

1987 Assembly Bill 738

Date of enactment: **April 20, 1988**

Date of publication: **April 27, 1988**

1987 Wisconsin Act 320

AN ACT to create 13.94 (1) (dm) and subchapter IV of chapter 560 of the statutes, relating to development of entrepreneurial assistance networks and making an appropriation.

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

PREFATORY NOTE: This bill was prepared for the legislative council's special committee on venture capital by its subcommittee on networking and entrepreneurial assistance.

The bill is designed to encourage the development of new businesses with significant growth potential, as evidenced by

their ability to attract and receive venture capital financing. In general, the bill establishes state programs that will: (a) directly and indirectly assist both entrepreneurs starting these businesses and intermediaries that assist these entrepreneurs; and (b) help create more effective networks between entrepreneurs, intermediaries and investors.

This bill does the following:

Definitions

Creates definitions of "entrepreneurial assistance program", "intermediary", "intermediary assistance program", "metropolitan area" and "network". Intermediaries may include individuals such as bankers, accountants, securities dealers and lawyers, as well as organizations such as incubators and innovation centers.

Existing entrepreneurial assistance programs

Directs the department of development (DOD) to prepare and periodically revise an inventory of *existing* entrepreneurial assistance programs offered in Wisconsin. The bill also directs DOD to disseminate information assembled in this inventory by issuing pamphlets and bulletins and maintaining a toll free telephone number to receive requests for information relating to the inventory.

Intermediary assistance programs

Directs DOD to initiate and participate in arranging programs for regional and statewide meetings of industry, trade and professional organizations, to introduce members of these organizations to the procedures by which venture capital is invested and the opportunities for these members to become intermediaries. The bill also directs DOD to identify individuals and organizations engaged in assisting intermediaries or interested in becoming intermediaries in one or more metropolitan areas and to develop a local network between these individuals.

State agency coordination

Directs DOD to coordinate the provision of entrepreneurial and intermediary assistance programs offered by other state agencies.

Evaluation; report

Directs DOD to develop appropriate criteria to evaluate the effectiveness of entrepreneurial and intermediary assistance programs offered in Wisconsin and to periodically collect and analyze information based on these criteria. The bill further directs DOD to submit to the governor and the legislature by January 1 of each odd-numbered year a report that: (a) describes the results of DOD's coordination efforts; and (b) transmits its evaluation of activities occurring since the filing of the previous report.

Program audit

Directs the legislative audit bureau, within 5 years after the effective date of this bill, to audit: (a) the effectiveness of DOD's implementation of its coordination responsibilities; and (b) the level of cooperation of other state agencies with DOD in providing entrepreneurial and intermediary assistance programs.

Appropriation and position authorization

Increases the appropriation to DOD by \$78,100 general purpose revenue (GPR) for fiscal year 1987-88 and by \$82,400 GPR for fiscal year 1988-89 to fund 0.5 clerical position and 1.0 professional position to administer the programs created by this bill.

SECTION 1. 13.94 (1) (dm) of the statutes is created to read:

13.94 (1) (dm) No later than the last day of the 60th month commencing after the effective date of this paragraph [revisor inserts date], prepare a program audit of the implementation of s. 560.54 by the department of development and the level of cooperation by state agencies with the department of development in the implementation of s. 560.54.

SECTION 2. Subchapter IV of chapter 560 of the statutes is created to read:

CHAPTER 560
SUBCHAPTER IV

ENTREPRENEURIAL ASSISTANCE NETWORKS

560.51 Definitions. As used in this subchapter:

- (1) "Agency" has the meaning given in s. 13.62 (2).
- (2) "Entrepreneurial assistance program" means a program that directly or indirectly assists an entrepreneur who is starting a business which has significant growth potential, as evidenced by the potential ability to attract and receive venture capital financing, by doing any of the following:
 - (a) Educating the entrepreneur about starting a business.
 - (b) Evaluating the business' proposed product or service.
 - (c) Preparing a business plan acceptable to investors.
 - (d) Assembling a team of managers.
 - (e) Securing initial and subsequent financing.
 - (f) Providing ongoing managerial assistance and monitoring compliance with the business plan after the start-up of the business.
- (3) "Intermediary" means either a person who provides continuing assistance or services to an entrepreneur who is starting a business with significant growth potential, as evidenced by the potential ability to attract and receive venture capital financing, or a consultant who works with such an entrepreneur on a specific task, such as market evaluation, manufacturing techniques or product design.
- (4) "Intermediary assistance program" means a program that directly or indirectly trains or assists an intermediary in developing or using skills necessary to serve an entrepreneur.
- (5) "Metropolitan area" means an urban area and surrounding territory in this state that includes at least one city or village with a population of 25,000 or more.

(6) "Network" means an organized arrangement for exchanging materials, information and services among entrepreneurs, intermediaries, institutional venture capital investors, other venture capital investors and persons who assist entrepreneurs, intermediaries or venture capital investors.

560.52 Existing entrepreneurial assistance programs. (1) INVENTORY. The department shall prepare and periodically revise an inventory of existing entrepreneurial assistance programs offered in this state. In preparing the inventory, the department may do any of the following:

- (a) Develop and apply criteria to identify effective entrepreneurial assistance programs and to group the entrepreneurial assistance programs by function.
- (b) Rely upon part or all of similar inventories prepared by other individuals or organizations.
- (c) Enter into contracts for the preparation of part or all of the inventory.

(2) **DISSEMINATION.** The department shall disseminate the information in the inventory prepared under sub. (1) by issuing pamphlets and bulletins under s. 560.09 (4) and by maintaining a toll free telephone line during normal business hours to receive requests for information relating to the inventory.

560.53 Intermediary assistance programs. (1) **REGIONAL AND STATEWIDE PROGRAMS.** The department shall arrange intermediary assistance programs, for regional or statewide meetings of industry, trade and professional organizations, that introduce members of the organizations to the procedures by which venture capital is invested in new businesses and the opportunities for the members to become intermediaries.

(2) **METROPOLITAN PROGRAMS.** (a) In one or more metropolitan areas, the department shall identify individuals and organizations that assist intermediaries, are interested in assisting intermediaries or are interested in becoming intermediaries or developing a local network.

(b) The department shall assist the individuals and organizations identified under par. (a) in developing, to the extent feasible, self-sustaining intermediary assistance programs. An intermediary assistance program may do any of the following:

1. Provide an inventory of existing intermediaries in the metropolitan area.
2. Develop a network in the metropolitan area.
3. Develop a network between the metropolitan area and other metropolitan areas.
4. Train intermediaries on subjects identified as necessary by the intermediaries participating in the intermediary assistance programs, including the preparation of business plans and the applicability of relevant securities regulations.
5. Establish mechanisms to refer entrepreneurs to appropriate intermediaries in the metropolitan area or in other metropolitan areas.
6. Evaluate the effectiveness of the intermediary assistance program, including the collection of data necessary to conduct the evaluation.

560.54 State agency coordination. The department shall coordinate entrepreneurial assistance programs and intermediary assistance programs offered by agencies by doing any of the following:

(1) Identifying the needs of entrepreneurs and intermediaries relating to the development in the state of new businesses with high growth potential.

(2) Ensuring that individuals assisting entrepreneurs and intermediaries have the training necessary to provide adequate assistance.

(3) Ensuring that existing and new entrepreneurial assistance programs and intermediary assistance programs are matched to the needs of the entrepreneurs and intermediaries.

(4) Ensuring that agencies and other persons which provide entrepreneurial assistance programs and intermediary assistance programs understand the responsibilities of the agencies which provide entrepreneurial assistance programs and intermediary assistance programs.

560.55 Evaluation and report. (1) The department shall prepare an evaluation of the effectiveness of entrepreneurial assistance programs and intermediary assistance programs offered in this state. The department shall develop appropriate criteria and collect and analyze relevant information as a basis for the evaluation.

(2) No later than January 1 of each odd-numbered year, the department shall submit to the governor and to the chief clerk of each house of the legislature, for distribution to the legislature under s. 13.172 (2), a report containing the evaluation prepared under sub. (1) and describing the result of the department's activities under s. 560.54 since the period covered in the previous report. The department may combine this report with other reports published by the department. The report may include recommendations for legislative proposals to change the entrepreneurial assistance programs and intermediary assistance programs.

SECTION 3. Nonstatutory provisions; initial report. The department of development shall submit the initial report under section 560.55 (2) of the statutes, as created by this act, on or before January 1, 1989, for the period beginning on the effective date of this SECTION and ending on November 30, 1988.

SECTION 4. Appropriation changes; development. The appropriation to the department of development under section 20.143 (1) (a) of the statutes, as affected by the acts of 1987, is increased by \$82,400 for fiscal year 1988-89 to fund 0.5 FTE GPR clerical position and 1.0 FTE GPR professional position, for the purpose of performing the responsibilities assigned to the department of development under this act.