

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: **06/18/99**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Miller**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Econ. Development - bus. dev.**
Econ. Development - misc.

Extra Copies:

Pre Topic:

ARC:.....Miller - Am #61.

Topic:

Provide funding for a biotechnology development finance company

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 06/21/99	jgeller 06/21/99		_____			
/1			martykr 06/21/99	_____	lrb_docadmin 06/21/99		
/2	kahlepj 06/23/99	jgeller 06/23/99	jfrantze 06/24/99	_____	lrb_docadmin 06/24/99		
/3	kahlepj 06/24/99	jgeller 06/24/99	haugeca 06/24/99	_____	ismith 06/24/99		

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/1			martykr 06/21/99	_____	lrb_docadmin 06/21/99		
/2	kahlepj 06/23/99	ygeller 06/23/99	jfrantze 06/24/99	_____	lrb_docadmin 06/24/99		

FE Sent For:

Handwritten notes:
13 6/24 yg CH 6-24
KMM

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/?	kahlepj 06/21/99	jgeller 06/21/99		_____			
/1		1/2 6/23 jg martykr 06/21/99		_____	lrb_docadmin 06/21/99		
FE Sent For:		6/23		6/23 <END>			

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1?	kahlepj	1 6/21 jlg	km/21	km/21			

FE Sent For:

<END>

710

To Be Drafted

Agency: WHEDA

Amendment#: 61

ARC Analyst: Miller

LRB#:

Tax Cut:

Summary

The Governor's budget provided \$1,000,000 GPR in 1999 - 2000 in a biennial appropriation for administrative expenses and start-up capital for a biotechnology development finance company to invest in new or existing biotechnology companies in Wisconsin. A nine member board of directors would oversee the company. The Joint Finance Committee deleted this provision.

This amendment would restore the Governor's original language.

Fiscal Impact

\$1,000,000 GPR in 1999 - 2000. Amend to specify that no funds come from the Development fund and the companies must locate in Wisconsin to qualify.

↑

"in this state" included already

Statement of Intent

Wisconsin Housing and Economic Development Authority. This amendment restores funding included in the Governor's original budget plan and deleted by the Joint Finance committee to cover administrative and start-up capital for a biotechnology development finance company.

Request# 254

Friday, June 18, 1999

1999

Date (time) needed

SOON (6-21-99)

LRB b 0710 / 1

CAUCUS BUDGET AMENDMENT [ONLY FOR CAUCUS]

RJK: jlg:

See form AMENDMENTS — COMPONENTS & ITEMS.

CAUCUS AMENDMENT TO ASSEMBLY SUBSTITUTE AMENDMENT 1 TO 1999 ASSEMBLY BILL 133

D-note

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated, amend the substitute amendment as follows:

#. Page 234, line 3: after that line insert:

Insert A ✓

#. Page 370, line 17: after that line insert:

Insert B ✓

#. Page 1205, line 3: after that line insert:

Insert C ✓

#. Page 1610, line 21: after that line insert:

Insert D ✓

Box with text: #. Page, line and #. Page, line with a large X drawn through it.

(End)

D-note

1999

LRB 60710 / 1

File With Statute **20.005 (3)** Schedule

PJK : _____

\$\$\$ SCHEDULE

In the component bar:

- For the action phrase, execute: create → action: → ch20
- For the table layout, execute: create → <Table> → \$sched

SECTION #. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

Insert A

1999-00 2000-01

20.
.....

" (7) Biotechnology development
finance company

(a) start-up capital
and administrative
expenses

GPR B ... 1,000,000 ✓ ... -0- "

20.
.....
()
.....
()
.....
.....

(end of ins. A)

a number of conditions that the biotechnology development finance company must ensure that an enterprise of a biotechnology company meets before the biotechnology development finance company makes an investment. The biotechnology development finance company annually must submit a report on its activities to the appropriate committee of each house of the legislature and to the governor.

The board of directors of the biotechnology development finance company must consist of the executive director of WHEDA, the secretary of commerce, the secretary of administration, the executive director of the investment board, the president of the University of Wisconsin System and the president of Forward Wisconsin, Inc., or the designee of any of them and three other members, which are initially appointed by the governor, and which include representatives of the state's biotechnology research community, biotechnology industry and venture capital industry.

WHEDA and the department of commerce must assist the biotechnology development finance company. WHEDA must provide administrative services to the biotechnology development finance company by assigning its own employees or by contracting with private or state agencies to provide the services.

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 ⁵⁰⁵ⁿ 20.490 (7) of the statutes is created to read:
2 20.490 (7) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY. (a) *Start-up capital*
3 *and administrative expenses.* Biennially, the amounts in the schedule to be
4 transferred to the biotechnology development finance company under s. 234.64 for
5 start-up capital and for reasonable administrative expenses of the biotechnology
6 development finance company.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7 SECTION ^{505p} 20.490 (7) of the statutes, as created by 1999 Wisconsin Act (this
8 act), is repealed.) .

****NOTE: This SECTION involves a change in an appropriation, but should not be reflected in the revised schedule in s. 20.005, stats., because of a delayed effective date.

⑨ " SECTION ^{2376c} 234.64 of the statutes is created to read:
10 **234.64 Biotechnology development finance company.** (1) In this section:



Insert B

Insert C

ens C contd

1 (a) "Biotechnology" means technology related to life sciences.

2 (b) "Capital participation instrument" means all of the following:

3 1. Any of the following or an option or other right to acquire any of the following:

4 a. Common or preferred capital stock.

5 b. Convertible securities.

6 c. Evidences of long-term or short-term indebtedness.

7 d. Warrants.

8 e. Subscriptions.

9 f. Partnership or membership interests.

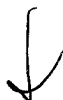
10 2. Royalties or other lawful derivations of a capital participation instrument
11 listed under subd. 1.

12 (c) "Cost of a project" means costs associated with the design, planning and
13 implementation of a project that, in accordance with sound business and financial
14 practices, are appropriate charges to the project. The costs may include the costs of
15 planning and design, options to buy land, feasibility or other studies, equipment,
16 seed money, construction, working capital and any other costs determined by the
17 biotechnology development finance company to be necessary to the purposes of this
18 section.

19 (d) "Project" means commercial, industrial or other economic activity that is
20 undertaken by a biotechnology company in this state.

21 (2) (a) The authority may organize and maintain a biotechnology development
22 finance company as a nonstock, nonprofit corporation under ch. 181 for the exclusive
23 purpose of investing in new or existing biotechnology companies in this state.

24 (b) Subject to par. (c), the biotechnology development finance company may
25 purchase a capital participation instrument of a project. The biotechnology



Sub C contd

1 development finance company shall ensure that all of the following apply with
2 respect to a project before any investment is made in the project:

3 1. The biotechnology company has certified that the project plans conform to
4 all applicable environmental, zoning, building, planning or sanitation laws.

5 2. There is a reasonable expectation that the biotechnology company will be
6 successful.

7 3. Private industry has not provided sufficient capital required for the project.

8 4. The investment is necessary to the successful completion of the proposed
9 project because other investment in the project is unavailable in the traditional
10 capital markets, or because capital has been offered on terms that would preclude
11 the success of the project.

12 5. Provision has been made by contract for adequate reporting of financial data
13 by the project to the biotechnology development finance company. Those provisions
14 may include a requirement for an annual or other periodic audit of the project's
15 financial records.

16 6. The proceeds of the purchase will be used solely in connection with the costs
17 of the project.

18 7. The biotechnology company is able to manage its project responsibilities.

19 (c) 1. The biotechnology development finance company may not own more than
20 49% of the voting stock or other interest in any enterprise as a result of a purchase
21 under par. (b).

22 2. The total investment by the biotechnology development finance company in
23 any one biotechnology company may not exceed \$200,000.

24 (d) The findings made by the biotechnology development finance company with
25 respect to whether a project meets the conditions under par. (b) 1. to 7. are conclusive.



Ena C. Conto

1 (3) The authority shall enter into a contract with the biotechnology
2 development finance company. The contract shall provide that the authority may
3 make use of the services of the biotechnology development finance company and that
4 the authority shall advise, assist and provide administrative services to the
5 biotechnology development finance company. The authority shall determine the
6 type and scope of any administrative services provided by the authority to the
7 biotechnology development finance company. The authority may assign employees or
8 contract with private or state agencies to perform the administrative services. The
9 biotechnology development finance company may not engage in political activities.

10 (4) (a) The board of directors of the biotechnology development finance
11 company shall consist of all of the following members:

- 12 1. The executive director of the authority, or his or her designee.
- 13 2. The secretary of commerce, or his or her designee.
- 14 3. The secretary of administration, or his or her designee.
- 15 4. The executive director of the investment board, or his or her designee.
- 16 5. The president of the University of Wisconsin System, or his or her designee.
- 17 6. The president of Forward Wisconsin, Inc., or his or her designee.
- 18 7. A representative of the state's biotechnology research community.
- 19 8. A representative of the state's biotechnology industry.
- 20 9. A representative of the state's venture capital industry.

21 (b) The members under par. (a) 7. to 9. shall serve 5-year terms and the initial
22 members under par. (a) 7. to 9. shall be appointed by the governor. The biotechnology
23 development finance company, in its bylaws, shall specify the method for electing
24 new members under par. (a) 7. to 9. and for filling vacancies.



Bus C cont'd

✓ #. Page 1376, line 21: after that line insert:

1 (5) Annually, the biotechnology development finance company shall provide a
2 report on its activities to the appropriate standing committees of each house of the
3 legislature in the manner provided under s. 13.172 (3) and to the governor.

4 (6) The assets transferred to, and the assets and liabilities of, the biotechnology
5 development finance company shall be separate from all other assets and liabilities
6 of the state, of all political subdivisions of the state and of the authority. Neither the
7 state, any political subdivision of the state nor the authority guarantees any
8 obligation of or has any obligation to the biotechnology development finance
9 company. Neither the state, any political subdivision of the state nor the authority
10 is liable for any debt or liability of the biotechnology development finance company. ✓

11 " SECTION ^{2929c} 560.01 (2) (a) of the statutes is amended to read:

12 560.01 (2) (a) *State economic policy.* The department shall develop a state
13 economic policy. The department shall promote and provide technical assistance,
14 consultative services and other assistance to commercial, industrial and recreational
15 development and expansion; facilitate the establishment and retention of business
16 enterprises in this state, including small and minority business enterprises;
17 encourage cooperation between financial institutions and business persons to
18 encourage commercial, industrial and recreational business expansion in this state;
19 encourage creation of jobs throughout the state and especially in urban and rural
20 economically depressed areas; develop and coordinate state public and private
21 economic development plans and federal economic development assistance
22 programs affecting local governments and business and industry; advise, assist and
23 cooperate with the biotechnology development finance company under s. 234.64;
24 encourage the growth of tourism in the state; promote state products and industries
25 in both foreign and domestic markets; provide informational clearinghouses for



ins C contd

1 businesses and communities in their dealings with other state and federal agencies;
 2 advise the governor and legislature on the role of the state in state-local affairs;
 3 study the problems affecting local government relations as they impact on economic
 4 development and make recommendations for relieving these problems; develop a
 5 state-local relations policy to facilitate closer coordination and cooperation between
 6 state and local governments; advise the governor and the legislature regarding
 7 problems faced by local governments; develop an improved pattern of state-local
 8 relations; and develop recommendations for legislative or administrative action as
 9 may appear necessary.)) •

end of ins C

~~SECTION 9425. Effective dates; Housing and Economic Development~~

10 Authority. *(4c)*
 11 *eff date* " (4) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY. The repeal of section 20.490
 12
 13 (7) of the statutes takes effect on July 1, 2001. " • *(end ins D)*

Insert D

14 ~~(END)~~

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb07107 dn
PJK.....

1
PJK

This amendment restores the language from the budget that authorizes WHEDA to establish a biotechnology development finance company and appropriates \$1,000,000 for start-up costs. The instructions seemed to include the specification that no funds come from the Wisconsin development fund and that the companies must locate in Wisconsin. The start-up money is GPR from the general fund, as it was in the budget, and s. 234.64 (2) (a), which is the original language from the budget, limits the biotechnology development finance company to investing in new or existing companies *in this state*.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: Pam.Kahler@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0710/1dn
PJK:jlg:km

June 21, 1999

This amendment restores the language from the budget that authorizes WHEDA to establish a biotechnology development finance company and appropriates \$1,000,000 for start-up costs. The instructions seemed to include the specification that no funds come from the Wisconsin development fund and that the companies must locate in Wisconsin. The start-up money is GPR from the general fund, as it was in the budget, and s. 234.64 (2) (a), which is the original language from the budget, limits the biotechnology development finance company to investing in new or existing companies *in this state*.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: Pam.Kahler@legis.state.wi.us



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0710/2
PJK:jlg:km

*mis run
(from 1 to 2)*

ARC:.....Miller - Am #61, Provide funding for a biotechnology development
finance company

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

*SOON
(6-23-99)*

Insert A

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 234, line 3: after that line insert:

3 "(7) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY

4 (K) Start-up capital and administra-

5 tive expenses

PR-S C
OPR B 1,000,000 -0-

6 2. Page 370, line 17: after that line insert:

7 "SECTION 505n. 20.490 (7) of the statutes is created to read:

8 20.490 (7) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY. (K) Start-up capital

9 and administrative expenses. ~~Originally the amounts in the schedule~~ to be

*All moneys transferred under
1999 Wisconsin Act ... (this act), section 7210 (2)(e)*

1 transferred to the biotechnology development finance company under s. 234.64 for
2 start-up capital and for reasonable administrative expenses of the biotechnology
3 development finance company.

4 **SECTION 505p.** 20.490 (7) of the statutes, as created by 1999 Wisconsin Act ...
5 (this act), is repealed.”.

6 **3.** Page 1205, line 3: after that line insert:

7 **“SECTION 2376c.** 234.64 of the statutes is created to read:

8 **234.64 Biotechnology development finance company. (1)** In this section:

9 (a) “Biotechnology” means technology related to life sciences.

10 (b) “Capital participation instrument” means all of the following:

11 1. Any of the following or an option or other right to acquire any of the following:

12 a. Common or preferred capital stock.

13 b. Convertible securities.

14 c. Evidences of long-term or short-term indebtedness.

15 d. Warrants.

16 e. Subscriptions.

17 f. Partnership or membership interests.

18 2. Royalties or other lawful derivations of a capital participation instrument
19 listed under subd. 1.

20 (c) “Cost of a project” means costs associated with the design, planning and
21 implementation of a project that, in accordance with sound business and financial
22 practices, are appropriate charges to the project. The costs may include the costs of
23 planning and design, options to buy land, feasibility or other studies, equipment,
24 seed money, construction, working capital and any other costs determined by the

1 biotechnology development finance company to be necessary to the purposes of this
2 section.

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4 undertaken by a biotechnology company in this state.

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6 finance company as a nonstock, nonprofit corporation under ch. 181 for the exclusive
7 purpose of investing in new or existing biotechnology companies in this state.

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17 4. The investment is necessary to the successful completion of the proposed
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19 capital markets, or because capital has been offered on terms that would preclude
20 the success of the project.

21 5. Provision has been made by contract for adequate reporting of financial data
22 by the project to the biotechnology development finance company. Those provisions
23 may include a requirement for an annual or other periodic audit of the project's
24 financial records.

1 6. The proceeds of the purchase will be used solely in connection with the costs
2 of the project.

3 7. The biotechnology company is able to manage its project responsibilities.

4 (c) 1. The biotechnology development finance company may not own more than
5 49% of the voting stock or other interest in any enterprise as a result of a purchase
6 under par. (b).

7 2. The total investment by the biotechnology development finance company in
8 any one biotechnology company may not exceed \$200,000.

9 (d) The findings made by the biotechnology development finance company with
10 respect to whether a project meets the conditions under par. (b) 1. to 7. are conclusive.

11 (3) The authority shall enter into a contract with the biotechnology
12 development finance company. The contract shall provide that the authority may
13 make use of the services of the biotechnology development finance company and that
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15 biotechnology development finance company. The authority shall determine the
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17 biotechnology development finance company. The authority may assign employees or
18 contract with private or state agencies to perform the administrative services. The
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23 2. The secretary of commerce, or his or her designee.

24 3. The secretary of administration, or his or her designee.

25 4. The executive director of the investment board, or his or her designee.

- 1 5. The president of the University of Wisconsin System, or his or her designee.
- 2 6. The president of Forward Wisconsin, Inc., or his or her designee.
- 3 7. A representative of the state's biotechnology research community.
- 4 8. A representative of the state's biotechnology industry.
- 5 9. A representative of the state's venture capital industry.

6 (b) The members under par. (a) 7. to 9. shall serve 5-year terms and the initial
7 members under par. (a) 7. to 9. shall be appointed by the governor. The biotechnology
8 development finance company, in its bylaws, shall specify the method for electing
9 new members under par. (a) 7. to 9. and for filling vacancies.

10 (5) Annually, the biotechnology development finance company shall provide a
11 report on its activities to the appropriate standing committees of each house of the
12 legislature in the manner provided under s. 13.172 (3) and to the governor.

13 (6) The assets transferred to, and the assets and liabilities of, the biotechnology
14 development finance company shall be separate from all other assets and liabilities
15 of the state, of all political subdivisions of the state and of the authority. Neither the
16 state, any political subdivision of the state nor the authority guarantees any
17 obligation of or has any obligation to the biotechnology development finance
18 company. Neither the state, any political subdivision of the state nor the authority
19 is liable for any debt or liability of the biotechnology development finance company.”.

20 4. Page 1376, line 21: after that line insert:

21 “SECTION 2929c. 560.01 (2) (a) of the statutes is amended to read:

22 560.01 (2) (a) *State economic policy.* The department shall develop a state
23 economic policy. The department shall promote and provide technical assistance,
24 consultative services and other assistance to commercial, industrial and recreational

1 development and expansion; facilitate the establishment and retention of business
 2 enterprises in this state, including small and minority business enterprises;
 3 encourage cooperation between financial institutions and business persons to
 4 encourage commercial, industrial and recreational business expansion in this state;
 5 encourage creation of jobs throughout the state and especially in urban and rural
 6 economically depressed areas; develop and coordinate state public and private
 7 economic development plans and federal economic development assistance
 8 programs affecting local governments and business and industry; advise, assist and
 9 cooperate with the biotechnology development finance company under s. 234.64;
 10 encourage the growth of tourism in the state; promote state products and industries
 11 in both foreign and domestic markets; provide informational clearinghouses for
 12 businesses and communities in their dealings with other state and federal agencies;
 13 advise the governor and legislature on the role of the state in state-local affairs;
 14 study the problems affecting local government relations as they impact on economic
 15 development and make recommendations for relieving these problems; develop a
 16 state-local relations policy to facilitate closer coordination and cooperation between
 17 state and local governments; advise the governor and the legislature regarding
 18 problems faced by local governments; develop an improved pattern of state-local
 19 relations; and develop recommendations for legislative or administrative action as
 20 may appear necessary.”

✓
 Insert 6-20

21 5. Page 1610, line 21: after that line insert:

22 “(4c) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY. The repeal of section
 23 20.490 (7) of the statutes takes effect on July 1, 2001.”

24 (END)

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0710/2ins
PJK;jlg:km

INSERT 6-20

1. Page 1573, line 10: after that line insert:

*approp
change*

^e
“(2~~1~~) TRANSFER TO HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY. On the effective date of this subsection, the secretary of administration shall transfer \$1,000,000 from the appropriation account of the department of commerce under section [✓]20.143 (1) (c) of the statutes, as affected by the acts of 1999, to the appropriation account of the Housing and Economic Development Authority under section [✓]20.490 (7) of the statutes, as created by this act.”.

(END OF INSERT 6-20)

1999

Insert A
AMENDMENTS

LRB 6 0710 12

PJK : ____ : ____

\$\$\$ INCREASE/DECREASE

In the component bar, for a "regular" amendment item:
For the item text, execute: create → item: → m: → \$inc-dec

#. Page 105, line 2 : ~~de~~crease the dollar amount for fiscal year 1999-00
by \$ 1,000,000 and in(de)crease the dollar amount for fiscal year
2000-01 by \$ to decrease funding for the purpose of
purposes for which the appropriation is made ~~to~~ decrease funding for
.....
.....

#. Page, line : in(de)crease the dollar amount for fiscal year 1999-00
by \$,, and in(de)crease the dollar amount for fiscal year
2000-01 by \$,, [to ...crease funding for the [purpose]
[purposes] for which the appropriation is made] [to ...crease funding for
.....]*.
.....
.....

In the component bar, for a "frozen" amendment item (used in amendments to amendments):
For the item text, execute: create → item: → afterline [or the applicable item]
For the "frozen" item text, execute: . create → item: → frz: → m: → \$inc-dec

#. Page, line :
..... Page, line : in(de)crease the dollar amount for fiscal year 1999-00
by \$,, and in(de)crease the dollar amount for fiscal year
2000-01 by \$,, [to ...crease funding for the [purpose]
[purposes] for which the appropriation is made] [to ...crease funding for
.....]*.
.....

* Use the 2nd alternative if the purpose of the increase or decrease is more lim-
ited than the purpose or purposes of the appropriation as currently shown
in the text of ch. 20, stats.

(end of ins A)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0710/3
PJK:jlj:jf

v mis run

ARC:.....Miller - Am #61, Provide funding for a biotechnology development finance company

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

*SOON
(6-24)
D-note*

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 105, line 2: decrease the dollar amount for fiscal year 1999-00 by
3 \$1,000,000 to decrease funding for the purposes for which the appropriation is made.

4 2. Page 234, line 3: after that line insert:

5 "(7) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY

6 (k) Start-up capital and administra-

7 tive expenses PR-S C 1,000,000 -0-".

8 3. Page 370, line 17: after that line insert:

9 "SECTION 505n. 20.490 (7) of the statutes is created to read:

Insert 2-7 ✓

1 20.490 (7) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY. (k) *Start-up capital*
 2 *and administrative expenses.* All moneys transferred under 1999 Wisconsin Act ...
 3 (this act), section 9210 (2e), to be transferred to the biotechnology development
 4 finance company under s. 234.64 for start-up capital and for reasonable
 5 administrative expenses of the biotechnology development finance company.

6 **SECTION 505p.** 20.490 (7) of the statutes, as created by 1999 Wisconsin Act ...
 7 (this act), is repealed.”

8 **4.** Page 1205, line 3: after that line insert:

9 “**SECTION 2376c.** 234.64 of the statutes is created to read:

10 **234.64 Biotechnology development finance company.** (1) In this section:

11 (a) “Biotechnology” means technology related to life sciences.

12 (b) “Capital participation instrument” means all of the following:

13 1. Any of the following or an option or other right to acquire any of the following:

14 a. Common or preferred capital stock.

15 b. Convertible securities.

16 c. Evidences of long-term or short-term indebtedness.

17 d. Warrants.

18 e. Subscriptions.

19 f. Partnership or membership interests.

20 2. Royalties or other lawful derivations of a capital participation instrument

21 listed under subd. 1.

22 (c) “Cost of a project” means costs associated with the design, planning and
 23 implementation of a project that, in accordance with sound business and financial
 24 practices, are appropriate charges to the project. The costs may include the costs of

1 planning and design, options to buy land, feasibility or other studies, equipment,
2 seed money, construction, working capital and any other costs determined by the
3 biotechnology development finance company to be necessary to the purposes of this
4 section.

5 (d) "Project" means commercial, industrial or other economic activity that is
6 undertaken by a biotechnology company in this state.

7 (2) (a) The authority may organize and maintain a biotechnology development
8 finance company as a nonstock, nonprofit corporation under ch. 181 for the exclusive
9 purpose of investing in new or existing biotechnology companies in this state. *insert 3-c*

10 (b) Subject to par. (c), the biotechnology development finance company may
11 purchase a capital participation instrument of a project. The biotechnology
12 development finance company shall ensure that all of the following apply with
13 respect to a project before any investment is made in the project:

14 1. The biotechnology company has certified that the project plans conform to
15 all applicable environmental, zoning, building, planning or sanitation laws.

16 2. There is a reasonable expectation that the biotechnology company will be
17 successful.

18 3. Private industry has not provided sufficient capital required for the project.

19 4. The investment is necessary to the successful completion of the proposed
20 project because other investment in the project is unavailable in the traditional
21 capital markets, or because capital has been offered on terms that would preclude
22 the success of the project.

23 5. Provision has been made by contract for adequate reporting of financial data
24 by the project to the biotechnology development finance company. Those provisions

1 may include a requirement for an annual or other periodic audit of the project's
2 financial records.

3 6. The proceeds of the purchase will be used solely in connection with the costs
4 of the project.

5 7. The biotechnology company is able to manage its project responsibilities.

6 (c) 1. The biotechnology development finance company may not own more than
7 49% of the voting stock or other interest in any enterprise as a result of a purchase
8 under par. (b).

9 2. The total investment by the biotechnology development finance company in
10 any one biotechnology company may not exceed \$200,000.

11 (d) The findings made by the biotechnology development finance company with
12 respect to whether a project meets the conditions under par. (b) 1. to 7. are conclusive.

13 (3) The authority shall enter into a contract with the biotechnology
14 development finance company. The contract shall provide that the authority may
15 make use of the services of the biotechnology development finance company and that
16 the authority shall advise, assist and provide administrative services to the
17 biotechnology development finance company. The authority shall determine the
18 type and scope of any administrative services provided by the authority to the
19 biotechnology development finance company. The authority may assign employees or
20 contract with private or state agencies to perform the administrative services. The
21 biotechnology development finance company may not engage in political activities.

22 (4) (a) The board of directors of the biotechnology development finance
23 company shall consist of all of the following members:

- 24 1. The executive director of the authority, or his or her designee.
25 2. The secretary of commerce, or his or her designee.

- 1 3. The secretary of administration, or his or her designee.
- 2 4. The executive director of the investment board, or his or her designee.
- 3 5. The president of the University of Wisconsin System, or his or her designee.
- 4 6. The president of Forward Wisconsin, Inc., or his or her designee.
- 5 7. A representative of the state's biotechnology research community.
- 6 8. A representative of the state's biotechnology industry.
- 7 9. A representative of the state's venture capital industry.

8 (b) The members under par. (a) 7. to 9. shall serve 5-year terms and the initial
9 members under par. (a) 7. to 9. shall be appointed by the governor. The biotechnology
10 development finance company, in its bylaws, shall specify the method for electing
11 new members under par. (a) 7. to 9. and for filling vacancies.

12 (5) Annually, the biotechnology development finance company shall provide a
13 report on its activities to the appropriate standing committees of each house of the
14 legislature in the manner provided under s. 13.172 (3) and to the governor.

15 (6) The assets transferred to, and the assets and liabilities of, the biotechnology
16 development finance company shall be separate from all other assets and liabilities
17 of the state, of all political subdivisions of the state and of the authority. Neither the
18 state, any political subdivision of the state nor the authority guarantees any
19 obligation of or has any obligation to the biotechnology development finance
20 company. Neither the state, any political subdivision of the state nor the authority
21 is liable for any debt or liability of the biotechnology development finance company.”.

22 **5.** Page 1376, line 21: after that line insert:

23 “**SECTION 2929c.** 560.01 (2) (a) of the statutes is amended to read:

1 560.01 (2) (a) *State economic policy.* The department shall develop a state
2 economic policy. The department shall promote and provide technical assistance,
3 consultative services and other assistance to commercial, industrial and recreational
4 development and expansion; facilitate the establishment and retention of business
5 enterprises in this state, including small and minority business enterprises;
6 encourage cooperation between financial institutions and business persons to
7 encourage commercial, industrial and recreational business expansion in this state;
8 encourage creation of jobs throughout the state and especially in urban and rural
9 economically depressed areas; develop and coordinate state public and private
10 economic development plans and federal economic development assistance
11 programs affecting local governments and business and industry; advise, assist and
12 cooperate with the biotechnology development finance company under s. 234.64;
13 encourage the growth of tourism in the state; promote state products and industries
14 in both foreign and domestic markets; provide informational clearinghouses for
15 businesses and communities in their dealings with other state and federal agencies;
16 advise the governor and legislature on the role of the state in state-local affairs;
17 study the problems affecting local government relations as they impact on economic
18 development and make recommendations for relieving these problems; develop a
19 state-local relations policy to facilitate closer coordination and cooperation between
20 state and local governments; advise the governor and the legislature regarding
21 problems faced by local governments; develop an improved pattern of state-local
22 relations; and develop recommendations for legislative or administrative action as
23 may appear necessary.”.

24 **6.** Page 1573, line 10: after that line insert:

1 “(2e) TRANSFER TO HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY. On the
 2 effective date of this subsection, the secretary of ^{commerce} ~~administration~~ shall transfer
 3 \$1,000,000 from the appropriation account of the department of commerce under
 4 section 20.143 (1) (c) of the statutes, as affected by the acts of 1999, to the
 5 ~~appropriation account of the~~ ^{Wisconsin} Housing and Economic Development Authority ~~and~~
 6 ~~section 20.490 (7) of the statutes, as created by this~~ ^{WA}.”

7 7. Page 1610, line 21: after that line insert.
 8 “(4c) BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY. The repeal of section
 9 20.490 (7) of the statutes takes effect on July 1, 2001.”

10

(END)

D-note

¶ Jeff Knesel suggested that the
 appropriation to WHEDA be removed
 altogether.

PJK

Insert 2-7

#. Page 286, line 5: after [✓]"560.607;"
insert " for the transfer under 1999
Wisconsin Act (this act), section
9210[✓](2e); " .

(end of ins 2-7)

Insert 3-9

(104) If the authority organizes a [✓]biotechnology
development finance company, the
authority shall transfer all moneys
received ^{by the authority} in the transfer under 1999
Wisconsin Act (this act), section
9210[✓](2e), to the company for start-up
capital and for reasonable administrative
expenses of the company.

(end of ins. 3-9)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0710/3dn
PJK;jlg:ch

June 24, 1999

Jeff Kuesel suggested that the appropriation to WHEDA be removed altogether.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: Pam.Kahler@legis.state.wi.us



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0710/3
PJK:jlj:ch

ARC:.....Miller – Am #61, Provide funding for a biotechnology development
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FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 286, line 5: after “560.607;” insert “for the transfer under 1999
3 Wisconsin Act ... (this act), section 9210 (2e);”.

4 **2.** Page 1205, line 3: after that line insert:

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6 **234.64 Biotechnology development finance company. (1)** In this section:

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18 finance company as a nonstock, nonprofit corporation under ch. 181 for the exclusive
19 purpose of investing in new or existing biotechnology companies in this state. If the
20 authority organizes a biotechnology development finance company, the authority
21 shall transfer all moneys received by the authority in the transfer under 1999
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13 “(2e) TRANSFER TO HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY. On the
14 effective date of this subsection, the secretary of commerce shall transfer \$1,000,000
15 from the appropriation account of the department of commerce under section 20.143
16 (1) (c) of the statutes, as affected by the acts of 1999, to the Wisconsin Housing and
17 Economic Development Authority.”.

18 (END)