



## 2001 SENATE BILL 296

October 26, 2001 - Introduced by Senators CHVALA, ROBSON, DECKER and BURKE, cosponsored by Representatives LASSA, WIECKERT, BLACK, MUSSER, WASSERMAN, M. LEHMAN, BOYLE, SHILLING, BALOW, COLON, TURNER and RYBA. Referred to Committee on Economic Development and Corrections.

1     **AN ACT to amend** 20.143 (1) (c); and **to create** 25.17 (71) of the statutes; **relating**  
2           **to:** investment in venture capital investment firms, a grant to a  
3           high-technology business development corporation, and making an  
4           appropriation.

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### *Analysis by the Legislative Reference Bureau*

#### ***Venture capital investments***

Under current law, the state investment board (SWIB) is authorized to make investments in venture capital investment firms and in businesses that are in the venture capital stage of development.

This bill requires SWIB to invest an amount not exceeding \$50,000,000 in venture capital investment firms before June 30, 2004. In selecting the venture capital investment firms in which to make investments, SWIB must consider the experience of the firms in making investments; the commitment of the firms to making venture capital investments in the health care and biotechnology industries; the willingness of the firms to make at least 75% of the investments in businesses headquartered in this state; whether the firms have a place of business in this state; the overall experience of the firms in making investments in businesses that are in the venture capital stage; the relationships that the firms have with technology transfer organizations, such as the Wisconsin Alumni Research Foundation, Inc.; and the ability of the firms to do lead and follow-on investments.

The bill also requires that the firms in which SWIB makes an investment may only make investments in businesses located in the areas of Green Bay, Eau Claire,

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Madison, Janesville-Beloit, La Crosse, Stevens Point-Marshfield, Racine-Kenosha, Milwaukee, Sheboygan-Manitowoc, Superior, the Fox River Valley, and Wausau.

***Grant for biotechnology***

Current law requires the department of commerce (department) to organize and assist in maintaining a high-technology business development corporation (corporation), the purpose of which is to promote and support the creation, development, and retention of science-based and technology-based businesses in the state. The department is authorized to provide grants to the corporation of up to \$250,000 in a fiscal year from a general purpose revenue appropriation to the department specifically for the purpose of providing grants to the corporation.

This bill authorizes the department to provide a grant to the corporation of up to \$2,500,000 in fiscal year 2001-02. The grant must be used for a media campaign that identifies Wisconsin as the leader in biotechnology and for recruiting biotechnology business start-up and expansion to the state. The corporation must contribute an amount that is equal to the grant and submit a plan for the use of the grant proceeds that is approved by the secretary of commerce. The funding for the grant comes from a general purpose revenue appropriation to the department, commonly known as the Wisconsin development fund, that funds various grants and loans to foster economic development, manufacturing, and technology.

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.** 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act 16,  
2 is amended to read:

3           20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*  
4 *assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,  
5 560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and  
6 560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for  
7 providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan  
8 under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin  
9 Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act  
10 27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5), and 2001 Wisconsin

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1 Act .... (this act), section 3 (1); and for providing up to \$100,000 annually for the  
2 continued development of a manufacturing and advanced technology training center  
3 in Racine. Of the amounts in the schedule, \$50,000 shall be allocated in each of fiscal  
4 years 1997-98 and 1998-99 for providing the assistance under s. 560.06 (1).  
5 Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000 shall be  
6 allocated in each of 4 consecutive fiscal years, beginning with fiscal year 1998-99,  
7 for grants and loans under s. 560.62 (1) (a).

8 **SECTION 2.** 25.17 (71) of the statutes is created to read:

9 25.17 (71) (a) Before June 30, 2004, invest an amount not exceeding  
10 \$50,000,000 in venture capital investment firms. The amount that is required to be  
11 invested under this paragraph shall be in addition to any amount that is invested in  
12 venture capital investment firms before the effective date of this paragraph ....  
13 [revisor inserts date]. In selecting the venture capital investment firms in which to  
14 make investments, the investment board shall consider all of the following factors:

15 1. The experience of the venture capital investment firms in making  
16 investments.

17 2. The commitment of the venture capital investment firms to making venture  
18 capital investments in the health care and biotechnology industries.

19 3. The willingness of the venture capital investment firms to make at least 75%  
20 of the investments in businesses headquartered in this state.

21 4. Whether the venture capital investment firms have a place of business in this  
22 state.

23 5. The overall experience of the venture capital investment firms in making  
24 investments in businesses that are in the venture capital stage.

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1           6. The relationships that the venture capital investment firms have with  
2 technology transfer organizations, such as the Wisconsin Alumni Research  
3 Foundation, Inc.

4           7. The ability of the venture capital investment firms to do lead and follow-on  
5 investments.

6           (b) Any venture capital investment firm in which the investment board makes  
7 an investment under par. (a) may only make investments in businesses located in the  
8 areas of Green Bay, Eau Claire, Madison, Janesville-Beloit, La Crosse, Stevens  
9 Point-Marshfield, Racine-Kenosha, Milwaukee, Sheboygan-Manitowoc, Superior,  
10 the Fox River Valley, and Wausau. The investment board shall determine the  
11 geographic boundaries of each area.

**SECTION 3. Nonstatutory provisions.**

12           (1) GRANT TO HIGH-TECHNOLOGY CORPORATION.

13           (a) In this subsection:

14           1. "Department" means the department of commerce.

15           2. "High-technology corporation" means the high-technology business  
16 development corporation under section 560.27 of the statutes.

17           3. "Secretary" means the secretary of commerce.

18           (b) Notwithstanding section 560.27 (3) (c) of the statutes, the department may  
19 make a grant in fiscal year 2001-02 of up to \$2,500,000 from the appropriation under  
20 section 20.143 (1) (c) of the statutes, as affected by this act, to the high-technology  
21 corporation if all of the following apply:  
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23           1. The high-technology corporation uses the grant proceeds for a media  
24 campaign that identifies Wisconsin as the leader in biotechnology and to recruit  
25 biotechnology businesses for start-up in, or expansion to, this state.

