

1999 ASSEMBLY BILL 833

March 7, 2000 – Introduced by Representatives RHOADES, PLALE, JENSEN, BALOW, MONTGOMERY, HUTCHISON, HUEBSCH, PETTIS, SYKORA, STONE, ALBERS, URBAN, DUFF, UNDERHEIM, SCHOOFF, TOWNSEND, HUNDERTMARK, SPILLNER, GUNDERSON, VRAKAS, OWENS, HOVEN, OTT, POWERS, KAUFERT, GOETSCH, SKINDRUD, LASSA, PORTER, WIECKERT and LADWIG, cosponsored by Senators CLAUSING, ROSENZWEIG, BURKE, WELCH, WIRCH, ERPENBACH and RISSER. Referred to Committee on Small Business and Economic Development.

1 **AN ACT to create** 20.143 (1) (d) and 560.27 of the statutes; **relating to:** a
 2 nonprofit corporation to promote the development of high-technology
 3 businesses and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill requires the department of commerce (department) to organize and assist in maintaining a nonprofit corporation to promote and support the creation, development and retention of science-based and technology-based businesses in the state through the establishment and implementation of programs that focus on various elements that are important for the success of high-technology firms, such as entrepreneurs, seed and venture capital, universities and state government. The department must make a one-time grant of \$50,000 to the corporation for start-up capital and administrative expenses. Thereafter, the department may make grants to the corporation if the corporation submits an expenditure plan that is approved by the secretary of commerce (secretary), the corporation provides 50% of the funding for the project from other sources, the corporation provides information requested by the department related to funds received for the project from private sources and the corporation enters into a written agreement with the department related to the use of the grant proceeds. Every time the corporation receives a grant from the department, it must submit a report to the department with detailed information on how it spent the grant proceeds. Not including the start-up grant, the department may grant no more than \$200,000 to the corporation in fiscal year 2000-01 and no more than \$250,000 in a fiscal year thereafter.

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The corporation is to be governed by a board of directors that will consist of the secretary, or his or her designee, the president of the University of Wisconsin System, or his or her designee, and at least nine other members who are appointed by the governor and who represent entrepreneurs in the state, high-technology businesses in the state, the state's venture capital industry, the state's investment banking industry, local governments in the state and professionals who are experienced in providing services to persons in the aforementioned categories. Every year, the corporation must submit a report on its activities to the appropriate standing committees of the legislature and to the governor.

Under current law, the department provides some funding for the promotion of technology. From the Wisconsin development fund, the department may award grants or loans to businesses and associations of businesses and higher educational institutions for technology research and for purposes related to the development of new, or the improvement of existing, industrial products or processes. In the 1999-2001 biennium, the department may make a grant to an association of business, governmental and educational entities for a manufacturing technology training center. Also under current law, an appropriation to the department provides funding to Forward Wisconsin, Inc., which is a private corporation, for its economic development promotion activities. Current law, however, does not contain any provision for the organization and support of a nonprofit corporation that would promote technology-based and science-based businesses in the state.

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

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

				1999-00	2000-01
3					
4	20.143	Commerce, department of			
5	(1)	ECONOMIC AND COMMUNITY DEVELOPMENT			
6	(d)	High-technology business devel-			
7		opment corporation	GPR A	0	250,000

8 **SECTION 2.** 20.143 (1) (d) of the statutes is created to read:

9 20.143 **(1)** (d) *High-technology business development corporation.* The
10 amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (3).

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1 **SECTION 3.** 560.27 of the statutes is created to read:

2 **560.27 High-technology business development corporation. (1)** (a) The
3 department shall organize and assist in maintaining a high-technology business
4 development corporation as a nonstock, nonprofit corporation under ch. 181 for the
5 exclusive purpose of promoting and supporting the creation, development and
6 retention of science-based and technology-based businesses in the state. In
7 furtherance of its purpose, the corporation shall establish and implement programs
8 focused on key elements necessary for the success of high-technology firms,
9 including entrepreneurs, businesses, professional services, seed and venture capital,
10 universities and state government.

11 (b) From the appropriation under s. 20.143 (1) (d), the department shall make
12 a one-time grant of \$50,000 in fiscal year 2000-01 to the high-technology business
13 development corporation for start-up capital and reasonable administrative
14 expenses of the corporation.

15 **(2)** (a) The high-technology business development corporation shall be
16 governed by a board of directors, consisting of the secretary, or his or her designee,
17 the president of the University of Wisconsin System, or his or her designee, and at
18 least 9 other members, one or more of whom represents each of the following
19 categories:

- 20 1. Entrepreneurs in the state.
- 21 2. High-technology businesses in the state.
- 22 3. The state's venture capital industry.
- 23 4. The state's investment banking industry.
- 24 5. Local governments in the state.
- 25 6. The state's business development community.

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1 7. Professionals in the state who are experienced in providing services to
2 persons specified in subds. 1. to 6.

3 (b) The members who are representatives of the categories under par. (a) 1. to
4 7. shall serve 5-year terms and the initial members who are representatives of the
5 categories under par. (a) 1. to 7. shall be appointed by the governor. The
6 high-technology business development corporation, in its bylaws, shall specify the
7 method for electing new members who are representatives of the categories under
8 par. (a) 1. to 7. and for filling vacancies.

9 **(3)** (a) Subject to par. (c), the department may make a grant to the
10 high-technology business development corporation, from the appropriation under s.
11 20.143 (1) (d), if all of the following apply:

12 1. The corporation submits an expenditure plan to the department detailing
13 the proposed use of the grant proceeds and the secretary approves the plan.

14 2. The corporation enters into a written agreement with the department that
15 specifies the conditions for the use of the grant proceeds, including reporting and
16 auditing requirements.

17 3. The corporation provides matching funds equal to 50% of the grant proceeds.

18 4. The corporation provides to the department information requested by the
19 department about private funding the corporation has received or will receive for the
20 purposes detailed in the expenditure plan under subd. 1.

21 5. The corporation agrees in writing to submit to the department the report
22 required by par. (b) by the time required under par. (b).

23 (b) If the corporation receives a grant under this subsection, the corporation
24 shall submit to the department, within 6 months after spending the full amount of
25 the grant, a report detailing how the grant proceeds were used.

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1 (c) The department may not make grants under this subsection that exceed
2 \$200,000 in total in fiscal year 2000–01, or that exceed \$250,000 in total in any fiscal
3 year thereafter.

4 (4) Annually, the high–technology business development corporation shall
5 provide a report on its activities to the appropriate standing committees of each
6 house of the legislature in the manner provided under s. 13.172 (3) and to the
7 governor.

8 (5) The assets transferred to, and the assets and liabilities of, the
9 high–technology business development corporation shall be separate from all other
10 assets and liabilities of the state, of all political subdivisions of the state and of the
11 department. Neither the state, any political subdivision of the state nor the
12 department guarantees any obligation of or has any obligation to the
13 high–technology business development corporation. Neither the state, any political
14 subdivision of the state nor the department is liable for any debt or liability of the
15 high–technology business development corporation.

16 (END)