



2003 ASSEMBLY BILL 970

March 11, 2004 - Introduced by Representatives POPE-ROBERTS, PLOUFF, TURNER, TAYLOR, RICHARDS, HEBL, STASKUNAS, BLACK, J. LEHMAN, BERCEAU, BOYLE, MILLER, KREUSER, POCAN, VRUWINK and HUBLER, cosponsored by Senator LASSA. Referred to Committee on Rules.

1 **AN ACT to create** 20.143 (1) (dm), 71.05 (6) (b) 34. and 560.29 of the statutes;
2 **relating to:** requiring the creation of a corporation to make investments in
3 certain businesses located in this state, providing a grant to the corporation,
4 creating an individual income tax deduction for contributions to the
5 corporation, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a special committee that is required to organize a business corporation to be called the Badger Fund. The corporation must make investments in certain businesses in this state to earn income and promote and maintain capital retention and economic stability in this state, business continuity, job retention and creation, and the ownership of these businesses by residents of this state, including employee ownership of the businesses. The corporation must also provide investment capital and other financial assistance and services to the businesses to assist them in creating, maintaining, and protecting jobs in this state.

Under the bill, the Badger Fund must invest in businesses that have a majority of their employees in this state. The Badger Fund must give priority to businesses that are seeking equity capital for expansion, modernization of equipment, or upgrading the employee skills or facing an ownership transition due to an owner who is retiring with no business ownership succession plan.

Under the bill, the Department of Commerce (department) must give the Badger Fund a \$3,000,000 grant, if the corporation applies for the grant, for start-up

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capital and reasonable administrative expenses. As a condition of receiving the grant, the corporation must do or agree to do all of the following:

1. Establish investment policies and criteria with respect to the creation, retention, and protection of employment in this state and employment practices, workplace safety, environmental suitability, and other matters considered appropriate by the corporation.

2. Invest not less than 60 percent of its investment assets in businesses, either in equity interests of the businesses or in debt obligations of the businesses.

3. Invest not more than 20 percent of its investment assets in any one business.

4. Establish goals for using its investment assets directly or indirectly to promote employee ownership of businesses in which it invests or employee participation in the governance and management of the businesses in which it invests.

5. Maintain a reserve fund that contains at least 15 percent of its investment assets.

6. Annually submit a report to the department regarding the investments made by the corporation.

7. Repay the grant amount in the manner determined by the department.

The bill creates an individual income tax deduction for 50 percent of any amount that is contributed to the Badger Fund corporation. The deduction may be claimed for a taxable year that begins after December 31, 2003.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.143 (1) (dm) of the statutes is created to read:

2 20.143 (1) (dm) *Grant to Badger Fund.* A sum sufficient not to exceed
3 \$3,000,000 for the purpose of paying the grant specified in s. 560.29 (4).

4 **SECTION 2.** 71.05 (6) (b) 34. of the statutes is created to read:

5 71.05 (6) (b) 34. For taxable years beginning after December 31, 2003, 50
6 percent of any amount that is contributed to the Badger Fund corporation under s.
7 560.29.

8 **SECTION 3.** 560.29 of the statutes is created to read:

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1 **560.29 Badger Fund. (1)** In this section:

2 (a) “Committee” means the special committee created under sub. (2).

3 (b) “Corporation” means the Badger Fund.

4 (c) “Employer” means a person engaging in any activity, enterprise, or business
5 in this state employing any individuals on a permanent basis. “Employer” includes
6 the state and any office, department, independent agency, authority, institution,
7 association, society, or other body in state government created or authorized to be
8 created by the constitution or any law, including the legislature and the courts.

9 (d) “Labor organization” has the meaning given in s. 5.02 (8m).

10 (e) “Qualified business” means a business that satisfies all of the following
11 requirements, as certified by the department:

12 1. It employs at least 51 percent of its employees in this state.

13 2. It submits an application to the department in the form and manner
14 prescribed by the department.

15 3. It has its principal place of business in this state.

16 4. It is an established business that needs financial investment.

17 5. It submits any other information, or meets any other criteria, that the
18 department considers necessary to ensure that the business is capable of using
19 financial investments for purposes that are consistent with this section.

20 **(2)** (a) There is created a special committee, consisting of the following
21 members who shall be nominated by the governor, and with the advice and consent
22 of the senate appointed, for terms ending on the day on which the committee ceases
23 to exist:

24 1. Two members who represent labor organizations.

25 2. Two members who represent pension funds of labor organizations.

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1 3. One member who has experience in the field of economic development.

2 4. Two members who represent the business or financial communities.

3 5. One member who has experience in the field of environmental protection.

4 6. One member who represents the public.

5 (b) The governor shall seek to appoint members from different regions of the
6 state who have demonstrated an ability to work in a cooperative and collaborative
7 manner with individuals of diverse interests.

8 (c) All members of the committee shall be residents of this state at the time of
9 appointment and at the time of performing any duties required of the committee.

10 (d) Five members shall constitute a quorum for the purpose of performing any
11 duties required of the committee.

12 (e) The committee may request the services of any state agency to assist the
13 committee in performing its duties.

14 (f) The committee shall submit any recommendations for additional legislation
15 to further the purposes of promoting and maintaining capital retention and economic
16 stability in this state, business continuity, job retention and creation, and the
17 ownership of qualified businesses by residents of this state, including employee
18 ownership of qualified businesses, to the governor and to the chief clerk of each house
19 of the legislature, for distribution to the legislature under s. 13.172 (2).

20 (g) After the committee has organized the corporation and submitted any
21 recommendations under par. (f), the committee ceases to exist.

22 **(3)** (a) No later than January 1, 2005, the committee shall organize a
23 corporation under ch. 180 to be called the Badger Fund. The corporation shall make
24 investments in qualified businesses for the purposes of earning income and
25 promoting and maintaining capital retention and economic stability in this state,

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1 business continuity, job retention and creation, and the ownership of qualified
2 businesses by residents of this state, including employee ownership of qualified
3 businesses. The corporation shall give preference to qualified businesses that are
4 seeking equity capital for expansion, modernization of equipment, or upgrading of
5 employee skills or facing an ownership transition due to an owner who is retiring
6 without an ownership succession plan. The corporation shall also provide
7 investment capital and other financial assistance and services to qualified
8 businesses to assist qualified businesses in creating, maintaining, and protecting
9 jobs in this state.

10 (b) 1. The members of the committee shall become the initial members of the
11 board of directors of the corporation.

12 2. Unless otherwise prohibited by law, the committee shall include in the
13 articles of incorporation, with respect to the investment policies, asset valuations,
14 shareholder classes and provisions, and shareholder voting rights of the corporation,
15 investment policies, asset valuations, shareholder classes and provisions, and
16 shareholder voting rights that are similar to those of the Crocus Investment Fund
17 of Manitoba, Canada.

18 3. Any person having a financial interest in a qualified business or in an
19 investment under this section may not be a member of the corporation's board of
20 directors, and any member of the board of directors who acquires such an interest
21 shall vacate his or her membership.

22 (4) From the appropriation under s. 20.143 (1) (dm), the department shall
23 make a onetime grant of \$3,000,000 to the corporation, if the corporation applies for
24 the grant, for start-up capital and reasonable administrative expenses of the
25 corporation.

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1 (5) As a condition of receiving the grant under sub. (4), the corporation shall
2 do all of the following:

3 (a) Establish investment policies and criteria with respect to all of the
4 following:

5 1. The creation, retention, and protection of employment in this state.

6 2. Employment practices, workplace safety, environmental suitability, and
7 other matters considered appropriate by the corporation.

8 (b) Invest not less than 60 percent of its investment assets in qualified
9 businesses, either in equity interests of the qualified businesses or in debt
10 obligations of the qualified businesses.

11 (c) Invest not more than 20 percent of its investment assets in any one qualified
12 business.

13 (d) Use its best efforts to ensure that a majority of its investment assets directly
14 or indirectly promote employee ownership of qualified businesses or employee
15 participation in the governance and management of the qualified businesses.

16 (e) Maintain a reserve fund that contains at least 15 percent of its investment
17 assets.

18 (f) Annually submit a report to the department by the end of each fiscal year
19 of the corporation that describes the investments made by the corporation under sub.

20 (3) in the corporation's previous fiscal year and that provides any information that
21 the department considers necessary to review the investment program created
22 under this section.

23 (g) Repay the amount of the grant to the department in the manner prescribed
24 by the department.

