



Adam Neylon

State Representative • 98th Assembly District

DATE: December 19, 2017

FROM: State Representative Adam Neylon

TO: Senate Committee on Economic Development, Commerce and Local Government

RE: Supporting Assembly Bill 640

Chairman Tauchen and Committee Members, thank you for holding this hearing and considering the Wisconsin Workforce and Innovation Network for Success (WINS) Act, Assembly Bill 640.

The WINS Act has two simple goals in mind – strengthen Wisconsin’s economy and create family supporting careers in Wisconsin. The bill creates what is called the Innovation fund which will grow our economy and create jobs by providing financial assistance to qualifying businesses in Wisconsin for development or deployment of new technologies, components and products, including their research and development. This legislation can also provide financial assistance to businesses engaging in an industry cluster partnership, similar to that of The Water Council in Milwaukee.

The success experienced by The Water Council in Milwaukee is something we hope to replicate in a number of different industries across Wisconsin. The Water Council industry cluster has produced more than \$220 million in economic development in the district surrounding the Global Water Center during its first four years. Additionally, The Water Council has helped increase property values in the Water Technology District by more than \$56 million dollars, and is responsible for the implementation of 126 separate development projects, both large and small, and attracted businesses and buyer delegations from across the globe covering 77 different countries since 2013. President and CEO Dean Amhaus of The Water Council will be testifying later and can elaborate on their success in more detail.

The WINS Act deploys a long-term funding strategy to grow our economy and create jobs by tapping into our private sector industry leaders, our research institutions and others to work together in the name of solving big problems and promoting innovation.

The WINS Act also creates what is referred to as the Innovation Council, which is made up of: a person from the WEDC Board of Directors who will serve as Chair; a person from State of Wisconsin Investment Board; a person from the Wisconsin Alumni Research Foundation; and four people selected by the Chair of the WEDC Board of Directors who have experience working with industry clusters, early stage investing and national networks of stakeholders in various industries. The Innovation Council will perform two functions: 1) advise WEDC on potential investments 2) communicate to their networks how Wisconsin is THE place to set up operations, thus stimulating direct investment from both inside and outside our state.

On the back of this testimony, I have included a list of the businesses that support this legislation.

Thank you for your time and I am happy to take any questions.

This legislation is supported by the following businesses:

The Water Council, BioForward, Rockwell Automation, FaBWI, Bradley Corp, UW-Madison, UW-Milwaukee, Marquette University, Medical College of Wisconsin, WARF, Midwest Energy Research Consortium, Ruckert & Mielke Inc., Sargento Foods, GorillyGoods, MillerCoors, Lakefront Brewery, MobCraft Brewery, Wixon, O&H Danish Bakery, Maglio Companies, Palermo's, Klement's, AO Smith, SHINE Medical Technologies, Rexnord, Badger Meter, Milwaukee Metropolitan Sewerage District, Johnsonville, Matthews Strategic Services, Pave Drain, Evoqua, FluGen, Gilson Inc., Jango Bio, Cellular Logistics, and Wellbe Inc.

Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON SMALL BUSINESS DEVELOPMENT

December 19, 2017

Assembly Bill 640

Thank you Chairman Tauchen and committee members for holding a public hearing today on Assembly Bill 640, also known as the Wisconsin Workforce and Innovation Network for Success (WINS) Act. This legislation strengthens Wisconsin's image as a leader in innovation, energizes growth in our industry clusters, and expands our efforts to retain and recruit new businesses.

The WINS Act creates the Innovation Fund. It also creates the Innovation Fund Council to advise the Wisconsin Economic Development Corporation (WEDC). The Council will advise WEDC on how to use the funds available to support: innovation to solve state or local problems, product research and development, industry cluster partnerships, business accelerators, and Small Business Innovation Research (SBIR) matching grants. The council will bring the information needed to keep Wisconsin on the cutting edge of technological innovations while also expanding our exposure nationally and internationally for industry clusters in Wisconsin.

The Innovation Fund is created by investing taxes that are withheld from qualifying companies whose principal business activity code in the North American Industry Classification. These businesses align with Wisconsin's major industry strengths such as advanced manufacturing, industrial machinery, biohealth, water technology, and computer system design. A total of up to \$50 million each year is invested in the fund with an overall of \$500 million. The fund will be managed by SWIB and sunset in 2033. Only the interest and income generated from the fund can be used for financial assistance.

This bill provides the tools necessary to incentivize private sector organizations to step forward to help grow their respective industries. By investing in industry clusters, we create the framework for collaboration between industry, our universities, and WEDC. This collaboration connects firsthand experience with academic expertise in research and development and provides the necessary resources to support and solve local problems. These organizations will provide more start-up support, help develop rapid prototyping of new products and services, guide young companies through the transition out of the start-up phase, and partner with educational institutions for industry-specific research and skills training.

I want to thank Representative Neylon for his work on this legislation and again thank you committee members for holding a hearing on AB 640.

I hope to have your support for this legislation.



Wisconsin Economic Development Corporation
For informational purposes only
Senate Bill 525 and Assembly Bill 640
Assembly Committee on Small Business Development
December 19, 2017

Thank you for the opportunity to provide input on SB525 and AB640.

We would like to extend our appreciation to the authors for the opportunity to work with them during the development of the Innovation Consortium bill, which is designed to spur additional economic activity in Wisconsin's existing and emerging industry clusters as well as our entrepreneurial and startup communities.

The Wisconsin Economic Development Corporation's (WEDC) mission is to advance and maximize opportunities for businesses, communities and people to thrive in a globally competitive environment. We work toward this mission by focusing on five key Catalysts of Growth, which form the basis of our Strategic Pillars, to help activate and accelerate economic opportunity in Wisconsin. The Strategic Pillars include: 1) Strategic Economic Competitiveness, 2) Business Development, 3) Community and Economic Opportunity, 4) Brand Development and Strategy, and 5) Operational and Fiscal Excellence.

Key components of these pillars include the investments WEDC continues to make in Wisconsin's industry clusters and entrepreneurial community through many of the initiatives described in this legislation. We have been able to leverage the flexibility of our block grant funding to implement several of these strategies as a direct result of the input from our stakeholders and clients to meet gaps in services in the marketplace. For example, WEDC has invested \$3.7 million in the SBIR Advance Program since it was launched in Fiscal Year 15 and this investment has leveraged over \$30 million. This program, which has served 38 unique business startups, aims to fill a critical funding gap for activities otherwise restricted under federal grant programs.

As the lead agent to implement the strategic initiatives described in this bill, WEDC appreciates the willingness of the authors to work with us and to understand some of the concerns we raised with earlier versions of the bill. Through these discussions, important changes have been made to ease the burden of implementation and maintains WEDC's Board of Directors' statutory authority to oversee the development and implementation of economic programs (§238.03(1)).

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However, Senate Bill 525 introduces an innovative funding model that could supplement WEDC's current investments and allow us to explore additional opportunities to grow Wisconsin's economy. It utilizes the State of Wisconsin Investment Board's renowned investment infrastructure to develop a revolving funding mechanism that has the potential to positively impact Wisconsin economic vibrancy for generations to come.

We look forward to continued engagement with the members of the legislature, our partners and the industry experts to fully realize all opportunities to support Wisconsin's key industry clusters and entrepreneurs.

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