



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-1815/1  
MPG:wlj:rs

## 2015 SENATE BILL 124

April 20, 2015 - Introduced by Senators LASSA, RINGHAND and VINEHOUT, cosponsored by Representatives KAHL, KOLSTE, C. TAYLOR, MASON, GENRICH, DOYLE, BARCA, SPREITZER, SUBECK, SINICKI, BROSTOFF, GOYKE, CONSIDINE, OHNSTAD, BERCEAU and ZAMARRIPA. Referred to Committee on Economic Development and Commerce.

- 1     **AN ACT to create** 238.14 of the statutes; **relating to:** grants to certain small  
2           businesses that receive federal grants.

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### *Analysis by the Legislative Reference Bureau*

This bill directs the Wisconsin Economic Development Corporation (WEDC) to establish a grant program under which WEDC awards state matching grants to recipients of grants under Phase I and Phase II of the federal Small Business Innovation Research Program (SBIR) or Phase I and Phase II of the federal Small Business Technology Transfer Program (STTR).

Under the bill, the recipient of a Phase I SBIR or STTR federal grant may apply to WEDC for a state matching grant in connection with the federal grant. WEDC may award the state matching grant if the applicant satisfies certain conditions, including that the applicant's principal place of business is located, and will continue to be located for at least three years, in Wisconsin; the applicant demonstrates to WEDC that the research to be conducted in connection with the Phase I SBIR or STTR federal grant will benefit Wisconsin and that at least 51 percent of that research will occur in Wisconsin; and the applicant intends to apply for a Phase II SBIR or STTR federal grant.

The bill further authorizes any person to whom WEDC awards a state matching grant for the person's Phase I SBIR or STTR federal grant to apply to WEDC for an additional state matching grant in connection with the person's Phase II SBIR or STTR federal grant. WEDC may award such a state matching grant if the grant applicant satisfies certain additional conditions, including that the applicant demonstrates to WEDC that it completed any requirements for its Phase I SBIR or

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STTR federal grant and that it has, in fact, been awarded a Phase II SBIR or STTR federal grant.

WEDC must contract with a person to whom WEDC awards a state matching grant under the bill. Among other things, the contract must include the amount of the state matching grant and must require that the state matching grant recipient submit a report to WEDC that shows its expenditures of the Phase I or Phase II federal grant, as applicable, as well as its expenditures of the state matching grant.

Under the bill, WEDC may not award a state matching grant that exceeds the lesser of \$50,000 or the amount of the Phase I or Phase II SBIR or STTR federal grant, as applicable. The bill also limits WEDC's total state matching grant awards per state fiscal year to \$300,000.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 238.14 of the statutes is created to read:

2           **238.14 Grants to recipients of federal grants for research and**  
3 **innovation.** (1) DEFINITIONS. In this section:

4           (a) "Phase I federal grant" means a grant awarded by the federal government  
5 under Phase I of the federal Small Business Innovation Research Program or Phase  
6 I of the federal Small Business Technology Transfer Program.

7           (b) "Phase I matching grant" means a grant awarded by the corporation under  
8 sub. (3).

9           (c) "Phase II federal grant" means a grant awarded by the federal government  
10 under Phase II of the federal Small Business Innovation Research Program or Phase  
11 II of the federal Small Business Technology Transfer Program.

12           (d) "Phase II matching grant" means a grant awarded by the corporation under  
13 sub. (4).

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1           **(2) GRANT PROGRAM IMPLEMENTATION.** The corporation shall develop and  
2           implement an economic development program to award Phase I and Phase II  
3           matching grants under this section.

4           **(3) PHASE I MATCHING GRANTS.** (a) A Phase I federal grant recipient may apply  
5           for a Phase I matching grant on a form provided by the corporation.

6           (b) Subject to par. (c) and the limitations under sub. (5), the corporation may  
7           award a Phase I matching grant to an applicant under par. (a) if the applicant meets  
8           all of the following conditions:

9           1. The applicant submits to the corporation a copy of the applicant's executed  
10          Phase I federal grant agreement with the federal government or evidence  
11          satisfactory to the corporation that the applicant has received at least one payment  
12          of Phase I federal grant moneys.

13          2. The applicant's business is located in this state and will not relocate outside  
14          of this state during the 3 years after it receives a Phase I matching grant. For the  
15          purposes of this subdivision, a business relocates outside of this state when the  
16          business locates more than 51 percent of its employees, its total payroll, or the  
17          activities of its headquarters, as determined by the corporation, outside of this state.

18          3. The applicant submits evidence satisfactory to the corporation that the  
19          research to be conducted in connection with the Phase I federal grant will benefit the  
20          economy of this state and that at least 51 percent of that research will be conducted  
21          in this state.

22          4. The applicant intends to apply for a Phase II federal grant.

23          5. The applicant submitted its application under par. (a) within 180 days after  
24          the applicant first received any moneys from the federal government under the  
25          applicant's Phase I federal grant.

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1           6. The applicant satisfies any other requirements established by the  
2 corporation.

3           (c) Before the corporation awards a Phase I matching grant, the corporation  
4 shall contract with the Phase I federal grant recipient. The corporation shall  
5 determine the contract's terms, including the amount of the Phase I matching grant,  
6 after negotiation with the Phase I federal grant recipient. The contract shall include  
7 all of the following provisions:

8           1. That, at a time determined by the corporation and specified in the contract,  
9 the Phase I federal grant recipient shall file with the corporation a report that shows  
10 the Phase I federal grant recipient's expenditures of the Phase I federal grant and  
11 the Phase I matching grant; and that, if the Phase I federal grant recipient fails to  
12 submit a report under this subdivision that is acceptable to the corporation, the  
13 corporation may order repayment of all or a portion of the Phase I matching grant.

14           2. That the Phase I federal grant recipient may assign the contract only upon  
15 the prior written consent of the corporation.

16           3. That, in addition to any other purposes for which the Phase I federal grant  
17 may be expended, the Phase I matching grant may be used for patenting, market  
18 research, and marketing.

19           **(4) PHASE II MATCHING GRANTS.** (a) A Phase I matching grant recipient may  
20 apply for a Phase II matching grant on a form provided by the corporation.

21           (b) Subject to par. (c) and the limitations under sub. (5), the corporation may  
22 award a Phase II matching grant to an applicant under par. (a) if the applicant meets  
23 all of the following conditions:

24           1. The applicant submits evidence satisfactory to the corporation that the  
25 federal government approved the applicant's final report for its Phase I federal grant,

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1 the applicant has satisfied any other applicable requirements for its Phase I federal  
2 grant, and the applicant has been awarded a Phase II federal grant.

3 2. The applicant submitted its application under par. (a) within 90 days after  
4 the applicant completed its research under the applicant's Phase I federal grant.

5 3. The applicant satisfies any other requirements established by the  
6 corporation.

7 (c) Before the corporation awards a Phase II matching grant, the corporation  
8 shall contract with the Phase II federal grant recipient. The corporation shall  
9 determine the contract's terms, including the amount of the Phase II matching grant,  
10 after negotiation with the Phase II federal grant recipient. The contract shall include  
11 all of the following provisions:

12 1. That, at a time determined by the corporation and specified in the contract,  
13 the Phase II federal grant recipient shall file with the corporation a report that shows  
14 the Phase II federal grant recipient's expenditures of the Phase II federal grant and  
15 the Phase II matching grant; and that, if the Phase II federal grant recipient fails to  
16 submit a report under this subdivision that is acceptable to the corporation, the  
17 corporation may order repayment of all or a portion of the Phase II matching grant.

18 2. That the Phase II federal grant recipient may assign the contract only upon  
19 the prior written consent of the corporation.

20 3. That, in addition to any other purposes for which the Phase II federal grant  
21 may be expended, the Phase II matching grant may be expended for patenting,  
22 market research, and marketing.

23 **(5) LIMITATIONS.** (a) The corporation may not award a Phase I or Phase II  
24 matching grant that exceeds \$50,000 or the amount of the Phase I or Phase II federal  
25 grant, whichever is less.

