

Research Analyst: Dawn Marks

The committee substitute to HB3397 requires a business within 18 months to expend 100 percent of the proceeds of the qualified investment for the acquisition of tangible or intangible assets to be defined an Oklahoma small business venture or rural small business venture under the Small Business Capital Formation Incentive Act or the Rural Venture Capital Formation Incentive Act.

To qualify for the tax credit, a qualified investment shall be limited to \$30 million aggregate per Oklahoma small business or rural business venture.

The measure also extends the time businesses can be eligible for the tax credit to January 1, 2017.

Fiscal Summary

Fiscal Analyst: Diane Thomas

CS for HB 3397 relates to the Small Business Capital Formation Incentive Act and the Rural Venture Capital Formation Incentive Act. Two major changes are included in the measure:

- Requires 100% (currently 50%) of the proceeds of the qualified investment must be spent by the Venture within 18 months for the acquisition of tangible or intangible assets or for working capital; and
- Limits the qualified investments to \$30 million in each small business venture and limits the qualified investments to \$30 million in each rural small business venture.

Fiscal Analysis

The Tax Commission (OTC) states there were approximately 50 rural small business ventures receiving qualified investments in 2007 and 2008 and only 3 exceeded \$30 million. In calendar year 2007 only one rural small business venture received \$15.4 million in excess of \$30 million. In calendar year 2008, two rural small business venture received \$27.2 million in excess of \$30 million.

There were approximately 36 small business ventures receiving qualified investments in 2007 and 2008, and none received qualified investments in excess of \$30 million.

If the qualified investments exceeds \$30 million in any qualified business venture in these programs, then there will be a positive fiscal impact. The amount of the impact will depend on any investments exceeding \$30 million.

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director