

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3054/P1dn
RJM:kjf:jf

August 14, 2003

Representative McCormick:

Attached is a preliminary draft establishing a Wisconsin Capital Investment Board (WCIB). Per my discussions with Jennifer, this draft is based on the current Iowa Capital Investment Board. It was unclear to me, though, how closely you intended to copy the Iowa law. Please review the draft to ensure that it satisfies your intent. In particular, please note the following issues:

1. The primary difference between this draft and the draft you initially requested is that the WCIB under this draft will certify venture capital funds, community-based seed capital funds, and businesses that satisfy specified criteria. Investments in these entities would qualify for an income tax credit. Under this draft, the WCIB does not manage any money; rather, it investigates funds and businesses and certifies them. The provision of your initial request concerning guaranteed investments was inapplicable to the Iowa model.
2. The WCIB is attached to the Department of Commerce under the draft, meaning that the Department of Commerce will provide budgeting, program coordination, and related management functions for the WCIB. The bill also requires the WCIB to consult with the Department of Commerce when the WCIB promulgates rules to implement the program established under the draft. In all other respects, though, the WCIB may act independently of the Department of Commerce under the draft.
3. The draft does not provide a method of funding the operations of the WCIB. Options include a GPR appropriation funded by a specified amount of tax dollars or a PR appropriation funded by some fee imposed by the WCIB. Absent such a new appropriation, the operations of the WCIB arguably may be funded out of the GPR, general program operations appropriation to the Department of Commerce under s. 20.143 (1) (a), stats.

Also, although the draft permits the WCIB to employ an executive director outside the classified service and authorizes the executive director to hire staff within the classified service, the draft does not specify the number and type of positions authorized for these purposes. Please let me know how you intend to fund the operations of the WCIB and the number and type of positions you would like to provide. If you have any questions concerning this issue, please feel free to contact me or an analyst at the LFB.

Please feel free to call if you have any questions or desire any changes to the draft.

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The tax credits in created ss. 71.07 (2r) (c) 1., 71.28 (2r) (c) 1., and 71.47 (2r) (c) 1. contain a maximum for the total amount of credits that may be claimed in a year, but there is no maximum claim that an individual claimant is limited to. Do you want to specify such a limit? Compare to the individual and total claim amount limits in created s. 71.07 (5d) (c) 1.

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