



2011 SENATE BILL 564

March 15, 2012 – Introduced by Senators LASSA and TAYLOR, cosponsored by Representatives BARCA and PASCH. Referred to Committee on Senate Organization.

1 **AN ACT to create** 238.155 of the statutes; **relating to:** grants to certified seed
2 incubator funds.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Economic Development Corporation (WEDC) administers various economic development programs in this state. This bill creates a new grant program administered by WEDC. Under the bill, WEDC is required to make grants that total at least \$3,000,000 to certified seed incubator funds. WEDC pays those grants from an existing appropriation for WEDC's economic development programs.

WEDC may certify a person as a certified seed incubator fund if WEDC determines that the person operates a business incubator program that provides certain services to start-up businesses that are designed to encourage the growth of those businesses, and the person demonstrates to WEDC's satisfaction that the person owns cash or cash equivalents, or has obtained cash commitments from other funding sources, sufficient to enable the person to invest at least \$3,000,000 in start-up businesses within five years after the person becomes a certified seed incubator fund.

Under the bill, a certified seed incubator fund must agree to maintain its headquarters in Wisconsin and at least 50 percent of its employees in Wisconsin. The bill requires a certified seed incubator fund to invest 100 percent of the grant moneys that it receives from WEDC in a business that the certified seed incubator fund itself serves through its business incubator program. Also, the certified seed incubator fund must at least match the amount of grant moneys it receives from WEDC with

SENATE BILL 564

an investment of capital in the business that the certified seed incubator fund has raised from other sources.

Finally, the bill includes a requirement that a certified seed incubator fund that receives a grant from WEDC under the bill submit an annual report to WEDC that includes, for each business in which the certified seed incubator fund held an investment of grant moneys from WEDC, a description of the business and a description of the business's participation in the certified seed incubator fund's seed incubator program. Likewise, WEDC is required to submit that information with its annual report to the Joint Legislative Audit Committee and the legislature.

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

1 **SECTION 1.** 238.155 of the statutes is created to read:

2 **238.155 Grants to certified seed incubator funds. (1) DEFINITION.** In this
3 section, "certified seed incubator fund" means a person certified by the corporation
4 under sub. (4).

5 **(2) ESTABLISHMENT OF GRANT PROGRAM.** (a) The corporation shall establish an
6 economic development program to make grants under this section.

7 (b) From the appropriation under s. 20.192 (1) (a), the corporation shall make
8 grants to certified seed incubator funds that total at least \$3,000,000 annually for
9 investment in start-up businesses, as determined by the corporation.

10 **(3) APPLICATION.** Any person may apply to the corporation, on a form prescribed
11 by the corporation, for certification under sub. (4). The application shall include the
12 name, address, and tax identification number of the person and any other
13 information the corporation requires.

14 **(4) CERTIFICATION.** The corporation may certify an applicant who submits an
15 application under sub. (3) to receive a grant under this section if the corporation
16 determines that the applicant meets all of the following requirements:

SENATE BILL 564

1 (a) The applicant operates a business incubator program in this state that is
2 privately funded and that directly provides at least 2 of the following services to a
3 start-up business that are designed to grow that business:

4 1. A facility that offers rent of the facility at a rate lower than the market rate
5 in the community and provides shared administrative services or other assistance
6 designed to reduce the costs and encourage the growth of a start-up business the
7 facility serves.

8 2. Business management, technical, or marketing assistance.

9 3. Development of a feasibility study, business plan, or financial plan.

10 (b) The applicant owns at least \$3,000,000 in cash or cash equivalents, or the
11 applicant demonstrates to the satisfaction of the corporation that the applicant has
12 obtained commitments from other funding sources sufficient to enable the applicant
13 to invest at least \$3,000,000 in start-up businesses within the 5 years after the
14 corporation certifies the applicant under this subsection.

15 **(5) CONTRACTS.** Before the corporation makes a grant under this section to a
16 certified seed incubator fund, the corporation shall contract with the certified seed
17 incubator fund and, in addition to any other terms required by the corporation, that
18 contract shall include the following requirements:

19 (a) The certified seed incubator fund shall be headquartered in this state and
20 employ at least 50 percent of its employees in this state.

21 (b) The certified seed incubator fund shall invest 100 percent of the amount of
22 any grant it receives from the corporation under this section in a business that is
23 participating in a business incubator program that is operated by the certified seed
24 incubator fund and that receives the investment under this paragraph as part of that
25 program.

SENATE BILL 564

1 (c) When the certified seed incubator fund makes an investment of grant
2 moneys in a business, the certified seed incubator fund shall at least match the
3 amount of those grant moneys with an investment of capital in the business that the
4 certified seed incubator fund has raised from other sources.

5 (d) The certified seed incubator fund may not apply the amount of the grant
6 moneys it receives from the corporation toward a tax credit under s. 71.07 (5b) or (5d),
7 71.28 (5b), 71.47 (5b), or 76.638.

8 **(6) REPORTING REQUIREMENTS.** (a) By January 31 of each year, a certified seed
9 incubator fund that receives a grant under this section shall submit a report to the
10 corporation that includes, for each business in which the certified seed incubator
11 fund held an investment of grant moneys from corporation, a description of the
12 business and a description of the business's participation in the certified seed
13 incubator fund's seed incubator program.

14 (b) The corporation shall submit the information it receives under par. (a) with
15 its annual report under s. 238.07 (2).

16 (END)