2013 DRAFTING REQUEST

Senate Substitute Amendment (SSA-AB181)

Received:	**6/14/2013**	Received By:	**mgallagh**
Wanted:	**As time permits**	Same as LRB:	
For:	**Julie Lassa (608) 266-3123**	By/Representing:	**Mark K.**
May Contact:		Drafter:	**mgallagh**
Subject:	**Econ. Development - misc.** **State Govt - miscellaneous**	Addl. Drafters:	
		Extra Copies:	

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

Pre Topic:

No specific pre topic given

Topic:

Investment program to be administered by a venture capital authority

---

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mgallagh 6/14/2013	wjackson 6/14/2013	lparisi 6/14/2013	_____ _____			
/1				_____ _____		lparisi 6/14/2013	

FE Sent For:

Not needed

<END>

2013 DRAFTING REQUEST

Senate Substitute Amendment (SSA-AB181)

Received:	**6/14/2013**	Received By:	**mgallagh**
Wanted:	**As time permits**	Same as LRB:	
For:	**Julie Lassa (608) 266-3123**	By/Representing:	**Mark K.**
May Contact:		Drafter:	**mgallagh**
Subject:	**Econ. Development - misc.** **State Govt - miscellaneous**	Addl. Drafters:	
		Extra Copies:	

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

Pre Topic:

No specific pre topic given

Topic:

Investment program to be administered by a venture capital authority

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mgallagh	/1 WLJ 6/14	6/14				

FE Sent For:

<END>

Gallagher, Michael

From: Knickelbine, Mark
Sent: Friday, June 14, 2013 11:00 AM
To: Gallagher, Michael
Subject: Substitute Amendment to SB 169/AB 181

Mike –

For Tuesday's Senate floor session, we will need LRB 2463 redrafted as substitute amendments to both SB 169 and AB 181. Thanks!

Mark Knickelbine
Policy Analyst
Office of State Senator Julie Lassa
24th Senate District
P.O. Box 7882
Madison, WI 53707-7882
(608) 266-3123

6/14 By Monday 6/17

State of Wisconsin
2013 – 2014 LEGISLATURE

LRB-2463/1
MPG:wlj:wj

SSA – AB181

~~2013 BILL~~

stays

S0087/1

Regen

1 AN ACT ***to repeal*** 71.07 (5d) (c) 1.; ***to amend*** 1.12 (1) (b), 13.172 (1), 13.48 (13)
2 (a), 13.62 (2), 13.94 (4) (a) 1., 13.95 (intro.), 16.002 (2), 16.004 (4), 16.004 (5),
3 16.004 (12) (a), 16.045 (1) (a), 16.15 (1) (ab), 16.41 (4), 16.417 (1) (b), 16.52 (7),
4 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.765 (1), 16.765 (2), 16.765 (5), 16.765
5 (6), 16.765 (7) (intro.), 16.765 (7) (d), 16.765 (8), 16.85 (2), 16.865 (8), 25.14 (1)
6 (a) (intro.), 73.03 (63), 77.54 (9a) (a), 100.45 (1) (dm) and 230.03 (3); ***to repeal***
7 ***and recreate*** 230.03 (3); and ***to create*** 13.94 (1) (dx), 13.94 (1s) (c) 9., 16.015,
8 16.5195, 19.42 (10) (t), 19.42 (13) (p), 20.195, 25.90, 40.02 (54) (n), 70.11 (38v)
9 and chapter 239 of the statutes; **relating to:** the angel investment tax credit,
10 creation of the Wisconsin Venture Capital Authority, creation of the Wisconsin
11 forward jobs fund to be administered by that authority, and making an
12 appropriation.

Analysis by the Legislative Reference Bureau

WISCONSIN VENTURE CAPITAL AUTHORITY

This bill creates the Wisconsin Venture Capital Authority (authority).

substitute amendment

substitute amendment

COMPOSITION AND GENERAL OPERATION

Board of directors

Under the bill, a 13–member board of directors (board) governs the authority. The board consists of a chairperson nominated by the governor who serves at the pleasure of the governor; the chief executive officer of the Wisconsin Economic Development Corporation or his or her designee; seven members with substantial equity investment or angel or early stage seed investment experience, nominated by the executive director of the State of Wisconsin Investment Board (SWIB) and appointed with the advice and consent of the senate; two members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly; and two members appointed by the senate majority leader, consisting of one majority and one minority party senator. Each of the members of the board nominated by the executive director of SWIB serves a staggered six–year term and may not be an officer, director, or other principal in an equity investment firm. Members of the board may not be compensated but may be reimbursed for actual and necessary expenses, including travel expenses, incurred in the performance of their duties. The bill requires that the governor, the executive director of SWIB, the speaker of the assembly, and the senate majority leader attempt to appoint the initial members of the board within 60 days after the effective date of the bill.

The bill gives the board the powers necessary or convenient to carry out its duties, as well as specific powers to conduct its corporate business. Under the bill, the authority is a participating employer in the Wisconsin Retirement System. The board may hire an executive director. The members of the board nominated by the executive director of SWIB; the executive director of the authority, if any; and the fund manager of the Wisconsin forward jobs fund administered by the authority are subject to state ethics laws.

WISCONSIN FORWARD JOBS FUND

The bill establishes the Wisconsin forward jobs fund, which is a separate nonlapsible trust fund. Under the bill, in each fiscal year, beginning in fiscal year 2013–14, and ending in fiscal year 2018–19, the secretary of administration must transfer moneys to the Wisconsin forward jobs fund from the general fund totaling $208,000,000. Under the bill, the authority, based upon the recommendation of a selection committee appointed by the executive director of SWIB, must hire a qualified fund manager to manage the Wisconsin forward jobs fund. The bill directs the authority to delegate powers to the fund manager necessary for the fund manager's administration of the Wisconsin forward jobs fund and the investment programs created in the bill.

Qualified investment capital funds

Under the bill, the authority may approve a qualified investment capital fund to receive fund capital. Under the bill, fund capital consists of moneys in or received from the Wisconsin forward jobs fund. In determining whether to approve an applicant as a qualified investment capital fund, the authority must consider the applicant's investment experience, the past performance of investments managed by

substitute amendment

the applicant, the applicant's commitment to investing in businesses located in Wisconsin, and the applicant's commitment to making investments that are diverse with respect to a business's geographic location in this state and industry classification.

Under the bill, the authority may invest fund capital in qualified investment capital funds. The authority may not commit more than $15,000,000 to a single qualified investment capital fund. The authority must ensure that an amount equal to 100 percent of the fund capital it invests in qualified investment capital funds, or at least $180,000,000 over the life of the Wisconsin forward jobs fund, is invested by those investment capital funds in businesses that are headquartered in this state and that at least $170,000,000 in fund capital is invested in businesses that meet the following additional conditions:

1. Employ at least half of their full–time employees in Wisconsin.

2. Employ fewer than 150 full–time employees in total.

3. Agree to use fund capital only for research and development, the introduction of a new product in the market, entry into a new market, or other activities that are expected to grow the businesses and create jobs in Wisconsin.

4. Are not primarily engaged in real estate development or sales, insurance, banking, lending, lobbying, political consulting, professional services, or retail sales, other than the direct sales of products a business itself manufactures.

The bill provides that a qualified investment capital fund must contract with the authority before receiving any fund capital. In the contract, the qualified investment capital fund must agree to a number of conditions, including the following:

1. The qualified investment capital fund must commit to maintaining a significant physical presence in Wisconsin, including an office that is staffed by at least one full–time employee.

2. Within four years after the qualified investment capital fund receives a commitment of fund capital from the authority, the qualified investment capital fund must have an amount equal to 100 percent of that fund capital either invested in or held in reserve for follow–on investments in businesses that are approved by the authority.

3. Unless the qualified investment capital fund is a Wisconsin–based qualified investment capital fund, as determined by the authority, the qualified investment capital fund may not receive fund capital that exceeds 20 percent of the total capital the investment capital fund has raised from all sources. A Wisconsin–based qualified investment capital fund may not receive fund capital that exceeds 50 percent of the total amount of capital the Wisconsin–based qualified investment capital fund has received from all sources.

4. The authority's profit–sharing agreement with a qualified investment capital fund must be on terms that are substantially equivalent to the terms enjoyed for similar investments by other funding sources of the qualified investment capital fund.

5. From any investment of fund capital by a qualified investment capital fund, the qualified investment capital fund may not pay a fee to itself or to any principal

substitute amendment

or manager of the qualified investment capital fund that is greater than the average fee the investment capital fund earns on its other investments or equals more than 2.5 percent of the total amount of fund capital contributed to that investment by the authority.

6. The qualified investment capital fund must disclose to the authority any interest that it holds in a business in which the qualified investment capital fund invests or intends to invest fund capital.

Angel investor networks

Additionally, the bill authorizes the authority to invest fund capital directly in a Wisconsin business if that investment is proposed to the authority by an angel investor or angel group of angel investors (angel investor network). The authority may commit up to a total of $20,000,000 in fund capital to such investments if the business in which the investment is made is a Wisconsin business, the angel investor network agrees to invest at least $2 for every $1 in fund capital that the authority commits to the investment, and the authority's profit–sharing agreement with the angel investor network is comparable to the terms enjoyed by other persons in the angel investor network with respect to the investment. Under the bill, the authority must attempt to ensure that its investments in businesses suggested by angel investors or networks are made in businesses that operate in economically distressed areas.

Qualified business development organizations

Under the bill, the authority may commit up to $8,000,000 in fund capital to qualified business development organizations. The authority may approve a person as a qualified business development organization if the authority determines that the person operates a nonprofit or for–profit business incubator, regional economic development partnership, local economic development organization, or non–profit or for–profit entrepreneurial service agency that directly provides certain business support and other services to start–up businesses.

Under the bill, a qualified business development organization is subject to contract requirements similar to those applicable for qualified investment capital funds. Among other contract requirements, the qualified business development organization must invest fund capital in a business the qualified business development organization itself serves through its business development programs. Also, a qualified business development organization must at least match the amount of moneys it receives from the Wisconsin forward jobs fund with an investment of capital in the business that the qualified business development organization has raised from other sources. The authority must attempt to ensure that qualified business development organizations invest fund capital in businesses that operate in economically distressed areas.

Reporting requirements

Under the bill, the authority must submit an annual report to the legislature and the governor that contains all of the following information:

1. An accounting of the financial status of the Wisconsin forward jobs fund, including the opinion of an independent certified public accountant.

2. The current investment policy of the Wisconsin forward jobs fund.

3. The authority's internal rate of return from its investments of fund capital.

4. For each qualified investment capital fund in which the authority held an investment of fund capital during the preceding year, the name and address of the investment capital fund; the amount of fund capital invested with each qualified investment capital fund; the internal rate of return realized by the qualified investment capital fund on each investment; and an accounting of any fee the qualified investment capital fund paid to itself or any principal or manager of the qualified investment capital fund during the preceding year.

5. For each business in which a qualified investment capital fund held an investment of fund capital during the preceding year, the name and address of the business; a description of the nature of the business; the amount of each investment of fund capital in the business and the amount contributed to that investment by the qualified investment capital fund; an identification of the qualified investment capital fund that made the investment; and a statement of the number of employees the business employed when the qualified investment capital fund first invested fund capital in the business, the number of employees the business employed on January 1 of the preceding year, and the number of employees the business employed on December 31 of the preceding year.

6. For each investment held by the authority with an angel investor network in a business during the preceding year, the name and address of the business; a description of the nature of the business; an identification of the angel investor network; the amount of the investment and the amount contributed to the investment by the angel investor network; and a statement of the number of employees the business employed when the authority first invested fund capital in the business, the number of employees the business employed on January 1 of the preceding year, and the number of employees the business employed on December 31 of the preceding year.

7. With respect to grants to qualified business development organizations, an accounting of the total amount of moneys the authority granted to qualified business development organizations during the preceding year and the name and address of each qualified business development organization and the amount of each grant. For each business in which a qualified business development organization held an investment of grant moneys during the preceding year, the name and address of the business; a description of the nature of the business; an identification of the qualified business development organization that made the investment; the total amount of each investment in the business and the amount contributed to that investment by the qualified business development organization or by other funding sources; and a statement of the number of employees the business employed when the qualified business development organization first invested grant moneys in the business, the number of employees the business employed on January 1 of the preceding year, and the number of employees the business employed on December 31 of the preceding year.

The bill also requires the authority to submit a report to the Joint Committee on Finance in January 2018 that includes all of the following:

substitute amendment

1. A comprehensive assessment of the performance to date of the Wisconsin forward jobs fund and the programs administered by the authority concerning the Wisconsin forward jobs fund.

2. Any recommendations the authority has for improvement of the programs administered by the authority concerning the Wisconsin forward jobs fund and the specific actions the authority intends to take or proposes to be taken to implement those recommendations.

3. Any recommendations SWIB has for improvement of the programs administered by the authority concerning the Wisconsin forward jobs fund and the specific actions SWIB proposes to be taken to implement those recommendations.

Winding up of the investment programs

In December 2031, the authority must liquidate all of its assets, including its remaining investments, related to the Wisconsin forward jobs fund and pay the proceeds of that liquidation to the secretary of administration for deposit into the general fund, except that the authority must use 25 percent of the amount of that liquidation that exceeds $208,000,000 for an economic development program that serves economically distressed areas in Wisconsin. After the authority liquidates those assets, makes that payment, transfers any tangible personal property to the Department of Administration, and assigns any contracts to the secretary of administration, the authority may not conduct any more business concerning the Wisconsin forward jobs fund.

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 1.** 1.12 (1) (b) of the statutes is amended to read:

2 1.12 **(1)** (b) "State agency" means an office, department, agency, institution of
3 higher education, the legislature, a legislative service agency, the courts, a judicial
4 branch agency, an association, society, or other body in state government that is
5 created or authorized to be created by the constitution or by law, for which
6 appropriations are made by law, excluding the Health Insurance Risk–Sharing Plan
7 Authority ~~and~~, the Wisconsin Economic Development Corporation, and the
8 Wisconsin Venture Capital Authority.

9 **SECTION 2.** 13.172 (1) of the statutes is amended to read:

1 13.172 **(1)** In this section, "agency" means an office, department, agency,
2 institution of higher education, association, society, or other body in state
3 government created or authorized to be created by the constitution or any law, that
4 is entitled to expend moneys appropriated by law, including the legislature and the
5 courts, and any authority created in subch. II of ch. 114 or subch. III of ch. 149 or in
6 ch. 231, 233, 234, 238, 239, or 279.

7 **SECTION 3.** 13.48 (13) (a) of the statutes is amended to read:

8 13.48 **(13)** (a) Except as provided in par. (b) or (c), every building, structure or
9 facility that is constructed for the benefit of or use of the state, any state agency,
10 board, commission or department, the University of Wisconsin Hospitals and Clinics
11 Authority, the Fox River Navigational System Authority, the Wisconsin Economic
12 Development Corporation, the Wisconsin Venture Capital Authority, or any local
13 professional baseball park district created under subch. III of ch. 229 if the
14 construction is undertaken by the department of administration on behalf of the
15 district, shall be in compliance with all applicable state laws, rules, codes and
16 regulations but the construction is not subject to the ordinances or regulations of the
17 municipality in which the construction takes place except zoning, including without
18 limitation because of enumeration ordinances or regulations relating to materials
19 used, permits, supervision of construction or installation, payment of permit fees, or
20 other restrictions.

21 **SECTION 4.** 13.62 (2) of the statutes is amended to read:

22 13.62 **(2)** "Agency" means any board, commission, department, office, society,
23 institution of higher education, council, or committee in the state government, or any
24 authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232, 233,

234, 237, 238, 239, or 279, except that the term does not include a council or committee of the legislature.

SECTION 5. 13.94 (1) (dx) of the statutes is created to read:

13.94 **(1)** (dx) Biennially, beginning in 2013, conduct a financial audit of the Wisconsin Venture Capital Authority and a program evaluation audit of the programs administered by the Wisconsin Venture Capital Authority under ch. 239. The legislative audit bureau shall file a copy of each audit report under this paragraph with the distributees specified in par. (b).

SECTION 6. 13.94 (1s) (c) 9. of the statutes is created to read:

13.94 **(1s)** (c) 9. The Wisconsin Venture Capital Authority for the cost of the audit required to be performed under sub. (1) (dx).

SECTION 7. 13.94 (4) (a) 1. of the statutes is amended to read:

13.94 **(4)** (a) 1. Every state department, board, examining board, affiliated credentialing board, commission, independent agency, council or office in the executive branch of state government; all bodies created by the legislature in the legislative or judicial branch of state government; any public body corporate and politic created by the legislature including specifically the Fox River Navigational System Authority, the Lower Fox River Remediation Authority, the Wisconsin Aerospace Authority, ~~and~~ the Wisconsin Economic Development Corporation, and the Wisconsin Venture Capital Authority, a professional baseball park district, a local professional football stadium district, a local cultural arts district, and a long–term care district under s. 46.2895; every Wisconsin works agency under subch. III of ch. 49; every provider of medical assistance under subch. IV of ch. 49; technical college district boards; every county department under s. 51.42 or 51.437; every nonprofit corporation or cooperative or unincorporated cooperative association to

which moneys are specifically appropriated by state law; and every corporation, institution, association or other organization which receives more than 50% of its annual budget from appropriations made by state law, including subgrantee or subcontractor recipients of such funds.

SECTION 8. 13.95 (intro.) of the statutes is amended to read:

13.95 Legislative fiscal bureau. (intro.) There is created a bureau to be known as the "Legislative Fiscal Bureau" headed by a director. The fiscal bureau shall be strictly nonpartisan and shall at all times observe the confidential nature of the research requests received by it; however, with the prior approval of the requester in each instance, the bureau may duplicate the results of its research for distribution. Subject to s. 230.35 (4) (a) and (f), the director or the director's designated employees shall at all times, with or without notice, have access to all state agencies, the University of Wisconsin Hospitals and Clinics Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, and the Fox River Navigational System Authority, and to any books, records, or other documents maintained by such agencies or authorities and relating to their expenditures, revenues, operations, and structure.

SECTION 9. 16.002 (2) of the statutes is amended to read:

16.002 **(2)** "Departments" means constitutional offices, departments, and independent agencies and includes all societies, associations, and other agencies of state government for which appropriations are made by law, but not including authorities created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232, 233, 234, 237, 238, 239, or 279.

1 **SECTION 10.** 16.004 (4) of the statutes is amended to read:

2 16.004 **(4)** FREEDOM OF ACCESS. The secretary and such employees of the
3 department as the secretary designates may enter into the offices of state agencies
4 and authorities created under subch. II of ch. 114 and subch. III of ch. 149 and under
5 chs. 231, 233, 234, 237, 238, 239, and 279, and may examine their books and accounts
6 and any other matter that in the secretary's judgment should be examined and may
7 interrogate the agency's employees publicly or privately relative thereto.

8 **SECTION 11.** 16.004 (5) of the statutes is amended to read:

9 16.004 **(5)** AGENCIES AND EMPLOYEES TO COOPERATE. All state agencies and
10 authorities created under subch. II of ch. 114 and subch. III of ch. 149 and under chs.
11 231, 233, 234, 237, 238, 239, and 279, and their officers and employees, shall
12 cooperate with the secretary and shall comply with every request of the secretary
13 relating to his or her functions.

14 **SECTION 12.** 16.004 (12) (a) of the statutes is amended to read:

15 16.004 **(12)** (a) In this subsection, "state agency" means an association,
16 authority, board, department, commission, independent agency, institution, office,
17 society, or other body in state government created or authorized to be created by the
18 constitution or any law, including the legislature, the office of the governor, and the
19 courts, but excluding the University of Wisconsin Hospitals and Clinics Authority,
20 the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan
21 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
22 Development Corporation, the Wisconsin Venture Capital Authority, and the Fox
23 River Navigational System Authority.

24 **SECTION 13.** 16.015 of the statutes is created to read:

1 **16.015 Administrative support; Wisconsin Venture Capital Authority.**
2 The department shall provide administrative support services to the Wisconsin
3 Venture Capital Authority.

4 **SECTION 14.** 16.045 (1) (a) of the statutes is amended to read:

5 16.045 **(1)** (a) "Agency" means an office, department, independent agency,
6 institution of higher education, association, society, or other body in state
7 government created or authorized to be created by the constitution or any law, that
8 is entitled to expend moneys appropriated by law, including the legislature and the
9 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
10 ch. 149 or in ch. 231, 232, 233, 234, 237, 238, 239, or 279.

11 **SECTION 15.** 16.15 (1) (ab) of the statutes is amended to read:

12 16.15 **(1)** (ab) "Authority" has the meaning given under s. 16.70 (2), but
13 excludes the University of Wisconsin Hospitals and Clinics Authority, the Lower Fox
14 River Remediation Authority, the Wisconsin Economic Development Corporation,
15 the Wisconsin Venture Capital Authority, and the Health Insurance Risk–Sharing
16 Plan Authority.

17 **SECTION 16.** 16.41 (4) of the statutes is amended to read:

18 16.41 **(4)** In this section, "authority" means a body created under subch. II of
19 ch. 114 or subch. III of ch. 149 or under ch. 231, 233, 234, 237, 238, 239, or 279.

20 **SECTION 17.** 16.417 (1) (b) of the statutes is amended to read:

21 16.417 **(1)** (b) "Authority" means a body created under subch. II of ch. 114 or
22 ch. 231, 232, 233, 234, 237, 238, 239, or 279.

23 **SECTION 18.** 16.5195 of the statutes is created to read:

1 **16.5195 Transfers to the Wisconsin forward jobs fund.** The secretary
2 shall transfer the following amounts from the general fund to the Wisconsin forward
3 jobs fund:
4 **(1)** In fiscal year 2013–14, $25,000,000.
5 **(2)** In fiscal year 2014–15, $43,000,000.
6 **(3)** In fiscal year 2015–16, $50,000,000.
7 **(4)** In fiscal year 2016–17, $50,000,000.
8 **(5)** In fiscal year 2017–18, $20,000,000.
9 **(6)** In fiscal year 2018–19, $20,000,000.
10 **SECTION 19.** 16.52 (7) of the statutes is amended to read:
11 16.52 **(7)** PETTY CASH ACCOUNT. With the approval of the secretary, each agency
12 that is authorized to maintain a contingent fund under s. 20.920 may establish a
13 petty cash account from its contingent fund. The procedure for operation and
14 maintenance of petty cash accounts and the character of expenditures therefrom
15 shall be prescribed by the secretary. In this subsection, "agency" means an office,
16 department, independent agency, institution of higher education, association,
17 society, or other body in state government created or authorized to be created by the
18 constitution or any law, that is entitled to expend moneys appropriated by law,
19 including the legislature and the courts, but not including an authority created in
20 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or
21 279.
22 **SECTION 20.** 16.528 (1) (a) of the statutes is amended to read:
23 16.528 **(1)** (a) "Agency" means an office, department, independent agency,
24 institution of higher education, association, society, or other body in state
25 government created or authorized to be created by the constitution or any law, that

is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or 279.

SECTION 21. 16.53 (2) of the statutes is amended to read:

16.53 **(2)** IMPROPER INVOICES. If an agency receives an improperly completed invoice, the agency shall notify the sender of the invoice within 10 working days after it receives the invoice of the reason it is improperly completed. In this subsection, "agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, that is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or 279.

SECTION 22. 16.54 (9) (a) 1. of the statutes is amended to read:

16.54 **(9)** (a) 1. "Agency" means an office, department, independent agency, institution of higher education, association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or 279.

SECTION 23. 16.765 (1) of the statutes is amended to read:

16.765 **(1)** Contracting agencies, the University of Wisconsin Hospitals and Clinics Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development

1 Corporation, the Wisconsin Venture Capital Authority, and the Bradley Center
2 Sports and Entertainment Corporation shall include in all contracts executed by
3 them a provision obligating the contractor not to discriminate against any employee
4 or applicant for employment because of age, race, religion, color, handicap, sex,
5 physical condition, developmental disability as defined in s. 51.01 (5), sexual
6 orientation as defined in s. 111.32 (13m), or national origin and, except with respect
7 to sexual orientation, obligating the contractor to take affirmative action to ensure
8 equal employment opportunities.

9 **SECTION 24.** 16.765 (2) of the statutes is amended to read:

10 16.765 **(2)** Contracting agencies, the University of Wisconsin Hospitals and
11 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
12 Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower
13 Fox River Remediation Authority, the Wisconsin Economic Development
14 Corporation, the Wisconsin Venture Capital Authority, and the Bradley Center
15 Sports and Entertainment Corporation shall include the following provision in every
16 contract executed by them: "In connection with the performance of work under this
17 contract, the contractor agrees not to discriminate against any employee or applicant
18 for employment because of age, race, religion, color, handicap, sex, physical
19 condition, developmental disability as defined in s. 51.01 (5), sexual orientation or
20 national origin. This provision shall include, but not be limited to, the following:
21 employment, upgrading, demotion or transfer; recruitment or recruitment
22 advertising; layoff or termination; rates of pay or other forms of compensation; and
23 selection for training, including apprenticeship. Except with respect to sexual
24 orientation, the contractor further agrees to take affirmative action to ensure equal
25 employment opportunities. The contractor agrees to post in conspicuous places,

available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause".

SECTION 25. 16.765 (5) of the statutes is amended to read:

16.765 **(5)** The head of each contracting agency and the boards of directors of the University of Wisconsin Hospitals and Clinics Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, and the Bradley Center Sports and Entertainment Corporation shall be primarily responsible for obtaining compliance by any contractor with the nondiscrimination and affirmative action provisions prescribed by this section, according to procedures recommended by the department. The department shall make recommendations to the contracting agencies and the boards of directors of the University of Wisconsin Hospitals and Clinics Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, and the Bradley Center Sports and Entertainment Corporation for improving and making more effective the nondiscrimination and affirmative action provisions of contracts. The department shall promulgate such rules as may be necessary for the performance of its functions under this section.

SECTION 26. 16.765 (6) of the statutes is amended to read:

16.765 **(6)** The department may receive complaints of alleged violations of the nondiscrimination provisions of such contracts. The department shall investigate and determine whether a violation of this section has occurred. The department may

1 delegate this authority to the contracting agency, the University of Wisconsin
2 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
3 Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority,
4 the Lower Fox River Remediation Authority, the Wisconsin Economic Development
5 Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports
6 and Entertainment Corporation for processing in accordance with the department's
7 procedures.

8 **SECTION 27.** 16.765 (7) (intro.) of the statutes is amended to read:

9 16.765 **(7)** (intro.) When a violation of this section has been determined by the
10 department, the contracting agency, the University of Wisconsin Hospitals and
11 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
12 Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower
13 Fox River Remediation Authority, the Wisconsin Economic Development
14 Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports
15 and Entertainment Corporation, the contracting agency, the University of Wisconsin
16 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
17 Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority,
18 the Lower Fox River Remediation Authority, the Wisconsin Economic Development
19 Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports
20 and Entertainment Corporation shall:

21 **SECTION 28.** 16.765 (7) (d) of the statutes is amended to read:

22 16.765 **(7)** (d) Direct the violating party to take immediate steps to prevent
23 further violations of this section and to report its corrective action to the contracting
24 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River
25 Navigational System Authority, the Wisconsin Aerospace Authority, the Health

Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports and Entertainment Corporation.

SECTION 29. 16.765 (8) of the statutes is amended to read:

16.765 **(8)** If further violations of this section are committed during the term of the contract, the contracting agency, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports and Entertainment Corporation may permit the violating party to complete the contract, after complying with this section, but thereafter the contracting agency, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports and Entertainment Corporation shall request the department to place the name of the party on the ineligible list for state contracts, or the contracting agency, the Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic Development Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports and Entertainment Corporation may terminate the contract without liability for the uncompleted portion or any materials or services purchased or paid for by the contracting party for use in completing the contract.

1 **SECTION 30.** 16.85 (2) of the statutes is amended to read:

2 16.85 **(2)** To furnish engineering, architectural, project management, and other
3 building construction services whenever requisitions therefor are presented to the
4 department by any agency. The department may deposit moneys received from the
5 provision of these services in the account under s. 20.505 (1) (kc) or in the general
6 fund as general purpose revenue — earned. In this subsection, "agency" means an
7 office, department, independent agency, institution of higher education, association,
8 society, or other body in state government created or authorized to be created by the
9 constitution or any law, which is entitled to expend moneys appropriated by law,
10 including the legislature and the courts, but not including an authority created in
11 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or
12 279.

13 **SECTION 31.** 16.865 (8) of the statutes is amended to read:

14 16.865 **(8)** Annually in each fiscal year, allocate as a charge to each agency a
15 proportionate share of the estimated costs attributable to programs administered by
16 the agency to be paid from the appropriation under s. 20.505 (2) (k). The department
17 may charge premiums to agencies to finance costs under this subsection and pay the
18 costs from the appropriation on an actual basis. The department shall deposit all
19 collections under this subsection in the appropriation account under s. 20.505 (2) (k).
20 Costs assessed under this subsection may include judgments, investigative and
21 adjustment fees, data processing and staff support costs, program administration
22 costs, litigation costs, and the cost of insurance contracts under sub. (5). In this
23 subsection, "agency" means an office, department, independent agency, institution
24 of higher education, association, society, or other body in state government created
25 or authorized to be created by the constitution or any law, that is entitled to expend

1 moneys appropriated by law, including the legislature and the courts, but not
2 including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch.
3 231, 232, 233, 234, 237, 238, 239, or 279.

4 **SECTION 32.** 19.42 (10) (t) of the statutes is created to read:

5 19.42 **(10)** (t) The executive director of the Wisconsin Venture Capital
6 Authority, the members of the authority's board of directors who are nominated by
7 the executive director of the investment board, and the fund manager of the
8 Wisconsin forward jobs fund hired under s. 239.41.

9 **SECTION 33.** 19.42 (13) (p) of the statutes is created to read:

10 19.42 **(13)** (p) The executive director of the Wisconsin Venture Capital
11 Authority, the members of the authority's board of directors who are nominated by
12 the executive director of the investment board, and the fund manager of the
13 Wisconsin forward jobs fund hired under s. 239.41.

14 **SECTION 34.** 20.195 of the statutes is created to read:

15 **20.195 Wisconsin Venture Capital Authority.** There is appropriated to the
16 Wisconsin Venture Capital Authority for the following programs:

17 **(1)** VENTURE CAPITAL INVESTMENT PROGRAMS. (q) *Wisconsin forward jobs fund.*
18 From the Wisconsin forward jobs fund, all moneys received under s. 16.5195 for the
19 investments and grants under subch. II of ch. 239.

20 **SECTION 35.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

21 25.14 **(1)** (a) (intro.) There is created a state investment fund under the
22 jurisdiction and management of the board to be operated as an investment trust for
23 the purpose of managing the securities of all funds that are required by law to be
24 invested in the state investment fund, the Wisconsin forward jobs fund, and all of the
25 state's funds specified in s. 25.17 (1), except all of the following:

1 **SECTION 36.** 25.90 of the statutes is created to read:

2 **25.90 Wisconsin forward jobs fund.** There is established a separate
3 nonlapsible trust fund designated as the Wisconsin forward jobs fund. The fund
4 shall consist of all moneys transferred to the fund under s. 16.5195, together with all
5 donations, gifts, or bequests made to the fund, all moneys transferred to the fund
6 from other funds, and all income or interest earned by the fund.

7 **SECTION 37.** 40.02 (54) (n) of the statutes is created to read:

8 40.02 **(54)** (n) The Wisconsin Venture Capital Authority.

9 **SECTION 38.** 70.11 (38v) of the statutes is created to read:

10 70.11 **(38v)** Wisconsin VENTURE CAPITAL AUTHORITY. All property owned by the
11 Wisconsin Venture Capital Authority, provided that use of the property is primarily
12 related to the purposes of the Wisconsin Venture Capital Authority.

13 **SECTION 39.** 71.07 (5d) (c) 1. of the statutes is repealed.

14 **SECTION 40.** 73.03 (63) of the statutes is amended to read:

15 73.03 **(63)** Notwithstanding the amount limitations specified under ~~s. 71.07~~
16 ~~(5d) (c) 1. and~~ s. 238.15 (3) (d) or s. 560.205 (3) (d), 2009 stats., in consultation with
17 the department of commerce or the Wisconsin Economic Development Corporation,
18 to carry forward to subsequent taxable years unclaimed credit amounts of the early
19 stage seed investment credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638
20 and the angel investment credit under s. 71.07 (5d). Annually, no later than July 1,
21 the department of commerce or the Wisconsin Economic Development Corporation
22 shall submit to the department of revenue its recommendations for the carry forward
23 of credit amounts as provided under this subsection.

24 **SECTION 41.** 77.54 (9a) (a) of the statutes is amended to read:

1 77.54 **(9a)** (a) This state or any agency thereof, the University of Wisconsin
2 Hospitals and Clinics Authority, the Wisconsin Aerospace Authority, the Health
3 Insurance Risk–Sharing Plan Authority, the Wisconsin Economic Development
4 Corporation, the Wisconsin Venture Capital Authority, and the Fox River
5 Navigational System Authority.

6 **SECTION 42.** 100.45 (1) (dm) of the statutes is amended to read:

7 100.45 **(1)** (dm) "State agency" means any office, department, agency,
8 institution of higher education, association, society, or other body in state
9 government created or authorized to be created by the constitution or any law which
10 is entitled to expend moneys appropriated by law, including the legislature and the
11 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
12 Center Sports and Entertainment Corporation, the University of Wisconsin
13 Hospitals and Clinics Authority, the Wisconsin Health and Educational Facilities
14 Authority, the Wisconsin Aerospace Authority, the Wisconsin Economic
15 Development Corporation, the Wisconsin Venture Capital Authority, and the Fox
16 River Navigational System Authority.

17 **SECTION 43.** 230.03 (3) of the statutes is amended to read:

18 230.03 **(3)** "Agency" means any board, commission, committee, council, or
19 department in state government or a unit thereof created by the constitution or
20 statutes if such board, commission, committee, council, department, unit, or the
21 head thereof, is authorized to appoint subordinate staff by the constitution or
22 statute, except a legislative or judicial board, commission, committee, council,
23 department, or unit thereof or an authority created under subch. II of ch. 114 or
24 subch. III of ch. 149 or under ch. 231, 232, 233, 234, 237, 238, 239, or 279. "Agency"
25 does not mean any local unit of government or body within one or more local units

of government that is created by law or by action of one or more local units of government.

SECTION 44. 230.03 (3) of the statutes, as affected by 2011 Wisconsin Act 32 and 2013 Wisconsin Act .... (this act), is repealed and recreated to read:

230.03 **(3)** "Agency" means any board, commission, committee, council, or department in state government or a unit thereof created by the constitution or statutes if such board, commission, committee, council, department, unit, or the head thereof, is authorized to appoint subordinate staff by the constitution or statute, except the Board of Regents of the University of Wisconsin System, a legislative or judicial board, commission, committee, council, department, or unit thereof or an authority created under subch. II of ch. 114 or subch. III of ch. 149 or under ch. 231, 232, 233, 234, 237, 238, 239, or 279. "Agency" does not mean any local unit of government or body within one or more local units of government that is created by law or by action of one or more local units of government.

SECTION 45. Chapter 239 of the statutes is created to read:

CHAPTER 239

WISCONSIN VENTURE CAPITAL AUTHORITY

SUBCHAPTER I

GENERAL PROVISIONS

239.01 Definitions. In this chapter:

(1) "Authority" means the Wisconsin Venture Capital Authority.

(2) "Board" means the board of directors of the authority.

1 **239.02 Creation and organization of authority. (1)** There is created a
2 public body corporate and politic to be known as the "Wisconsin Venture Capital
3 Authority." The members of the board shall consist of the following:
4 (a) A chairperson, nominated by the governor, and with the advice and consent
5 of the senate appointed, to serve at the pleasure of the governor. The chairperson
6 shall have at least 10 years of experience in equity investing at the time of
7 appointment. The chairperson may not be an officer, director, or other principal of
8 an equity investment firm.
9 (b) The chief executive officer of the Wisconsin Economic Development
10 Corporation or his or her designee.
11 (c) Seven persons nominated by the executive director of the investment board,
12 and with the advice and consent of the senate appointed, for 6–year terms. Six
13 members appointed under this paragraph shall have at least 10 years of experience
14 in equity investing at the time of appointment, and one member appointed under this
15 paragraph shall have at least 10 years of experience in angel or early stage seed
16 investing at the time of appointment. No member appointed under this paragraph
17 may be an officer, director, or other principal of an equity investment firm.
18 (d) Two members appointed by the speaker of the assembly, consisting of one
19 majority and one minority party representative to the assembly, appointed as are the
20 members of standing committees in the assembly.
21 (e) Two members appointed by the senate majority leader, consisting of one
22 majority and one minority party senator, appointed as are members of standing
23 committees in the senate.
24 **(2)** A majority of the members of the board constitutes a quorum for the purpose
25 of conducting its business and exercising its powers and for all other purposes,

1 notwithstanding the existence of any vacancies. Action may be taken by the board
2 upon a vote of a majority of a quorum.

3 **(3)** A vacancy on the board shall be filled in the same manner as the original
4 appointment to the board for the remainder of the unexpired term, if any.

5 **(4)** A member of the board may not be compensated for the member's services
6 but shall be reimbursed for actual and necessary expenses, including travel
7 expenses, incurred in the performance of the member's duties.

8 **(5)** No cause of action may arise against and no civil liability may be imposed
9 upon a member of the board for any act or omission in the performance of the
10 member's powers and duties under this chapter, unless the person asserting liability
11 proves that the act or omission constitutes willful misconduct.

12 **(6)** The board may hire an executive director. The board may delegate to the
13 executive director or any other employee of the authority any powers or duties the
14 board considers proper. All powers and duties assigned to the authority under this
15 chapter shall be exercised or carried out by the board, unless the board delegates the
16 power or duty to an employee of the authority.

17 **239.03 Powers of authority.** The authority shall have all the powers
18 necessary or convenient to carry out the purposes and provisions of this chapter. In
19 addition to all other powers granted the authority under this chapter, the authority
20 may specifically:

21 **(1)** Adopt, amend, and repeal any bylaws, policies, and procedures for the
22 regulation of its affairs and the conduct of its business.

23 **(2)** Have a seal and alter the seal at pleasure.

24 **(3)** Maintain an office.

25 **(4)** Sue and be sued.

1 **(5)** Accept gifts, grants, loans, or other contributions from private or public
2 sources.
3 **(6)** Establish the annual budget of the authority and monitor its fiscal
4 management.
5 **(7)** Execute contracts and other instruments required for the operation of the
6 authority, including any contract with the investment board under s. 25.17 (72) or
7 (73).
8 **(8)** Employ any officers, agents, and employees that it may require and
9 determine their qualifications, duties, and compensation.
10 **(9)** Issue notes, bonds, and any other obligations.
11 **(10)** Make loans.
12 **(11)** Incur debt.
13 **(12)** Procure liability insurance.
14 **239.04 Liability limited.** Neither the state nor any political subdivision of
15 the state, nor any officer, employee, or agent of the state or a political subdivision of
16 the state who is acting within the scope of employment or agency, is liable for any
17 debt, obligation, act, or omission of the authority. A debt of the authority is not a debt
18 of the state, and the authority may not create a debt of the state. Each note, bond,
19 or other obligation of the authority shall contain on its face a statement to that effect.
20 SUBCHAPTER II
21 WISCONSIN FORWARD JOBS FUND
22 **239.40 Definitions.** In this subchapter:
23 **(1)** "Angel investor network" means a person or group of persons that reviews
24 new businesses or proposed new businesses for the potential investment in those
25 businesses of moneys owned by that person or group.

1 **(2)** "Fund" means the Wisconsin forward jobs fund established under s. 25.90.
2 **(3)** "Fund capital" means moneys in or received from the fund.
3 **(4)** "Fund manager" means the person hired by the authority under s. 239.41.
4 **(5)** "Qualified business development organization" means a person approved
5 by the authority under s. 239.437.
6 **(6)** "Qualified investment capital fund" means a person approved by the
7 authority under s. 239.42 (2).
8 **239.41 Wisconsin forward jobs fund manager. (1)** Subject to sub. (3), the
9 authority shall hire a fund manager to administer the fund.
10 **(2)** The authority shall delegate to the fund manager the powers necessary or
11 convenient for the fund manager to carry out the authority's duties under this
12 subchapter.
13 **(3)** (a) The executive director of the investment board shall appoint a
14 committee that consists of 3 members who shall select a candidate for fund manager.
15 The executive director shall appoint the members of the selection committee based
16 on a member's experience and leadership in capital investment. Members of the
17 selection committee shall serve without compensation, but may be reimbursed for
18 their actual and necessary expenses incurred in the performance of their duties.
19 (b) 1. The selection committee appointed under par. (a) shall select a candidate
20 for fund manager to recommend to the authority. In choosing that candidate, the
21 selection committee shall consider an applicant's experience evaluating start–up
22 companies, relationships with regional and national investment capital funds that
23 may make investments in this state, experience managing publicly funded
24 investment funds, performance managing existing portfolio funds and syndication

1 partnerships, and experience gathering and making reports concerning investment
2 fund performance data.
3 2. The authority may reject a candidate for fund manager that the selection
4 committee recommends under subd. 1.
5 3. If the authority rejects a candidate for fund manager under subd. 2., the
6 selection committee shall make another recommendation to the authority, subject to
7 the requirements under subd. 1.
8 (c) The authority shall staff the selection committee and pay the selection
9 committee's administrative or other costs.
10 **239.42 Qualified capital funds. (1)** APPLICATION. Any person may apply to
11 the authority on a form prescribed by the authority for approval under this section.
12 The application shall include the name, address, and tax identification number of the
13 applicant and any other information the authority requires.
14 **(2)** APPROVAL FOR INVESTMENTS. The authority may approve an applicant under
15 sub. (1) to receive fund capital. In determining whether to approve an applicant, the
16 authority shall consider all of the following:
17 (a) The applicant's investment experience.
18 (b) The past performance of any investment managed by the applicant.
19 (c) The applicant's commitment to investing in businesses within this state and
20 maintaining an office in this state.
21 (d) The applicant's commitment to making investments that are diverse with
22 respect to the geographic location within this state and industry classification of the
23 businesses in which the applicant invests.
24 **239.43 Investments of fund capital in qualified investment capital**
25 **funds; requirements. (1)** FUND INVESTMENTS. (a) From the appropriation under

1 s. 20.195 (1) (q), the authority shall invest a total of at least $180,000,000 in qualified
2 investment capital funds over the life of the fund.
3 (b) The authority shall ensure that an amount equal to 100 percent of the fund
4 capital it invests under this section is invested in businesses that are headquartered
5 in this state and that at least $170,000,000 of that fund capital is invested in
6 businesses that meet all of the following additional conditions at the time a qualified
7 investment capital fund first invests in the business under this section:
8 1. The business employs at least 50 percent of its full–time employees,
9 including any subsidiary or other affiliated entity, in this state.
10 2. The business employs fewer than 150 full–time employees in total, including
11 any subsidiary or other affiliated entity.
12 3. The business agrees to use fund capital only for research and development,
13 the introduction of a new product in the market, the business's entry into a new
14 market, or other activities that are expected to grow the business and create jobs in
15 this state.
16 4. The business is not primarily engaged in real estate development or sales,
17 insurance, banking, lending, lobbying, political consulting, professional services, or
18 retail sales, other than direct sales of products the business itself manufactures.
19 (c) The authority may not invest more than $15,000,000 of fund capital in a
20 single qualified investment capital fund.
21 **(2)** CONTRACTS. Before the authority invests any fund capital in a qualified
22 investment capital fund, the authority shall contract with the qualified investment
23 capital fund. In addition to any other terms required or negotiated by the authority,
24 that contract shall include the following requirements:

1 (a) The qualified investment capital fund shall commit to maintaining a
2 significant physical presence in this state, including locating an office in this state
3 that is staffed with at least one full–time employee of the qualified investment
4 capital fund whose compensation is paid only by the qualified investment capital
5 fund.

6 (b) Within 4 years after the qualified investment capital fund receives a
7 commitment of fund capital from the authority, the qualified investment capital fund
8 shall have made initial investments and maintain reserves for follow–on
9 investments of at least 100 percent of that fund capital in businesses approved by the
10 authority during the life of the fund.

11 (c) The qualified investment capital fund may not invest less than $250,000 in
12 fund capital in any one business.

13 (d) The qualified investment capital fund may not receive fund capital that
14 exceeds 20 percent of the total moneys for investment, including any outstanding
15 commitment, that the qualified investment capital fund has raised from all sources,
16 except that a Wisconsin–based qualified investment capital fund, as determined by
17 the authority, may not receive fund capital that exceeds 50 percent of the total
18 moneys for investment, including any outstanding commitment, that the qualified
19 investment capital fund has raised from all sources.

20 (e) The authority's profit–sharing agreement with any qualified investment
21 capital fund shall be on terms that are substantially equivalent to the terms
22 applicable for other funding sources of the qualified investment capital fund for
23 similar investments.

24 (f) From any investment of fund capital by a qualified investment capital fund
25 under this section, the qualified investment capital fund may not pay a fee to itself

1 or to any principal or manager of the qualified investment capital fund that is higher
2 than the average fee it earns on other investments, and the fee may not exceed 2.5
3 percent of the total amount of fund capital contributed to that investment by the
4 authority.

5 (g) The qualified investment capital fund shall disclose to the authority any
6 interest that it or an owner, stockholder, partner, officer, director, member, employee,
7 or agent of the qualified investment capital fund holds in a business in which the
8 qualified investment capital fund invests or intends to invest fund capital.

9 (h) The amount of fund capital the qualified investment capital fund receives
10 may not be applied toward a tax credit under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47
11 (5b), or 76.638.

12 (i) The qualified investment capital fund shall maintain liability insurance in
13 the amounts and for the coverages determined by the authority.

14 (j) The qualified investment capital fund shall agree that the authority and the
15 state may refer to the qualified investment capital fund's name in public
16 announcements or other documents or communications relating to the fund.

17 **(3)** REPAYMENT OF FUND CAPITAL. In addition to any other legal remedies
18 available to the authority, if a qualified investment capital fund fails to satisfy any
19 of the requirements under sub. (2), the authority is entitled to payment from the
20 qualified investment capital fund equal to 100 percent of the amount of fund capital
21 the qualified investment capital fund received from the authority.

22 **239.435 Angel investor networks. (1)** From the appropriation under s.
23 20.195 (1) (q), and subject to sub. (2), the authority may commit up to a total of
24 $20,000,000 to investments proposed to the authority by angel investor networks.

1 **(2)** The authority may commit fund capital to an investment in a business
2 under this section only if all of the following requirements are satisfied:
3 (a) The business is or will be headquartered in this state.
4 (b) The angel investor network agrees to invest $2 for every $1 in fund capital
5 that the authority commits to the investment.
6 (c) The authority's profit–sharing agreement with the angel investor network
7 is on terms that are substantially equivalent to the terms applicable for other
8 members of the angel investor network with respect to the investment.
9 **239.437 Grants to qualified business development organizations. (1)**
10 WISCONSIN FORWARD JOBS FUND GRANTS. From the appropriation under s. 20.195 (1)
11 (q), the authority shall make grants to qualified business development organizations
12 that total $8,000,000 over the life of the fund for investment in start–up businesses.
13 **(2)** APPLICATION. Any person may apply to the authority, on a form prescribed
14 by the authority, for approval under sub. (3). The application shall include the name,
15 address, and tax identification number of the person and any other information the
16 authority requires.
17 **(3)** APPROVAL. The authority may approve an applicant under sub. (2) to receive
18 a grant under this section if the authority determines that the applicant operates a
19 nonprofit or for–profit business incubator, regional economic development
20 partnership, local economic development organization, or non–profit or for–profit
21 entrepreneurial service agency that directly provides one or more of the following
22 services to start–up businesses:
23 (a) A facility that offers rent of the facility at a rate lower than the market rate
24 in the community and provides shared administrative services or other assistance

1 designed to reduce the costs and encourage the growth of a start–up business the
2 facility serves.

3 (b) As determined by the authority, high quality business support that is visible
4 and easily accessible to entrepreneurs and small companies; that offers substantial
5 management services or similar services to portfolio companies; and that integrates
6 sources of deal flow, entrepreneurial support, and capital to effectively grow
7 entrepreneurial commercialization outcomes.

8 **(4)** CONTRACTS. Before the authority makes a grant under this section to a
9 qualified business development organization, the authority shall contract with the
10 qualified business development organization. In addition to any other terms
11 required by the authority, that contract shall include the following requirements:

12 (a) The qualified business development organization shall commit to
13 maintaining a significant physical presence in this state, including locating an office
14 in this state that is staffed with at least one full–time employee of the qualified
15 business development organization.

16 (b) The qualified business development organization shall invest 100 percent
17 of the amount of the grant it receives from the authority under this section in a
18 business that meets all of the following conditions at the time the qualified business
19 development organization first invests in the business under this paragraph:

20 1. The business is headquartered in this state.

21 2. The business employs at least 50 percent of its employees, including any
22 subsidiary or other affiliated entity, in this state.

23 3. The business agrees to use fund capital only for research and development,
24 the introduction of a new product in the market, the business's entry into a new

1 market, or other activities that are expected to grow the business and create jobs in
2 this state.

3 4. The business is not primarily engaged in real estate development or sales,
4 insurance, banking, lending, lobbying, or political consulting.

5 5. The business is participating in a business development program that is
6 approved by the authority and is operated or approved by the qualified business
7 development organization, and the business receives the investment under this
8 paragraph as part of that program.

9 (c) 1. When a qualified business development organization makes an
10 investment of grant moneys in a business, the qualified business development
11 organization shall at least match the amount of those grant moneys with an
12 investment of capital in the business that the qualified business development
13 organization has raised from other sources.

14 2. If an investment of grant moneys subject to subd. 1. is made as part of an
15 existing equity investment portfolio that the qualified business development
16 organization already manages and that portfolio has been funded from other sources,
17 the qualified business development organization shall apply those moneys supplied
18 from those other sources for the purpose of satisfying the matching requirement
19 under subd. 1.

20 (d) The qualified business development organization may not apply the amount
21 of the grant moneys it receives from the authority toward a tax credit under s. 71.07
22 (5b) or (5d), 71.28 (5b), 71.47 (5b), or 76.638.

23 **239.44 Businesses that operate in economically distressed areas. (1)**
24 In this section, "distressed community" means an economically distressed area, as

1 designated by the Wisconsin Economic Development Corporation under s. 238.304
2 (1).

3 **(2)** (a) To the extent feasible, the authority shall attempt to ensure that the
4 moneys it invests under s. 239.435 are invested in businesses that operate in a
5 distressed community.

6 (b) To the extent feasible, the authority shall attempt to ensure that the moneys
7 it grants under s. 239.437 are invested by qualified business development
8 organizations in businesses that operate in a distressed community.

9 **(3)** Upon its liquidation of assets under s. 239.49 (2) (a), the authority shall use
10 25 percent of the amount of those liquidated assets that exceeds $208,000,000 for an
11 economic development program that serves distressed communities.

12 **239.45 Reporting requirements. (1)** ANNUAL REPORT. Annually, the
13 authority shall submit to the chief clerk of each house of the legislature, for
14 distribution to the legislature under s. 13.172 (2), and to the governor, a report that
15 includes all of the following:

16 (a) An accounting of the financial status of the fund, including the opinion of
17 an independent certified public accountant.

18 (b) The authority's current investment policy for the fund.

19 (c) The authority's internal rate of return from its investments of fund capital.

20 (d) For each qualified investment capital fund in which the authority held an
21 investment of fund capital under s. 239.43 during the preceding year, all of the
22 following:

23 1. The name and address of the qualified investment capital fund.

24 2. The amount of each investment and the amount contributed to the
25 investment by the qualified investment capital fund.

1 3. The internal rate of return realized by the qualified investment capital fund
2 on each investment.
3 4. An accounting of any fee the qualified investment capital fund paid to itself
4 or any principal or manager of the qualified investment capital fund during the
5 preceding year.
6 (e) For each business in which a qualified investment capital fund held an
7 investment of fund capital during the preceding year, all of the following:
8 1. The name and address of the business.
9 2. A description of the nature of the business.
10 3. The amount of each investment of fund capital in the business and the
11 amount contributed to that investment by the qualified investment capital fund.
12 4. An identification of the qualified investment capital fund that made the
13 investment.
14 5. A statement of the number of employees the business employed when the
15 qualified investment capital fund first invested in the business, the number of
16 employees the business employed on January 1 of the year preceding the year of the
17 report, and the number of employees the business employed on December 31 of the
18 year preceding the year of the report.
19 (f) For each investment of fund capital held by the authority in a business under
20 s. 239.435 during the preceding year, all of the following:
21 1. The name and address of the business.
22 2. A description of the nature of the business.
23 3. An identification of the angel investor network.
24 4. The amount of the investment and the amount contributed to the investment
25 by the angel investor network.

1 5. A statement of the number of employees the business employed when the
2 authority first invested in the business, the number of employees the business
3 employed on January 1 of the year preceding the year of the report, and the number
4 of employees the business employed on December 31 of the year preceding the year
5 of the report.

6 (g) With respect to grants under s. 239.437, all of the following:

7 1. An accounting of the total amount of moneys the authority granted to
8 qualified business development organizations during the preceding year.

9 2. For each qualified business development organization that received a grant
10 from the authority during the preceding year, the name and address of the qualified
11 business development organization and the amount of the grant.

12 3. For each business in which a qualified business development organization
13 held an investment of grant moneys during the preceding year, the name and address
14 of the business, a description of the nature of the business, and an identification of
15 the qualified business development organization that made the investment; the total
16 amount of each investment in the business, including grant moneys and moneys
17 contributed by the qualified business development organization or by other funding
18 sources; and a statement of the number of employees the business employed when
19 the qualified business development organization first invested grant moneys in the
20 business, the number of employees the business employed on January 1 of the year
21 preceding the year of the report, and the number of employees the business employed
22 on December 31 of the year preceding the year of the report.

23 **(2)** PROGRESS REPORT. In January 2020, the authority shall submit a report to
24 the joint committee on finance that includes all of the following:

1 (a) A comprehensive assessment of the success to date of the programs
2 administered by the authority under this subchapter.
3 (b) Any recommendations the authority has for improvement of the programs
4 administered by the authority under this subchapter and the specific actions the
5 authority intends to take or proposes to be taken to implement those
6 recommendations.
7 (c) Any recommendations the investment board has for improvement of the
8 programs administered by the authority under this subchapter and the specific
9 actions the investment board proposes to be taken to implement those
10 recommendations.
11 **(3)** BOARD RESPONSIBILITY. The board shall ensure that the reports under subs.
12 (1) and (2) are complete and submitted in a timely manner.
13 **239.49 Winding up of the Wisconsin forward jobs fund. (1)** END OF
14 BUSINESS. The secretary of administration shall determine the date that the
15 authority satisfies the requirements under sub. (2) and shall provide a written notice
16 that states that date to the legislative reference bureau for publication in the
17 Wisconsin Administrative Register. The authority may not conduct business under
18 this subchapter after that date.
19 **(2)** LIQUIDATION OF ASSETS, TRANSFER OF PROPERTY, AND ASSIGNMENT OF CONTRACTS.
20 In December 2031, the authority shall do all of the following:
21 (a) Liquidate all of the authority's assets under this subchapter, including any
22 interest in an investment subject to this subchapter that is owned by the authority,
23 and, subject to s. 239.44 (3), pay the proceeds of that liquidation to the secretary of
24 administration for deposit into the general fund.

(b) Transfer any tangible personal property owned by the authority under this subchapter, including records, to the department of administration.

(c) Assign any contract entered into by the authority under this subchapter to the secretary of administration.

SECTION 46. Nonstatutory provisions.

(1) DEFINITION. In this SECTION, "authority" means the Wisconsin Venture Capital Authority, as created by this act.

(2) INITIAL APPOINTMENTS.

(a) Notwithstanding the requirement of advice and consent of the senate under section 239.02 (1) (c) of the statutes, as created by this act, the initial members of the board of directors of the authority nominated by the executive director of the investment board under section 239.02 (1) (c) of the statutes, as created by this act, may be provisionally appointed by the executive director of the investment board, subject to later senate confirmation. Any provisional appointment shall be in full force until withdrawn by the executive director of the investment board or acted upon by the senate, and if confirmed by the senate shall continue for the remainder of the unexpired term of the member and until a successor is chosen and qualifies. A provisional appointee may exercise all the powers and duties of board membership to which the person is appointed during the time in which the appointee qualifies.

(b) A provisional appointment made under paragraph (a) that is withdrawn by the executive director of the investment board shall, upon withdrawal, lapse and create a vacancy for provisional appointment of another initial member of the board of directors of the authority. Any provisional appointment made under paragraph (a) that is rejected by the senate shall upon rejection lapse and create a vacancy for nomination and appointment of another initial board member under paragraph (a).

1 (c) Notwithstanding the lengths of terms specified in section 239.02 (1) of the
2 statutes, as created by this act, the initial members of the board of directors of the
3 authority shall be appointed for the following terms:
4 1. Two members nominated by the executive director of the investment board
5 for terms expiring on July 1, 2017.
6 2. Two members nominated by the executive director of the investment board
7 for terms expiring on July 1, 2018.
8 3. Two members nominated by the executive director of the investment board
9 for terms expiring on July 1, 2019.
10 4. One member nominated by the executive director of the investment board
11 for a term expiring on July 1, 2020.
12 (d) The governor, the executive director of the investment board, the speaker
13 of the assembly, and the senate majority leader shall attempt to appoint the initial
14 members of the board under section 239.02 (1) of the statutes, as created by this act,
15 within 60 days after the effective date of this paragraph.
16 **SECTION 47. Effective dates.** This act takes effect on the day after publication,
17 except as follows:
18 (1) The repeal and recreation of section 230.03 (3) of the statutes takes effect
19 on July 1, 2013, or on the day after publication, whichever is later.
20 **(END)**