

**ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 2003 SENATE BILL 261**

**AN ACT** *to amend* 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and *to create* 20.143 (1) (dk), 20.143 (1) (ik), 71.07 (5b), 71.07 (5d), 71.10 (4) (gwb), 71.10 (4) (gx), 71.28 (5b), 71.30 (3) (eop), 71.47 (5b), 71.49 (1) (eop), 560.03 (25), 560.03 (26), 560.205 and 560.275 of the statutes; **relating to:** creating a technology commercialization grant and loan program, creating an angel investment tax credit and an early stage seed investment tax credit, facilitating the development of certain investor networks, and granting rule-making authority and making an appropriation.

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

1           **SECTION 1b.** 20.005 (3) (schedule) of the statutes: at the appropriate place,  
2           insert the following amounts for the purposes indicated:

	<b>2003–04</b>	<b>2004–05</b>
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**20.143 Commerce, department of**

(1) ECONOMIC AND COMMUNITY DEVELOPMENT

(dk) Technology commercialization

grant and loan program; assis-

tance

GPR	B	–0–	\$2,600,000
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**SECTION 1m.** 20.143 (1) (dk) of the statutes is created to read:

20.143 (1) (dk) *Technology commercialization grant and loan program; assistance.* Biennially, the amounts in the schedule for grants and loans under s. 560.275 (2).

**SECTION 2.** 20.143 (1) (ik) of the statutes is created to read:

20.143 (1) (ik) *Technology commercialization grant and loan program; repayments.* All moneys received in repayment of grants and loans made under s. 560.275 (2), to be used for grants and loans under s. 560.275 (2).

**SECTION 3.** 71.05 (6) (a) 15. of the statutes, as affected by 2003 Wisconsin Act 99, is amended to read:

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), ~~and (3t), (5b), and (5d)~~ and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

**SECTION 4.** 71.07 (5b) of the statutes is created to read:

71.07 (5b) EARLY STAGE SEED INVESTMENT CREDIT. (a) *Definitions.* In this subsection:

1           1. “Claimant” means a person who files a claim under this subsection.

2           2. “Fund manager” means an investment fund manager certified under s.  
3 560.205 (2).

4           (b) *Filing claims.* For taxable years beginning after December 31, 2004, subject  
5 to the limitations provided under this subsection and s. 560.205, a claimant may  
6 claim as a credit against the tax imposed under ss. 71.02 and 71.08, up to the amount  
7 of those taxes, 25 percent of the claimant’s initial investment paid in the taxable year  
8 to a fund manager that the fund manager invests in a business certified under s.  
9 560.205 (1).

10           (c) *Limitations.* 1. The maximum amount of the credits that may be claimed  
11 under this subsection and ss. 71.28 (5b) and 71.47 (5b) for all taxable years combined  
12 is \$35,000,000.

13           2. Partnerships, limited liability companies, and tax–option corporations may  
14 not claim the credit under this subsection, but the eligibility for, and the amount of,  
15 the credit are based on their payment of amounts under par. (b). A partnership,  
16 limited liability company, or tax–option corporation shall compute the amount of  
17 credit that each of its partners, members, or shareholders may claim and shall  
18 provide that information to each of them. Partners, members of limited liability  
19 companies, and shareholders of tax–option corporations may claim the credit in  
20 proportion to their ownership interest or as specially allocated in their  
21 organizational documents.

22           (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
23 s. 71.28 (4), applies to the credit under this subsection.

24           **SECTION 5.** 71.07 (5d) of the statutes is created to read:

25           71.07 (5d) ANGEL INVESTMENT CREDIT. (a) *Definitions.* In this subsection:

1           1. “Bona fide angel investment” means a purchase of an equity interest, or any  
2 other expenditure, as determined by rule under s. 560.205, that is made by any of the  
3 following:

4           a. An individual who reviews new businesses or proposed new businesses for  
5 potential investment of the individual’s money.

6           b. A network of individuals who satisfy subd. 1.

7           2. “Claimant” means an individual who files a claim under this subsection.

8           3. “Qualified new business venture” means a business that is certified under  
9 s. 560.205 (1).

10           (b) *Filing claims.* Subject to the limitations provided in this subsection and in  
11 s. 560.205, a claimant may claim as a credit against the tax imposed under s. 71.02  
12 or 71.08, up to the amount of those taxes, in each taxable year for 2 years, beginning  
13 with the taxable year in which the claimant’s initial investment is made, an amount  
14 equal to 12.5 percent of the claimant’s bona fide angel investment made directly in  
15 a qualified new business venture in the taxable year.

16           (c) *Limitations.* 1. The maximum amount of the credits that may be claimed  
17 under this subsection for all taxable years combined is \$30,000,000.

18           2. The maximum amount of a claimant’s investment that may be used as the  
19 basis for a credit under this subsection is \$500,000 for each investment made directly  
20 in a business certified under s. 560.205 (1).

21           3. For a claimant who is a nonresident or part-year resident of this state and  
22 who is a single person or a married person filing a separate return, multiply the  
23 credit for which the claimant is eligible under par. (b) by a fraction, the numerator  
24 of which is the individual’s Wisconsin adjusted gross income and the denominator of  
25 which is the individual’s federal adjusted gross income. If a claimant is married and

1 files a joint return, and if the claimant or the claimant's spouse, or both, are  
2 nonresidents or part-year residents of this state, multiply the credit for which the  
3 claimant is eligible under par. (b) by a fraction, the numerator of which is the couple's  
4 joint Wisconsin adjusted gross income and the denominator of which is the couple's  
5 joint federal adjusted gross income.

6 (d) *Administration.* 1. If an investment for which a claimant claims a credit  
7 under par. (b) is held by the claimant for less than one year, the claimant shall pay  
8 to the department, in the manner prescribed by the department, the amount of the  
9 credit that the claimant received related to the investment.

10 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies  
11 to the credit under this subsection.

12 3. Subsection (9e) (d), to the extent that it applies to the credit under that  
13 subsection, applies to the credit under this subsection.

14 **SECTION 6.** 71.08 (1) (intro.) of the statutes, as affected by 2003 Wisconsin Act  
15 99, is amended to read:

16 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
17 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
18 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (3t),  
19 (5b), (5d), (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m),  
20 (3), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), and  
21 (3t) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less  
22 than the tax under this section, there is imposed on that natural person, married  
23 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative  
24 minimum tax computed as follows:

25 **SECTION 7.** 71.10 (4) (gwb) of the statutes is created to read:

1           71.10 (4) (gwb) Early stage seed investment credit under s. 71.07 (5b).

2           **SECTION 8.** 71.10 (4) (gx) of the statutes is created to read:

3           71.10 (4) (gx) Angel investment credit under s. 71.07 (5d).

4           **SECTION 9.** 71.21 (4) of the statutes, as affected by 2003 Wisconsin Act 99, is  
5 amended to read:

6           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
7 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3s), ~~and (3t),~~ and (5b) and passed through to  
8 partners shall be added to the partnership's income.

9           **SECTION 10.** 71.26 (2) (a) of the statutes, as affected by 2003 Wisconsin Act 99,  
10 is amended to read:

11           71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
12 the gross income as computed under the Internal Revenue Code as modified under  
13 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
14 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)  
15 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income  
16 under this paragraph at the time that the taxpayer first claimed the credit plus the  
17 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),  
18 (1ds), (1dx), (3g), ~~and (3t),~~ and (5b) and not passed through by a partnership, limited  
19 liability company, or tax-option corporation that has added that amount to the  
20 partnership's, limited liability company's, or tax-option corporation's income under  
21 s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other disposition  
22 of assets the gain from which would be wholly exempt income, as defined in sub. (3)  
23 (L), if the assets were sold or otherwise disposed of at a gain and minus deductions,  
24 as computed under the Internal Revenue Code as modified under sub. (3), plus or  
25 minus, as appropriate, an amount equal to the difference between the federal basis

1 and Wisconsin basis of any asset sold, exchanged, abandoned, or otherwise disposed  
2 of in a taxable transaction during the taxable year, except as provided in par. (b) and  
3 s. 71.45 (2) and (5).

4 **SECTION 11.** 71.28 (5b) of the statutes is created to read:

5 **71.28 (5b) EARLY STAGE SEED INVESTMENT CREDIT.** (a) *Definitions.* In this  
6 subsection:

7 1. “Claimant” means a person who files a claim under this subsection.

8 2. “Fund manager” means an investment fund manager certified under s.  
9 560.205 (2).

10 (b) *Filing claims.* For taxable years beginning after December 31, 2004, subject  
11 to the limitations provided under this subsection and s. 560.205, a claimant may  
12 claim as a credit against the tax imposed under s. 71.23, up to the amount of those  
13 taxes, 25 percent of the claimant’s initial investment paid in the taxable year to a  
14 fund manager that the fund manager invests in a business certified under s. 560.205  
15 (1).

16 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed  
17 under this subsection and ss. 71.07 (5b) and 71.47 (5b) for all taxable years combined  
18 is \$35,000,000.

19 2. Partnerships, limited liability companies, and tax–option corporations may  
20 not claim the credit under this subsection, but the eligibility for, and the amount of,  
21 the credit are based on their payment of amounts under par. (b). A partnership,  
22 limited liability company, or tax–option corporation shall compute the amount of  
23 credit that each of its partners, members, or shareholders may claim and shall  
24 provide that information to each of them. Partners, members of limited liability  
25 companies, and shareholders of tax–option corporations may claim the credit in

1 proportion to their ownership interest or as specially allocated in their  
2 organizational documents.

3 (d) *Administration*. Subsection (4) (e) to (h), as it applies to the credit under  
4 sub. (4), applies to the credit under this subsection.

5 **SECTION 12.** 71.30 (3) (eop) of the statutes is created to read:

6 71.30 (3) (eop) Early stage seed investment credit under s. 71.28 (5b).

7 **SECTION 13.** 71.34 (1) (g) of the statutes, as affected by 2003 Wisconsin Act 99,  
8 is amended to read:

9 71.34 (1) (g) An addition shall be made for credits computed by a tax–option  
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),  
11 ~~and (3t), and (5b)~~ and passed through to shareholders.

12 **SECTION 14.** 71.45 (2) (a) 10. of the statutes, as affected by 2003 Wisconsin Act  
13 99, is amended to read:

14 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
15 computed under s. 71.47 (1dd) to (1dx) ~~and (5b)~~ and not passed through by a  
16 partnership, limited liability company or tax–option corporation that has added that  
17 amount to the partnership’s, limited liability company’s or tax–option corporation’s  
18 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
19 s. 71.47 (1), (3), (3t), (4) and (5).

20 **SECTION 15.** 71.47 (5b) of the statutes is created to read:

21 71.47 (5b) EARLY STAGE SEED INVESTMENT CREDIT. (a) *Definitions*. In this  
22 subsection:

23 1. “Claimant” means a person who files a claim under this subsection.

24 2. “Fund manager” means an investment fund manager certified under s.  
25 560.205 (2).



1           (b) *Filing claims.* For taxable years beginning after December 31, 2004, subject  
2 to the limitations provided under this subsection and s. 560.205, a claimant may  
3 claim as a credit against the tax imposed under s. 71.43, up to the amount of those  
4 taxes, 25 percent of the claimant's initial investment paid in the taxable year to a  
5 fund manager that the fund manager invests in a business certified under s. 560.205  
6 (1).

7           (c) *Limitations.* 1. The maximum amount of the credits that may be claimed  
8 under this subsection and ss. 71.07 (5b) and 71.28 (5b) for all taxable years combined  
9 is \$35,000,000.

10           2. Partnerships, limited liability companies, and tax–option corporations may  
11 not claim the credit under this subsection, but the eligibility for, and the amount of,  
12 the credit are based on their payment of amounts under par. (b). A partnership,  
13 limited liability company, or tax–option corporation shall compute the amount of  
14 credit that each of its partners, members, or shareholders may claim and shall  
15 provide that information to each of them. Partners, members of limited liability  
16 companies, and shareholders of tax–option corporations may claim the credit in  
17 proportion to their ownership interest or as specially allocated in their  
18 organizational documents.

19           (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
20 s. 71.28 (4), applies to the credit under this subsection.

21           **SECTION 16.** 71.49 (1) (eop) of the statutes is created to read:

22           71.49 (1) (eop) Early stage seed investment credit under s. 71.47 (5b).

23           **SECTION 17.** 77.92 (4) of the statutes, as affected by 2003 Wisconsin Act 99, is  
24 amended to read:

1           77.92 **(4)** “Net business income”, with respect to a partnership, means taxable  
2 income as calculated under section 703 of the Internal Revenue Code; plus the items  
3 of income and gain under section 702 of the Internal Revenue Code, including taxable  
4 state and municipal bond interest and excluding nontaxable interest income or  
5 dividend income from federal government obligations; minus the items of loss and  
6 deduction under section 702 of the Internal Revenue Code, except items that are not  
7 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), ~~and (3t)~~, and (5b); and plus or  
10 minus, as appropriate, transitional adjustments, depreciation differences, and basis  
11 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
12 loss, and deductions from farming. “Net business income”, with respect to a natural  
13 person, estate, or trust, means profit from a trade or business for federal income tax  
14 purposes and includes net income derived as an employee as defined in section 3121  
15 (d) (3) of the Internal Revenue Code.

16           **SECTION 18.** 560.03 (25) of the statutes is created to read:

17           560.03 **(25)** In cooperation with the department of financial institutions and  
18 the board of regents of the University of Wisconsin System, provide education and  
19 other support to facilitate the development networks of bona fide angel investors, as  
20 defined in s. 71.07 (5d) (a) 1.

21           **SECTION 19.** 560.03 (26) of the statutes is created to read:

22           560.03 **(26)** In cooperation with the department of financial institutions and  
23 the board of regents of the University of Wisconsin System, annually conduct and  
24 publish the results of a study of Wisconsin businesses to determine new business  
25 formation trends and identify obstacles faced by new Wisconsin businesses and areas

1 where changes in governmental policy may satisfy the needs of new Wisconsin  
2 businesses. As part of the study, the department of commerce shall conduct a survey  
3 of Wisconsin businesses.

4 **SECTION 20.** 560.205 of the statutes is created to read:

5 **560.205 Early stage business investment program. (1) ANGEL**  
6 INVESTMENT TAX CREDITS. The department shall implement a program to certify  
7 businesses for purposes of s. 71.07 (5d). A business desiring certification shall  
8 submit an application to the department in each taxable year for which the business  
9 desires certification. Unless otherwise provided under the rules of the department,  
10 a business may be certified under this subsection, and may maintain such  
11 certification, only if the business satisfies all of the following conditions:

12 (a) It has its headquarters in this state.

13 (b) At least 51 percent of the employees employed by the business are employed  
14 in this state.

15 (f) It is engaged in, or has committed to engage in, manufacturing, agriculture,  
16 or processing or assembling products and conducting research and development or  
17 developing a new product or business process.

18 (g) It is not engaged in real estate development, insurance, banking, lending,  
19 lobbying, political consulting, professional services provided by attorneys,  
20 accountants, business consultants, physicians, or health care consultants, wholesale  
21 or retail trade, leisure, hospitality, transportation, or construction.

22 (h) It has less than 100 employees.

23 (j) It has been in operation in this state for not more than 7 consecutive years.

24 (k) It has not received more than \$1,000,000 in investments that have qualified  
25 for tax credits under s. 71.07 (5d).

1           **(2) EARLY STAGE SEED INVESTMENT TAX CREDITS.** The department shall implement  
2 a program to certify investment fund managers for purposes of ss. 71.07 (5b), 71.28  
3 (5b), and 71.47 (5b). An investment fund manager desiring certification shall submit  
4 an application to the department. In determining whether to certify an investment  
5 fund manager, the department shall consider the investment fund manager's  
6 experience in managing venture capital funds, the past performance of investment  
7 funds managed by the applicant, the expected level of investment in the investment  
8 fund to be managed by the applicant, and any other relevant factors. The  
9 department may certify only investment fund managers that commit to consider  
10 placing investments in businesses certified under sub. (1).

11           **(3) ADMINISTRATION.** (a) *List of certified businesses and investment fund*  
12 *managers.* The department shall maintain a list of businesses certified under sub.  
13 (1) and investment fund managers certified under sub. (2) and shall permit public  
14 access to the lists through the department's Internet website.

15           (b) *Notification of department of revenue.* The department of commerce shall  
16 notify the department of revenue of every certification issued under sub. (1) and (2)  
17 and the date on which any such certification is revoked or expires.

18           (c) *Annual report.* Annually, no later than September 15, the department shall  
19 submit a report to the chief clerk of each house of the legislature for distribution to  
20 the legislature under s. 13.172 (2), listing all of the following information:

21           1. The total amount of tax credits claimed under ss. 71.07 (5b) and (5d), 71.28  
22 (5b), and 71.47 (5b) per taxable year.

23           2. The name of each business in which investments qualifying for such tax  
24 credits were made, the amount of such tax credits, and the amount of such  
25 investments.

1           3. Any other information the department considers reasonable to include.

2           (d) *Rules.* The department of commerce, in consultation with the department  
3 of revenue, shall promulgate rules to administer this section. The rules shall further  
4 define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1. The rules shall  
5 limit the aggregate amount of tax credits under s. 71.07 (5d) that may be claimed for  
6 investments in businesses certified under sub. (1) at \$3,000,000 per taxable year for  
7 taxable years beginning after December 31, 2004, and before January 1, 2015. The  
8 rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b),  
9 71.28 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers  
10 certified under sub. (2) at \$3,500,000 per taxable year for taxable years beginning  
11 after December 31, 2004, and before January 1, 2015. The rules may not permit the  
12 department of commerce or the department of revenue to assign a dollar amount of  
13 investments qualifying for tax credits that a particular business may subsequently  
14 raise.

15           **SECTION 21.** 560.275 of the statutes is created to read:

16           **560.275 Technology commercialization grant and loan program. (1)**

17           DEFINITION. In this section, “Project costs” means the total cost of a project financed,  
18 at least in part, by a grant or loan under sub. (2), calculated as provided by rule of  
19 the department.

20           **(2) AUTHORIZED GRANTS AND LOANS. (a) *Early stage planning grants and loans.***

21           The department may make a grant or loan from the appropriation under s. 20.143  
22 (1) (dk) or (ik) for the purpose of funding professional services related to completing  
23 an application to be submitted to the federal government for the purpose of obtaining  
24 early stage research and development funding or for the purpose of funding  
25 professional services that are required to accomplish specific tasks established as a

1 condition of receiving early stage financing from 3rd parties that is necessary for  
2 business development.

3 (b) *Matching grants and loans.* 1. The department may make a grant or loan  
4 from the appropriation under s. 20.143 (1) (dk) or (ik) for the purpose of funding  
5 professional services related to developing a proposed technologically innovative  
6 product, process, or service, if the applicant has received a grant from the federal  
7 government for a substantially similar purpose.

8 2. The department may make a grant or loan from the appropriation under s.  
9 20.143 (1) (dk) or (ik) for the purpose of funding professional services related to the  
10 accelerated commercialization of a technologically innovative product, process, or  
11 service, if the federal government has notified the applicant that the applicant will  
12 receive a grant from the federal government for a substantially similar purpose.

13 (c) *Bridge grants and loans.* The department may make a grant or loan from  
14 the appropriation under s. 20.143 (1) (dk) or (ik) to a person who has received early  
15 stage financing from 3rd parties or a grant from the federal government to fund early  
16 stage research and development and who has sought additional early stage financing  
17 from 3rd parties or applied for an additional grant from the federal government to  
18 fund early stage research and development. A grant or loan under this paragraph  
19 shall be for the purpose of funding professional services necessary to maintain the  
20 project research and management team and funding basic operations until the  
21 applicant's additional 3rd party financing request or federal grant application is  
22 approved or denied.

23 (d) *Venture capital grants and loans.* The department may make a grant or loan  
24 from the appropriation under s. 20.143 (1) (dk) or (ik) for the purpose of enhancing  
25 the applicant's ability to obtain early stage financing from 3rd parties.

1           (e) *Entrepreneurial and technology transfer center grants.* The department  
2           may make a grant from the appropriation under s. 20.143 (1) (dk) or (ik) for the  
3           purpose of supporting any entrepreneurial and technology transfer center that  
4           satisfies all of the following criteria:

5           1. The center serves multiple regions of this state.

6           2. The center provides assistance, other than financial assistance, to  
7           entrepreneurs to facilitate business development.

8           3. The center reviews and analyzes entrepreneurial business plans and offers  
9           advice concerning the improvement of the plans.

10          4. The center provides advice to entrepreneurs concerning patent, trademark,  
11          and copyright issues.

12          5. The center provides appropriate referral services to entrepreneurs.

13          **(3) GRANT AND LOAN AMOUNTS.** (a) *Early stage planning grants and loans.* In  
14          determining the amount of a grant or loan under sub. (2) (a), the department shall  
15          consider all of the following, in addition to any other information the department  
16          considers relevant:

17          1. The amount of economic impact the applicant, if successful, will have in this  
18          state.

19          2. The quality of any businesses assisting the applicant.

20          3. The level of need demonstrated by the applicant.

21          4. The applicant's record of obtaining early stage financing in the past.

22          (b) *Matching grants and loans.* In determining the amount of a grant or loan  
23          under sub. (2) (b), the department shall consider all of the following criteria, in  
24          addition to any other information the department considers relevant:

25          1. The viability of the applicant's business.

1           2. The likelihood that the applicant will successfully commercialize technology.

2           3. The applicant's management plan and management team.

3           4. The amount of economic impact the applicant, if successful, will have in this  
4 state.

5           5. The applicant's record of obtaining early stage financing in the past.

6           **(4) LIMITATIONS ON GRANT AND LOAN AMOUNTS.** (a) *Early stage planning grants*  
7 *and loans.* A grant or loan under sub. (2) (a) may not exceed \$15,000.

8           (b) *Matching grants and loans.* A grant or loan under sub. (2) (b) may not  
9 exceed 20 percent of the project costs or \$250,000, whichever is less.

10          (c) *Bridge grants and loans.* A grant or loan under sub. (2) (c) may not exceed  
11 75 percent of the project costs or \$100,000, whichever is less.

12          (d) *Venture capital grants and loans.* A grant or loan under sub. (2) (d) may not  
13 exceed 50 percent of the project costs or \$250,000, whichever is less.

14          (e) *Entrepreneurial and technology transfer grants.* The total amount of grants  
15 under sub. (2) (e) may not exceed \$500,000 in any fiscal year.

16          **(5) ELIGIBILITY.** The department may make a grant or loan under sub. (2) (a)  
17 to (d) to an applicant only if all of the following apply:

18          (a) The applicant:

19           1. Is a small business, or individual entrepreneur who intends to form a small  
20 business, that is completing a grant application to be submitted to the federal  
21 government for the purpose of obtaining early stage research and development  
22 funding, except that if the application is for a grant under sub. (2) (b), the  
23 requirement that the applicant be completing a federal grant application does not  
24 apply; or



1           2. Is an individual who is starting or developing a business which has  
2 significant growth potential, as evidenced by the potential to attract and receive  
3 early stage financing from 3rd parties, but who needs assistance with a specific facet  
4 of starting or developing the business.

5           (b) If the applicant seeks a grant or loan under sub. (2) (a), the applicant has  
6 sufficient funding from sources other than the state to finance at least 25% of the  
7 project costs.

8           (c) The applicant has or will have a business location in this state.

9           (d) If the application relates to a product, the product will be manufactured  
10 substantially in this state.

11           (e) If the application relates to a service, the principal place of business from  
12 which the service will be sold will be located in this state.

13           (f) All grant moneys will be spent in this state.

14           **(6) GRANT AND LOAN DISTRIBUTION PLAN.** No later than December 1 of each  
15 even-numbered year, the department shall develop a biennial plan for awarding  
16 grants and loans under sub. (2) and shall submit the plan to the governor and to the  
17 chief clerk of each house of the legislature, for distribution to the appropriate  
18 standing committees under s. 13.172 (3).

19           **(7) ADMINISTRATION.** (a) *In-kind grants of services.* The department may  
20 contract with, and pay the proceeds of any grant under sub. (2) (a) to (d) directly to,  
21 any person who provides services which the grant is intended to fund.

22           (b) *Rules.* The department shall promulgate rules to administer this section.  
23 The rules shall establish application, reporting, auditing, and monitoring  
24 requirements.

25           **SECTION 22. Nonstatutory provisions.**

1 (1) RULES.

2 (a) The department of commerce shall submit in proposed form the rules  
3 required under sections 560.205 and 560.275 of the statutes, as created by this act,  
4 to the legislative council staff under section 227.15 (1) of the statutes no later than  
5 the first day of the 6th month beginning after the effective date of this paragraph.

6 (b) The department of revenue shall submit in proposed form the rules required  
7 under section 71.07 (5d) (a) 1. of the statutes, as created by this act, to the legislative  
8 council staff under section 227.15 (1) of the statutes no later than the first day of the  
9 6th month beginning after the effective date of this paragraph.

10 **SECTION 23. Appropriation changes.**

11 (1) AUTHORIZED POSITIONS AND PROMOTIONAL ACTIVITIES. In the schedule under  
12 section 20.005 (3) of the statutes for the appropriation to the department of commerce  
13 under section 20.143 (1) (a) of the statutes, as affected by the acts of 2005, the dollar  
14 amount is increased by \$100,000 for fiscal year 2005–06 and the dollar amount is  
15 increased by \$200,000 for fiscal year 2006–07 to increase the authorized FTE  
16 positions for the department by 2.0 GPR positions for the administration of section  
17 560.275 of the statutes, as created by this act, and to provide funding for educational  
18 publications and instruction provided by the department to promote the technology  
19 commercialization grant and loan program.

20 (2m) TECHNOLOGY COMMERCIALIZATION GRANT AND LOAN PROGRAM.  
21 Notwithstanding section 20.001 (3) (c) of the statutes, on June 30, 2005, there is  
22 lapsed to the general fund \$2,600,000 from the appropriation account of the  
23 department of commerce under section 20.143 (1) (dk) of the statutes, as affected by  
24 the acts of 2003.

25 **SECTION 24. Initial applicability.**

