



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 265
[2009 Senate Bill 409]

Economic Development Programs

2009 Wisconsin Act 265 creates several new programs related to economic development and makes changes to several existing programs, as described below.

Angel and Early Stage Seed Investment Tax Credits

Act 265 increases the maximum amount of angel investment tax credits that may be claimed in a tax year from \$5.5 million to \$6.5 million for calendar year 2010, and from \$18.0 million to \$20.0 million for tax years beginning after December 31, 2010. (These limits are in addition to \$250,000 in credits that are available for investments in nanotechnology businesses.)

Act 265 also allows a claimant to claim an angel investment credit for an investment in a business that was located out of the state, if the investment was made no more than 60 days before that business relocated to Wisconsin, and the business is certified as a qualified new business venture within 180 days after the relocation to Wisconsin.

Act 265 increases the maximum amount of early stage seed investment tax credits that may be claimed in a tax year from \$6.0 million to \$8.0 million for calendar year 2010, and from \$18.5 million to \$20.5 million, for tax years beginning after December 31, 2010. (These limits are in addition to \$250,000 in credits that are available for investments in nanotechnology businesses.)

The Act authorizes Commerce to promulgate rules to reallocate angel investment and early state seed investment tax credits that are unused in any calendar year to persons eligible for the jobs tax credit created under Act 28.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

Post-Secondary Education Tax Credit

Act 265 creates a post-secondary education tax credit under the state individual income and corporate income and franchise taxes generally available for amounts paid for tuition for a nonfamily member who was eligible for a grant from the federal Pell Grant program.

The credit may only be claimed for the tax year in which the individual graduates from an education program of a qualified post-secondary institution, but is based on the amount of eligible tuition which the claimant paid for the individual for all tax years. Unused credits may be carried forward up to 15 years to offset future tax liabilities.

The tax credit is equal to the following:

- a. 25% of the tuition that the claimant paid for tuition of an individual.
- b. Thirty percent of the tuition that the claimant paid for tuition of an individual if the individual was enrolled in a course of instruction that relates to a projected worker shortage in the state, as determined by the local workforce development boards established under federal law.

The credit is first available for taxable years beginning January 1, 2010.

University of Wisconsin System

Wisconsin Small Company Advancement Program

Act 265 appropriates \$2,000,000 to the University of Wisconsin System (UWS) and directs the UW Board of Regents to use the funds to make grants of \$250,000 each to WiSys Technology Foundation, Inc., (WiSys) for the Wisconsin Small Company Advancement program.

Under the program, WiSys will partner with small companies, (those with 25 or fewer employees and gross annual sales of \$3 million or less) in need of research and development services with UWS faculty and academic staff with expertise in a particular field. Partner companies must contribute funds or in-kind-support for the project. The UWS, the UW campus, WiSys, and the inventor will share in the profits from the resulting product or technology through a royalty-bearing contract or license.

To receive a grant from the board, WiSys must show that it has secured matching funds from a nonstate source in an amount equal to the grant after January 1, 2010. Up to \$75,000 of the amount appropriated may be used for administrative costs related to the program. These funds are exempt from the matching requirement.

UWS Business Plan Competition

Act 265 provides annual funding of \$125,000 GPR to the UWS to support a business plan competition program at institutions other than UW-Madison. This program must make entrepreneurial expertise available to students and have ties to campus-based business plan contests and national organizations that foster student entrepreneurship. The board may only use the funds provided if it receives matching funds from private contributions.

UW-La Crosse Emerging Technology Center

The Act provides \$400,000 GPR in 2009-10 to the board for the development of an emerging technology center at UW-La Crosse. The funding may be used only if UW-La Crosse receives matching funds from private contributions.

WTCS Training Program Grants

Act 265 increases WTCS funding for grants to district boards for skills training or other education related to the needs of business by \$1,000,000 GPR in 2010-11. The Act also deletes a statutory requirement that in awarding grants, priority must be given to welding training. The Act also increases from \$1,000,000 to \$2,000,000 the amount that is set aside annually under this program for advanced manufacturing skills training.

In the WTCS, the bill expands advanced manufacturing skills training program grants. The substitute amendment increases funding for advanced manufacturing skills training in the WTCS. Current law funds the program at \$1 million in the current biennium. The Act increases that funding to \$1.5 million, while the substitute amendment increases the funding to \$2 million.

Department of Children and Families Skills Enhancement Program

Act 265 allocates \$250,000 GPR annually for grants to community action agencies for a skills enhancement program for individuals who work at least 20 hours per week and whose earned income is at or below 150% of the poverty line. The skills enhancement program must include access to transportation, child care, career counseling, job placement assistance, and financial support for education and training for eligible individuals.

Economic Development Programs Administered by the Department of Commerce

Wisconsin Development Fund

Act 265 increases funding for the WDF by \$500,000 GPR annually. The WDF is a biennial appropriation of GPR to Commerce. Currently, the WDF provides moneys for grants to Center for Advanced Technology and Innovation; for technology commercialization grants and loans; for grants and loans to support capital financing, worker training, entrepreneurial development, and other economic development projects; and for reimbursements under the Wisconsin trade project program.

Microloan Pilot Program

The Act creates a pilot program in Commerce for awarding microloans of up to \$25,000 from the WDF at nominal interest rates for the creation of new businesses. Commerce must designate one urban and one rural area of the state that are affected by high unemployment. Residents of those areas are eligible for microloans.

Manufacturing Facility Conversion Grants

Act 265 creates a manufacturing facility conversion grant program beginning in fiscal year 2010-11 and increases funding for the WDF by \$2,000,000 GPR beginning in 2010-11 for manufacturing facility conversion grants and for other eligible WDF grants and loans.

The grants are to provide incentives to companies for converting existing manufacturing facilities to produce renewable energy or manufacturing equipment used in the production of renewable energy. Up to \$2,000,000 in grants may be awarded.

Technology Transfer Grant and Loan Program

Act 265 creates a technology transfer grant and loan program under which Commerce may award a grant or loan to a research institution, up to a maximum of \$100,000 for each institution, to provide money for research and development activities related to the creation or retention of jobs by a business, or to improving the competitive position of a business by improving the innovativeness of the business.

Rural Outsourcing Grants

Act 265 authorizes Commerce to award grants during the 2009-11 Biennium to businesses for outsourcing work to rural municipalities. The maximum total amount of rural outsourcing grants that may be awarded is \$500,000. Grantees must provide equal matching funds from sources other than the state.

Grant to Pleasant Prairie Technology Incubator Center

Under a provision in Act 28 (the 2009-11 Biennial Budget Act), Commerce is required to make a grant of \$70,000 from the WDF to the Pleasant Prairie Technology Incubator Center no later than July 31, 2011, if the center obtains equal matching funds of \$70,000. The Act requires Commerce to award the grant no later than June 24, 2010.

Wisconsin Technology Council

Act 265 increases the appropriation for the Wisconsin Technology Council (WTC) by \$100,000 GPR annually. WTC must use these funds to employ a grant writer to assist businesses in applying for federal Small Business Innovation Research grants.

The Act also provides \$100,000 GPR to the WTC to procure an economic modeling database for the use of regional economic development entities.

Office of Regulatory Assistance

Act 265 renames the current “Regulatory Ombudsman Center” in Commerce as the “Office of Regulatory Assistance” and modifies the duties of the renamed Office pertaining to assisting businesses in the process of obtaining permits. The Act also creates a new position for the office and reassigns a current position from the small business ombudsman clearinghouse to the office.

The Act requires the Office of Regulatory Assistance to do all of the following:

- a. Provide assistance with obtaining and maintaining permits, and any licenses and approvals necessary for a business to operate in this state, including doing all of the following on behalf of businesses:
 - Explaining requirements for obtaining permits.

- Tracking the progress of applications for permits.
 - Helping businesses comply with laws and rules applicable to businesses, including providing plain-language explanations of laws and rules.
- b. Serve as a liaison between businesses and agencies, authorities, municipalities, and local economic development organizations.

Economic Policy Board

The Economic Policy Board (Board) attached to Commerce has various duties related to economic development programs. The Act deletes provisions in various statutes that require Commerce to consult or cooperate with the Board before taking certain actions, including promulgating rules, awarding grants or loans, encouraging small businesses to apply for grants or loans, developing policies relating to obtaining reimbursement of grants and loans, and monitoring the use of grants and loans by recipients.

The Act also specifies that the Board must do all of the following:

- Consult with the Commerce on strategic economic policy for the state.
- Suggest legislation to achieve strategic economic policy objectives.

Effective date: May 25, 2010.

Prepared by: Mary Matthias, Senior Staff Attorney

May 28, 2010

MM:ksm