

## 2013 DRAFTING REQUEST

### Assembly Amendment (AA-AB181)

Received: 5/1/2013 Received By: mgallagh  
Wanted: As time permits Same as LRB:  
For: Mike Kuglitsch (608) 267-5158 By/Representing: Matt  
May Contact: Drafter: mgallagh  
Subject: Econ. Development - bus. dev. Addl. Drafters:  
Econ. Development - misc. Extra Copies: RAC

Submit via email: YES  
Requester's email: Rep.Kuglitsch@legis.wisconsin.gov  
Carbon copy (CC) to: michael.gallagher@legis.wisconsin.gov

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#### Pre Topic:

No specific pre topic given

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#### Topic:

Various changes to venture capital bill

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#### 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>
/P1	mgallagh 5/6/2013	jdyer 5/6/2013	jfrantze 5/6/2013	_____	srose 5/1/2013		
/P2	mgallagh 5/6/2013	jdyer 5/6/2013	rschluet 5/6/2013	_____	lparisi 5/6/2013		
/1				_____	mbarman 5/6/2013	mbarman 5/6/2013	

FE Sent For:

**<END>**

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/P1	mgallagh 5/6/2013	jdyer 5/6/2013	jfrantze 5/6/2013	_____	srose 5/1/2013		
/P2		1 5/6 jld	5613	_____	lparisi 5/6/2013		

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<END>

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FE Sent For:

*15/6 jld* *76 5/4*

<END>

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/P1	mgallagh	P1 5/1 jld	Ho 5/1	ph			

FE Sent For:

<END>



5/1

Today Please. Finance

State of Wisconsin  
2013 - 2014 LEGISLATURE



LRBa0341/P1

MPG:.....

↑  
jld

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY AMENDMENT,**  
**TO ASSEMBLY BILL 181**

D-Notes

1 At the locations indicated, amend the bill as follows:

2 1. Page 5, line 23: delete "At least \$300,000" and substitute "An amount". ✓

3 2. Page 5, line 23: after "moneys" insert "that is equal to 1 percent ✓ of the total  
4 moneys designated under subd. 1 and raised under subd. 3". ✓

5 3. Page 6, lines 4 and 6: delete "attempt to invest" and substitute "commit". ✓

6 4. Page 6, lines 4 and 6: after "moneys" insert "to investments". ✓

7 5. Page 6, line 11: delete "Invest all of" and substitute "Make new investments  
8 in an amount equal to". ✓

9 6. Page 6, line 17: delete the material beginning with "If" and ending with "4.

10 and" on line 22 and substitute: "The venture capital fund's contract with a business

11 in which the venture capital fund makes an investment under this subdivision shall

on lines 4  
on lines 4

1 require that, if within<sup>✓</sup>3 years after the venture capital fund makes that investment,  
2 the business relocates its headquarters outside of this state or fails to employ at least  
3 50<sup>✓</sup> percent of its full-time employees, including any subsidiary or other affiliated  
4 entity, in this state, the business shall promptly pay to the venture capital fund an  
5 amount equal to the total amount of moneys designated under par. (b) 1.<sup>✓</sup> that the  
6 venture capital fund invested in the business. The venture capital fund shall<sup>✓</sup>.

7 **7.** Page 7, line 1: delete “Invest” and substitute “Commit”.<sup>✓</sup>

8 **8.** Page 7, line 1: after “(b)” insert “to investments”.<sup>✓</sup>

9 **9.** Page 7, line 2: delete “invest” and substitute “commit”.<sup>✓</sup>

10 **10.** Page 7, line 3: after “moneys” insert “to investments”.<sup>✓</sup>

11 **11.** Page 7, line 12: delete “attempt to”.<sup>✓</sup>

12 **12.** Page 8, line 12: substitute “120” for “90”.<sup>✓</sup>

13 **13.** Page 8, line 25:<sup>✓</sup> after that line insert:

14 “d. The venture capital fund’s average internal rate of return on its investments  
15 of the moneys it received under sub. (5) (b).”<sup>✓</sup>

16 **14.** Page 9, line 9: delete “on” and substitute “upon the venture capital fund’s  
17 exit from”.<sup>✓</sup>

18 (END)

d-note  
↓

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

LRBa0341/P1dn

MPG:.....

date

Jed

Representative Kuglitsch: ✓

Please review this draft carefully to ensure that it is consistent with your intent.

Item 1. in the amendment deletes the reference to \$300,000 ✓ and substitutes a reference to 1 percent of the moneys contributed by the state and raised from other sources, rather than including the "\$300,000 or 1 percent, whichever is higher" language that we discussed. The 1 ✓ percent could not be below \$300,000 ✓ because the investment manager is required to raise at least \$5,000,000 ✓ from other sources and the state's contribution is \$25,000,000 ✓, for a total minimum amount of \$3,000,000. In other words, the 1 percent must be \$300,000 ✓ or more, and there is no need to include the actual dollar figure. Is that change okay?

\$30,000,000

In item 5. ✓ of the amendment, I included the notion that a venture capital fund ✓ must "make new investments" in "an amount equal to" the amount received from the investment manager under the program. If we only say that a venture capital fund must invest an amount equal to the amount received, that requirement could technically be satisfied with old investments that predate and are unrelated to the program. Also, do you want to include the "amount equal to" language anywhere else in the bill?

Please do not hesitate to contact me with any questions. ✓

Thank you.

Michael Gallagher  
Legislative Attorney  
Phone: (608) 267-7511  
E-mail: michael.gallagher@legis.wisconsin.gov

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

LRBa0341/P1dn  
MPG;jld:jf

May 1, 2013

Representative Kuglitsch:

Please review this draft carefully to ensure that it is consistent with your intent.

Item 1. in the amendment deletes the reference to \$300,000 and substitutes a reference to 1 percent of the moneys contributed by the state and raised from other sources, rather than including the "\$300,000 or 1 percent, whichever is higher" language that we discussed. The 1 percent could not be below \$300,000 because the investment manager is required to raise at least \$5,000,000 from other sources and the state's contribution is \$25,000,000, for a total minimum amount of \$30,000,000. In other words, the 1 percent must be \$300,000 or more, and there is no need to include the actual dollar figure. Is that change okay?

In item 5. of the amendment, I included the notion that a venture capital fund must "make new investments" in "an amount equal to" the amount received from the investment manager under the program. If we only say that a venture capital fund must invest an amount equal to the amount received, that requirement could technically be satisfied with old investments that predate and are unrelated to the program. Also, do you want to include the "amount equal to" language anywhere else in the bill?

Please do not hesitate to contact me with any questions.

Thank you.

Michael Gallagher  
Legislative Attorney  
Phone: (608) 267-7511  
E-mail: michael.gallagher@legis.wisconsin.gov

**Gallagher, Michael**

---

**From:** Spencer, Matt  
**Sent:** Friday, May 03, 2013 7:39 AM  
**To:** Gallagher, Michael  
**Subject:** RE: a few more changes to add the amendment for ab 181

It will be Wednesday, so we will need this amendment to Rep. Williams office by Tuesday at 8:30 am.

Thanks,

Matthew Spencer  
Office of Representative Mike Kuglitsch  
(608) 267-5158

---

**From:** Gallagher, Michael  
**Sent:** Friday, May 03, 2013 7:39 AM  
**To:** Spencer, Matt  
**Subject:** RE: a few more changes to add the amendment for ab 181

Will do. Is the exec still anticipated for Tuesday?

---

**From:** Spencer, Matt  
**Sent:** Friday, May 03, 2013 7:35 AM  
**To:** Gallagher, Michael  
**Subject:** a few more changes to add the amendment for ab 181

Delete the language on page 5 lines 11 through 13. Instead the fund manager should receive 1% of the moneys under 5 (b) excluding subd. 2, annually for 4 years. ✓

Insert language that shows transparency for WEDC and funds, must be done quarterly:

- Public Disclosure by WEDC on their website
    - The Venture Capital Funds
    - Companies receiving state VC funds
    - Amount of state monies received by companies
    - Number of employees of each company at time of original state investment
- ✓

Matthew Spencer  
Office of Representative Mike Kuglitsch  
(608) 267-5158



**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY AMENDMENT ,**  
**TO ASSEMBLY BILL 181**

P2

Insect  
2-note

Insect 1-1 ✓

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 5, line 23: delete "At least \$300,000" and substitute "An amount".
- 3 **2.** Page 5, line 23: after "moneys" insert "that is equal to 1 percent of the total
- 4 moneys designated under subd. 1. and raised under subd. 3".
- 5 **3.** Page 6, line 4: on lines 4 and 6, delete "attempt to invest" and substitute
- 6 "commit".
- 7 **4.** Page 6, line 4: on lines 4 and 6, after "moneys" insert "to investments".
- 8 **5.** Page 6, line 11: delete "Invest all of" and substitute "Make new investments
- 9 in an amount equal to".
- 10 **6.** Page 6, line 17: delete the material beginning with "If" and ending with "4.
- 11 and" on line 22 and substitute "The venture capital fund's contract with a business

1 in which the venture capital fund makes an investment under this subdivision shall  
 2 require that, if within 3 years after the venture capital fund makes that investment,  
 3 the business relocates its headquarters outside of this state or fails to employ at least  
 4 50 percent of its full-time employees, including any subsidiary or other affiliated  
 5 entity, in this state, the business shall promptly pay to the venture capital fund an  
 6 amount equal to the total amount of moneys designated under par. (b) 1. that the  
 7 venture capital fund invested in the business. The venture capital fund shall”.

8 **7.** Page 7, line 1: delete “Invest” and substitute “Commit”.

9 **8.** Page 7, line 1: after “(b)” insert “to investments”.

10 **9.** Page 7, line 2: delete “invest” and substitute “commit”.

11 **10.** Page 7, line 3: after “moneys” insert “to investments”.

12 **11.** Page 7, line 12: delete “attempt to”.

13 **12.** Page 8, line 12: substitute “120” for “90”.

14 **13.** Page 8, line 25: after that line insert:

15 “d. The venture capital fund’s average internal rate of return on its investments  
 16 of the moneys it received under sub. (5) (b).”.

17 **14.** Page 9, line 9: delete “on” and substitute “upon the venture capital fund’s  
 18 exit from”.

19 (END)

d-note



Handwritten notes on the left margin: a bracket spanning lines 11-13 with the text "L 21-2 TJP/MS" and an arrow pointing to line 12; another bracket spanning lines 17-19 with the text "L 21-2 TJP/MS" and an arrow pointing to line 18.

2013-2014 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBa0341/P2ins  
MPG:jld:jf

1 INSERT 1-1

2 1. Page 5, line 11: delete the material beginning with "exceed" and ending with

3 "\$800,000" on line 13 and substitute "exceed, annually for no more than 4 years, 1  
4 percent of the total moneys designated under sub. (5) (b) 1. and raised under sub. (5)  
5 (b) 3".

6 END INSERT 1-1

7 INSERT 2-12

8 2. Page 7, line 16: after "(a)" insert "and the quarterly report under sub. (7) (c)".

9 3. Page 8, line 12: delete "ANNUAL REPORT OF THE INVESTMENT MANAGER" and  
10 substitute "REPORTS OF THE INVESTMENT MANAGER; PUBLIC DISCLOSURES".

11 END INSERT 2-12

12 INSERT 2-18

13 4. Page 9, line 18: after that line insert:

14 (c) Quarterly, the investment manager shall submit a report to the corporation  
15 for the preceding quarter that includes all of the following:

16 1. An identification of each venture capital fund under contract with the  
17 investment manager under sub. (5) (d).

18 2. An identification of each business in which a venture capital fund held an  
19 investment of moneys the venture capital fund received under sub. (5) (b) and a  
20 statement of the amount of the investment in each business that separately specifies  
21 the amount of moneys designated under sub. (5) (b) 1. that were contributed to the  
22 investment.



1           3. A statement of the number of employees the business employed when the  
2 venture capital fund first invested moneys in the business that the venture capital  
3 fund received under sub. (5) (b) and the number of employees the business employed  
4 at the end of the quarter.

5           (d) The corporation shall make the investment manager's quarterly report  
6 under par. (c) readily accessible to the public on the corporation's Internet site.

7           END INSERT 2-18

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBa0341/P2dn  
MPG:jld:jf

date

Representative Kuglitsch:

\* Please review this draft <sup>amendment</sup> carefully to ensure that it is consistent with your intent. ✓

\* In addition to a quarterly public disclosure requirement for WEDC via its Internet site, ✓  
this draft amendment includes a corresponding quarterly reporting requirement,  
requiring the investment manager to provide WEDC with the necessary relevant  
information for WEDC's quarterly public disclosures. Please let me know if that is not  
consistent with <sup>your</sup> ~~our~~ intent. ✓

\* Also, the <sup>draft</sup> amendment includes the requirement that the investment manager's  
quarterly report include a statement of the number of employees a business receiving  
an investment under the program employed when the venture capital fund first  
invested moneys in the business under the program *and the number of employees the  
business employed at the end of the quarter subject to the report.* ✓ Please let me know  
if that is not consistent with your intent.

Please contact me when you want this amendment brought to a /1 and jacketed for  
introduction, and do not hesitate to contact me with any questions. ✓

Thanks.

Michael Gallagher  
Legislative Attorney  
Phone: (608) 267-7511  
E-mail: michael.gallagher@legis.wisconsin.gov

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

LRBa0341/P2dn  
MPG:jld:jf

May 6, 2013

Representative Kuglitsch:

Please review this draft amendment carefully to ensure that it is consistent with your intent.

In addition to a quarterly public disclosure requirement for WEDC via its Internet site, this draft amendment includes a corresponding quarterly reporting requirement, requiring the investment manager to provide WEDC with the necessary relevant information for WEDC's quarterly public disclosures. Please let me know if that is not consistent with your intent.

Also, the draft amendment includes the requirement that the investment manager's quarterly report include a statement of the number of employees a business receiving an investment under the program employed when the venture capital fund first invested moneys in the business under the program *and the number of employees the business employed at the end of the quarter subject to the report*. Please let me know if that is not consistent with your intent.

Please contact me when you want this amendment brought to a /1 and jacketed for introduction, and do not hesitate to contact me with any questions.

Thanks.

Michael Gallagher  
Legislative Attorney  
Phone: (608) 267-7511  
E-mail: michael.gallagher@legis.wisconsin.gov

00341

**Gallagher, Michael**

---

**From:** Spencer, Matt  
**Sent:** Monday, May 06, 2013 12:56 PM  
**To:** Gallagher, Michael  
**Subject:** RE: Amendment

Good Afternoon,

Could you get rid of sections 2 and 3:

2. Page 5, line 23: delete "At least \$300,000" and substitute "An amount".
3. Page 5, line 23: after "moneys" insert "that is equal to 1 percent of the total moneys designated under subd. 1. and raised under subd. 3".

That is the only change and you can send us the stripes.

Hopefully the last time you hear from me for a while.

---

**From:** Gallagher, Michael  
**Sent:** Monday, May 06, 2013 9:44 AM  
**To:** Spencer, Matt  
**Subject:** RE: Amendment

Yes. I just put it into editing. It will go out today. I drafted it as a /P2 in case there are further changes. When you want it jacketed, contact me and I will immediately redraft to /1.

Mike

**Mike Gallagher**  
Attorney  
Wisconsin Legislative Reference Bureau  
(608) 267-7511

---

**From:** Spencer, Matt  
**Sent:** Monday, May 06, 2013 9:43 AM  
**To:** Gallagher, Michael  
**Subject:** Amendment

Will we have the amendment to us this today? Thanks for your help



**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY AMENDMENT,**  
**TO ASSEMBLY BILL 181**

11

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5 (b) 3”. ✓

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17           **13.** Page 7, line 16: after “(a)” insert “and the quarterly report under sub. (7)  
18 (c)”.

19           **14.** Page 8, line 12: delete “ANNUAL REPORT OF THE INVESTMENT MANAGER” and  
20 substitute “REPORTS OF THE INVESTMENT MANAGER; PUBLIC DISCLOSURES”.

21           **15.** Page 8, line 12: substitute “120” for “90”.

22           **16.** Page 8, line 25: after that line insert:

