

2001 DRAFTING REQUEST

Assembly Amendment (AA-AB579)

Received: 10/29/2001

Received By: kahlepj

Wanted: Today

Identical to LRB:

For: Glenn Grothman (608) 264-8486

By/Representing: himself

This file may be shown to any legislator: NO

Drafter: kahlepj

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Subject: Econ. Development - bus. dev.

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Pre Topic:

No specific pre topic given

Topic:

Reporting requirements

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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4. Reporting Requirements

Current Law: Under s. 560.35, Stats., certified capital companies are required to report to the department under limited circumstances: as soon as practicable after the receipt of certified capital investments or after the receipt of information that a qualified business has violated an agreement; and annually on or before January 31. In addition, the CAPCO must provide its audited financial statements within 90 days of its fiscal year end.

Problem: This program is significant, with \$50 million in tax credits and a proposal to add \$100 million in additional credits. It is very difficult to manage the program and to respond to inquiries when information is provided once a year. The CAPCO should be required to notify the department when it enters into contractual agreements with qualified businesses so that the department can more effectively manage the program and respond to inquiries regarding activities of the program.

Recommended Solution: The Department recommends the following changes to s. 560.35, Stats.:

- 1) Certified capital companies should be required to notify the department when they enter into contractual agreements with qualified businesses so the department can more effectively manage the program and respond to inquiries regarding the activities of the program. The change would include:

(1c) ?

560.35 (11) INVESTMENTS IN QUALIFIED BUSINESSES. Within 15 days after entering into a contractual investment agreement with a qualified business, a certified capital company shall report all of the following to the department:

- (a) The name of the qualified business;
- (b) The amount of funds committed to be placed;
- (c) The type of funds to be placed, whether equity or unsecured debt.

- 2) The department must have information available to make a determination whether a certified capital company has complied with the investment schedule. The change would include:

560.35 (1n) QUALIFIED INVESTMENT SCHEDULE REPORTS. Within 30 days of the date of the percentage requirements under 560.34 (1m) (a), the certified capital company shall report to the department information required by the department to make a determination that the certified capital company has complied with the percentage requirements under 560.34 (1m) (a). Such information will be submitted in format and substance acceptable to the department.

- 3) The annual reporting requirements should be made semiannual. The change would include:

560.35 (2) ~~Annual~~ Semiannual Reports. On or before January 31 and July 31 semiannually, a certified capital company shall report all of the following to the department in format and substance acceptable to the department:

- (1) The amount of the certified capital company's certified capital at the end of the preceding ~~year~~ semiannual period.
- (2) Whether the certified capital company has invested more than 15% of its total certified capital in any one person.

All qualified investments that the certified capital company has made during the previous calendar year and the investment pool from which each qualified investment was made.

5. **Qualified Investments: The Investment Schedule**

Current Law: Under s. 560.34 (1m), Stats., A certified capital company shall ensure that each of its investment pools makes qualified investments according to the following schedule:

- Within 3 years after the investment date for a particular investment pool, at least 30% of the investment pool shall be placed in qualified investments.
- Within 5 years after the investment date for a particular investment pool, at least 50% of the investment pool shall be placed in qualified investments.

Problem: There is no requirement to ensure that 100% of the investment pool is placed in qualified investments. There is also no requirements governing the investments after five years.

Recommended Solution: The Department recommends that s. 560.34 (1m) be amended to provide that the investment schedule should continue beyond year 5, and to require that 100% of the investment pool should be placed by year 10. Specifically, the following new subsections should be added include:

- Within 7 years after the investment date for a particular investment pool, at least 70% of the investment pool shall be placed in qualified investments.
- Within 10 years after the investment date for a particular investment pool, 100% of the investment pool shall be placed in qualified investments.
- Sub 3 and 4 do not apply to investment pools prior to December 31, 1999.

20862



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBa0861/1

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~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

ASSEMBLY AMENDMENT,
TO 2001 ASSEMBLY BILL 579

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1 At the locations indicated, amend the bill[✓] as follows:

2 1. Page 1, line 5: after "requirements," insert "certified capital company
3 reporting requirements."[✓]

4 2. Page 4, line 19: after that line insert:

5 "SECTION 9m.[✓] 560.35 (1c) of the statutes is created to read:

6 560.35 (1c) INVESTMENT IN QUALIFIED BUSINESS.[✓] Within 15 days after entering
7 into an agreement with a qualified business[✓] to make a qualified investment in the
8 business, a certified capital company shall report all of the following to the
9 department:[✓]

10 (a) The name of the qualified business.

11 (b) The agreed upon amount of the qualified investment.

12 (c) The type of investment, as specified in s. 560.34 (1) (a) 1. or 2. a. or b."[✓]

3. Page 5, line 2: after that line insert:

"SECTION 11c. 560.35 (1r) of the statutes is created to read:

560.35 (1r) QUALIFIED INVESTMENT SCHEDULE REPORT. Within 30 days after the conclusion of each time period specified in s. 560.34 (1m) (a), a certified capital company shall report to the department, in the format and substance prescribed by the department, information required by the department for determining ~~if~~ the certified capital company is in compliance with the percentage requirements under s. 560.34 (1m) (a).

whether

SECTION 11m. 560.35 (2) (intro.) of the statutes is amended to read:

560.35 (2) ~~ANNUAL~~ SEMIANNUAL REPORTS. (intro.) On Each year, on or before January 31 annually, for the preceding 6-month period ending on December 31, and on or before July 31, for the preceding 6-month period ending on June 30, a certified capital company shall report, in format and substance prescribed by the department, all of the following to the department:

History: 1997 a. 215.

SECTION 11r. 560.35 (2) (a) of the statutes is amended to read:

560.35 (2) (a) The amount of the certified capital company's certified capital at the end of the preceding year 6-month period.

History: 1997 a. 215.

SECTION 11t. 560.35 (2) (c) of the statutes is amended to read:

560.35 (2) (c) All qualified investments that the certified capital company has made during the ~~previous calendar year~~ preceding 6-month period and the investment pool from which each qualified investment was made."

History: 1997 a. 215.

(END)