

2009 DRAFTING REQUEST

Bill

Received: **10/06/2009**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Julie Lassa (608) 266-3123**

By/Representing: **Mark Knickelbine**

This file may be shown to any legislator: **NO**

Drafter: **csundber**

May Contact:

Addl. Drafters: **mkunkel
jkreye
tkuczens**

Subject: **Econ. Development - misc.
Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Lassa@legis.wisconsin.gov**

Carbon copy (CC:) to: **tracy.kuczenski@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Economic development package

Instructions:

See attached--compile -3604; -3123; -3117; -3495; -3500; -3602; -3553

Drafting History:

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/?				_____			State
/P1	chanaman 10/06/2009	jdye 10/06/2009		_____			State
/1	csundber 10/07/2009 jkreye	jdye 10/07/2009 jdye	jfrantze 10/06/2009 phenry	_____	cduerst 10/07/2009		State

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	10/08/2009 csundber	10/14/2009	10/07/2009	_____			
	10/09/2009 mkunkel			_____			
	10/12/2009 tkuczens			_____			
	10/13/2009			_____			
/2	csundber 11/04/2009	jdyer 11/05/2009	rschluet 10/14/2009	_____	mbarman 10/14/2009		State
/3	csundber 11/10/2009		jfrantze 11/05/2009	_____	mbarman 11/05/2009		State
/4	jkreye 11/10/2009	csicilia 11/10/2009	phenry 11/10/2009	_____	lparisi 11/10/2009	lparisi 11/19/2009	

FE Sent For: "/4" @ intro. 11/20/09

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Handwritten signatures and dates:
11/5
11/5

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10/07/2009
10/14/09 - JF

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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/?	chanaman	1/10/09 JLD MD Compile	10/6 10/7 PH	PH Second time: MD JF proofed			

<END>

FE Sent For:

Hanaman, Cathlene

From: Sundberg, Christopher
Sent: Tuesday, October 06, 2009 9:14 AM
To: Hanaman, Cathlene
Cc: Kunkel, Mark
Subject: compiling for dummies

(wherein the dummy in question is me, not my co-drafters or the requesters)

Senator Lassa has asked for a bill consisting of the following:

3604/P1
3123/3
3117/1
3495/1
3500/1
3602/1
3553/P1

I will need to modify 3117/1 at some point to noodge the amount of an appropriation. I haven't taken the lead for a compile like this before, so I'll probably need some help.

Christopher Sundberg
Legislative Attorney
Legislative Reference Bureau
(608) 266-9739
christopher.sundberg@legis.state.wi.us



State of Wisconsin
2009 - 2010 LEGISLATURE

2009 BILL

LRB-3617/P1

1
A:md (all)
2
CTS/JK/MD

In: 10/6/09 Wanted: Wednesday 10/7

~~PRELIMINARY DRAFT NOT READY FOR INTRODUCTION~~

LPS -
suppress
burning dots
please

LX

Gen

1 AN ACT ...; relating to: a postsecondary education tax credit for businesses;

2 awarding grants to the WiSys Technology Foundation, Inc.; rural outsourcing

3 grants; increasing funding for certain economic development programs;

4 increasing annual limits on angel investment tax credits; requiring the

5 Department of Commerce[✓] to award a grant to a high-technology business

6 development corporation; business plan competitions and an emerging

7 technology center in the University of Wisconsin System[✓]; providing an

8 exemption from emergency rule procedures; granting rule-making authority;

9 making an appropriation; and making appropriations.[✓]

Analysis by the Legislative Reference Bureau

***** ANALYSIS FROM -3604/P1 *****

delete

This bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college, or technical college. Sole proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests. The credit is an amount equal to: 1) 25 percent of the tuition paid by a

business for an individual to attend school, if the individual is enrolled in a course of instruction approved by the Educational Approval Board; and 2) 30 percent of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction that relates to a projected worker shortage in this state. The taxpayer claims the total amount of the tuition paid for the individual for the taxable year in which the individual graduates from the course of instruction. If the credit claimed by a business exceeds the business's tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

The ***** ANALYSIS FROM -3123/3 ***** *delete* *Board of Regents*
* *of two* *of four*
This bill directs the Board of Regents of the University of Wisconsin (UW) System (*board*) to award to the WiSys Technology Foundation, Inc. (foundation), grants for a program designed to provide intellectual property management services to UW System *of two* *of four* year and *of four* year schools, other than the UW-Madison and the UW-Milwaukee. Each grant must be for \$250,000, but the *board* may award a grant only if the foundation shows that it has secured matching funds for the program from sources other than the state. The bill provides for a maximum number of eight grants.

The ***** ANALYSIS FROM -3117/1 ***** *delete*
This bill authorizes *the* Department of Commerce (*department*) to award grants in the 2009-11 fiscal biennium to businesses for outsourcing work to rural areas of this state. Grants under the bill are funded by repayments of grants and loans under a number of economic development programs. Under the bill, *the* department must require grantees to obtain funding from sources other than the state in an amount at least equal to the amount of the grant. The total amount of grants awarded under the bill may not exceed \$250,000. *\$500,000*

Commerce ***** ANALYSIS FROM -3495/1 ***** *delete*
The Wisconsin Development Fund (fund) is a biennial appropriation of general purpose revenues to *the* Department of Commerce. Currently, the fund provides moneys for grants to Center for Advanced Technology and Innovation; for technology commercialization grants and loans; for grants and loans to support capital financing, worker training, entrepreneurial development, and other economic development projects; and for reimbursements under the Wisconsin trade project program.

This bill increases the appropriation by \$1,000,000 for the 2009-11 fiscal biennium.

The ***** ANALYSIS FROM -3500/1 ***** *delete*
plain *plain*
Under current law, an individual may claim an income tax credit in each taxable year for two *of two* years, beginning with the taxable year certified by *the* Department of Commerce, in an amount equal to 12.5 percent of the individual's bona fide angel investment in a new business venture. The total amount of all bona fide angel investment credits that may be claimed in a calendar year beginning after 2007 but before 2011 is \$5,500,000 and the total amount that may be claimed in any calendar year beginning after 2010 is \$18,000,000. Under *this* bill, the total amount of all bona fide angel investment credits that may be claimed in a calendar year

(Commerce)

REMOVE

1 ***-3602/1.1* SECTION 2.** 20.143 (1) (d) of the statutes is amended to read:

2 20.143 (1) (d) *High-technology business development corporation.* The
3 amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (c) and (3).

4 ***-3117/1.1* SECTION 3.** 20.143 (1) (ie) of the statutes, as affected by 2009
5 Wisconsin Act 28, is amended to read:

6 20.143 (1) (ie) *Wisconsin development fund, repayments.* All moneys received
7 in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., s. 560.10, 2005
8 stats., s. 560.147, 2005 stats., s. 560.16, 1995 stats., s. 560.165, 1993 stats., s. 560.275
9 (2), s. 560.62, 2005 stats., s. 560.63, 2005 stats., s. 560.66, 2005 stats., ss. 560.145,
10 560.157, and 560.45, subch. V of ch. 560, 1989 Wisconsin Act 336, section 3015 (1m),
11 1989 Wisconsin Act 336, section 3015 (2m), 1989 Wisconsin Act 336, section 3015
12 (3gx), 1997 Wisconsin Act 27, section 9110 (7f), 1997 Wisconsin Act 310, section 2
13 (2d), 1999 Wisconsin Act 9, section 9110 (4), and 2007 Wisconsin Act 20, section 9108
14 (5x), not appropriated under par. (gv) to be used for grants and loans under s. 560.275
15 (2), s. 560.45, and subch. V of ch. 560, for the loan under 1999 Wisconsin Act 9, section
16 9110 (4), for the grant under 2001 Wisconsin Act 16, section 9110 (7g), for the grants
17 under 2003 Wisconsin Act 33, section 9109 (1d) and (2q), for grants under 2009
18 Wisconsin Act (this act), section 30, for the study under 2009 Wisconsin Act 28,
19 section 9110 (15u), and for reimbursements under s. 560.167.

20 ***-3117/1.2* SECTION 4.** 20.143 (1) (ig) of the statutes, as affected by 2009
21 Wisconsin Act 28, is amended to read:

22 20.143 (1) (ig) *Gaming economic development and diversification; repayments.*
23 Biennially, the amounts in the schedule for grants and loans under s. 560.138, for
24 grants under 2009 Wisconsin Act (this act), section 30, and under s. 560.45, and
25 for the study under 2009 Wisconsin Act 28, section 9110 (15u). All moneys received

1 in repayment of loans under ss. 560.137 (2), 2005 stats., and 560.138 shall be credited
2 to this appropriation account.

3 ***-3117/1.3* SECTION 5.** ✓ 20.143 (1) (im) of the statutes, as affected by 2009
4 Wisconsin Act 28, is amended to read:

5 20.143 (1) (im) *Minority business projects; repayments.* All moneys received on
6 or before June 30, 2009, in repayment of grants or loans under s. 560.82 (1m) (b), 2007
7 stats., and s. 560.82 (1m) (c), 2007 stats., and loans under 1997 Wisconsin Act 9,
8 section 3, to be used for grants and loans under s. 560.45 and subch. II of ch. 560, for
9 grants under 2009 Wisconsin Act (this act), section 30, and for the study under
10 2009 Wisconsin Act 28, section 9110 (15u).

11 ***-3117/1.4* SECTION 6.** ✓ 20.143 (1) (ir) of the statutes, as affected by 2009
12 Wisconsin Act 28, is amended to read:

13 20.143 (1) (ir) *Rural economic development loan repayments.* All moneys
14 received in repayment of loans under s. 560.17, to be used for grants and loans under
15 ss. 560.17 and 560.45, for grants under 2009 Wisconsin Act (this act), section 30,
16 and for the study under 2009 Wisconsin Act 28, section 9110 (15u).

17 ***-3123/3.1* SECTION 7.** 20.285 (1) (cd) of the statutes is created to read:

18 20.285 (1) (cd) *WiSys Technology Foundation grants.* A sum sufficient not to
19 exceed \$2,000,000 for grants to the WiSys Technology Foundation, Inc., under s.
20 36.25 (52) (b).

21 ***-3553/P1.2* SECTION 8.** 20.285 (1) (eb) of the statutes is created to read:

22 20.285 (1) (eb) *Business plan competition.* ✓ The amounts in the schedule to
23 support a business plan competition program under s. 36.25 (53).

24 ***-3553/P1.3* SECTION 9.** 20.285 (1) (eg) of the statutes is created to read:

1 20.285 (1) (eg) *Emerging technology center*.[✓] Biennially, the amounts in the
2 schedule to develop a business plan for an emerging technology center under s. 36.25
3 (54).

4 ***-3553/P1.4* SECTION 10.** 20.285 (1) (eg) of the statutes, as created by 2009
5 Wisconsin Act (this act), is repealed.

6 ***-3123/3.2* SECTION 11.** 36.25 (52) of the statutes is created to read:

7 36.25 (52) WISYS TECHNOLOGY FOUNDATION GRANTS. (a) In this subsection,
8 “foundation” means the WiSys Technology Foundation, Inc.

9 (b) From the appropriation under s. 20.285 (1) (cd), the board shall award
10 grants to the foundation for a program designed to provide intellectual property
11 management services to the extension and all institutions and college campuses
12 other than the University of Wisconsin-Madison and the University of
13 Wisconsin-Milwaukee. The amount of each grant shall be \$250,000. The board may
14 not award a grant unless the foundation shows to the satisfaction of the board that
15 the foundation has secured matching funds for the program from sources other than
16 the state that are equal to the amount of the grant.

17 (c) The board shall submit progress reports to the legislature, in the manner
18 provided under s. 13.172 (2), at least annually until the program funded by the
19 grants under par. (b) is terminated.

20 ***-3553/P1.5* SECTION 12.** 36.25 (53) of the statutes is created to read:

21 36.25 (53) BUSINESS PLAN COMPETITION. The board shall use the moneys
22 appropriated under s. 20.285 (1) (eb) to support a business plan competition program
23 existing on the effective date of this subsection [LRB inserts date] ^①at institutions
24 and college campuses other than the University of Wisconsin-Madison that makes
25 entrepreneurial expertise available to students and that has ties to campus-based

1 business plan contests and national organizations that foster student
2 entrepreneurship. The board may use the moneys only if the board receives matching
3 funds for the same purpose from private contributions.

4 ***-3553/P1.6* SECTION 13.** 36.25 (54) of the statutes is created to read:

5 36.25 (54) EMERGING TECHNOLOGY CENTER. The board shall use the moneys
6 appropriated under s. 20.285 (1) (eg) to develop a business plan for creating an
7 emerging technology center at the University of Wisconsin-La Crosse. The board
8 may use the moneys only if the board receives matching funds for the same purpose
9 from private contributions.

10 ***-3553/P1.7* SECTION 14.** 36.25 (54) of the statutes, as created by 2009

11 Wisconsin Act 2009^g (this act), is repealed.

12 ***-3604/P1.1* SECTION 15.** 71.05 (6) (a) 15^x of the statutes, as affected by 2009

13 Wisconsin Act 28, is amended to read:

14 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
15 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
16 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a
17 partnership, limited liability company, or tax-option corporation that has added that
18 amount to the partnership's, company's, or tax-option corporation's income under s.
19 71.21 (4) or 71.34 (1k) (g).

20 ***-3604/P1.2* SECTION 16.** 71.07 (5r)^x of the statutes is created to read:

21 71.07 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
22 subsection:

23 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability
24 company, or a shareholder of a tax-option corporation who files a claim under this
25 subsection.

1 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

2 3. "Family member" has the meaning given in s. 157.061 (7).

3 4. "Managing employee" means an individual who wholly or partially exercises
4 operational or managerial control over, or who directly or indirectly conducts, the
5 operation of the claimant's business.

6 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
7 an individual for the tuition that the individual paid or incurred.

8 6. "Qualified postsecondary institution" means all of the following:

9 a. A University of Wisconsin System institution, a technical college system
10 institution, or a regionally accredited 4-year nonprofit college or university having
11 its regional headquarters and principal place of business in this state.

12 b. A school approved under s. 38.50, if the delivery of education occurs in this
13 state.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
15 claimant may claim as a credit against the tax imposed under s. 71.02 an amount
16 equal to the following:

17 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
18 individual to participate in an education program of a qualified postsecondary
19 institution, if the individual was enrolled in a course of instruction and eligible for
20 a grant from the Federal Pell Grant Program.

21 2. Thirty percent of the tuition that the claimant paid or incurred for an
22 individual to participate in an education program of a qualified postsecondary
23 institution, if the individual was enrolled in a course of instruction that relates to a
24 projected worker shortage in this state, as determined by the local workforce

1 development boards established under 29 USC 2832, and if the individual was
2 eligible for a grant from the Federal Pell Grant Program.

3 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
4 certifies to the department of revenue that the claimant will not be reimbursed for
5 any amount of tuition for which the claimant claims a credit under par. (b).

6 2. A claimant may not claim the credit under par. (b) for any tuition amounts
7 that the individual described under par. (b) excluded under s. 71.05 (6) (b) 28. or
8 under section 127 of the Internal Revenue Code.

9 3. A claimant may not claim the credit under par. (b) for any tuition amounts
10 that the claimant paid or incurred for a family member of the claimant or for a family
11 member of a managing employee unless all of the following apply:

12 a. The family member was employed an average of at least 20 hours per week
13 as an employee of the claimant, or the claimant's business, during the one-year
14 period prior to commencing participation in the education program in connection
15 with which the claimant claims a credit under par. (b).

16 b. The family member is enrolled in a course of instruction that is substantially
17 related to the claimant's business.

18 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
19 that the claimant paid or incurred for an individual who is not a resident of this state.

20 4. The claimant shall claim the credit for the taxable year in which the
21 individual graduates from a course of instruction in an amount equal to the total
22 amount the claimant paid or incurred under par. (b) for all taxable years in which
23 the claimant paid or incurred such amounts related to that individual.

24 5. Partnerships, limited liability companies, and tax-option corporations may
25 not claim the credit under this subsection, but the eligibility for, and the amount of,

1 the credit are based on their payment of tuition under par. (b). A partnership, limited
2 liability company, or tax-option corporation shall compute the amount of credit that
3 each of its partners, members, or shareholders may claim and shall provide that
4 information to each of them. Partners, members of limited liability companies, and
5 shareholders of tax-option corporations may claim the credit in proportion to their
6 ownership interest.

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

9 ***-3604/P1.3* SECTION 17.** 71.10 (4) (cd) of the statutes is created to read:

10 71.10 (4) (cd) Postsecondary education credit under s. 71.07 (5r).

11 ***-3604/P1.4* SECTION 18.** 71.21 (4) ^x of the statutes, as affected by 2009
12 Wisconsin Act 28, is amended to read:

13 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
14 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),
15 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and passed through to partners shall
16 be added to the partnership's income.

17 ***-3604/P1.5* SECTION 19.** 71.26 (2) (a) 4. ^x of the statutes, as affected by 2009
18 Wisconsin Act 28, is amended to read:

19 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
20 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),
21 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a
22 partnership, limited liability company, or tax-option corporation that has added that
23 amount to the partnership's, limited liability company's, or tax-option corporation's
24 income under s. 71.21 (4) or 71.34 (1k) (g).

25 ***-3604/P1.6* SECTION 20.** 71.28 (5r) of the statutes is created to read:

1 71.28 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
2 subsection:

3 1. "Claimant" means a corporation that files a claim under this subsection.

4 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

5 3. "Family member" has the meaning given in s. 157.061 (7).

6 4. "Managing employee" means an individual who wholly or partially exercises
7 operational or managerial control over, or who directly or indirectly conducts, the
8 operation of the claimant's business.

9 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
10 an individual for the tuition that the individual paid or incurred.

11 6. "Qualified postsecondary institution" means all of the following:

12 a. A University of Wisconsin System institution, a technical college system
13 institution, or a regionally accredited 4-year nonprofit college or university having
14 its regional headquarters and principal place of business in this state.

15 b. A school approved under s. 38.50, if the delivery of education occurs in this
16 state.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
18 claimant may claim as a credit against the tax imposed under s. 71.23 an amount
19 equal to the following:

20 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
21 individual to participate in an education program of a qualified postsecondary
22 institution, if the individual was enrolled in a course of instruction and eligible for
23 a grant from the Federal Pell Grant Program.

24 2. Thirty percent of the tuition that the claimant paid or incurred for an
25 individual to participate in an education program of a qualified postsecondary

1 institution, if the individual was enrolled in a course of instruction that relates to a
2 projected worker shortage in this state, as determined by the local workforce
3 development boards established under 29 USC 2832, and if the individual was
4 eligible for a grant from the Federal Pell Grant Program.

5 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
6 certifies to the department of revenue that the claimant will not be reimbursed for
7 any amount of tuition for which the claimant claims a credit under par. (b).

8 2. A claimant may not claim the credit under par. (b) for any tuition amounts
9 that the individual described under par. (b) excluded under section 127 of the
10 Internal Revenue Code.

11 3. A claimant may not claim the credit under par. (b) for any tuition amounts
12 that the claimant paid or incurred for a family member of a managing employee
13 unless all of the following apply:

14 a. The family member was employed an average of at least 20 hours per week
15 as an employee of the claimant, or the claimant's business, during the one-year
16 period prior to commencing participation in the education program in connection
17 with which the claimant claims a credit under par. (b).

18 b. The family member is enrolled in a course of instruction that is substantially
19 related to the claimant's business.

20 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
21 that the claimant paid or incurred for an individual who is not a resident of this state.

22 4. The claimant shall claim the credit for the taxable year in which the
23 individual graduates from a course of instruction in an amount equal to the total
24 amount the claimant paid or incurred under par. (b) for all taxable years in which
25 the claimant paid or incurred such amounts related to that individual.

1 5. Partnerships, limited liability companies, and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on their payment of tuition under par. (b). A partnership, limited
4 liability company, or tax-option corporation shall compute the amount of credit that
5 each of its partners, members, or shareholders may claim and shall provide that
6 information to each of them. Partners, members of limited liability companies, and
7 shareholders of tax-option corporations may claim the credit in proportion to their
8 ownership interest.

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

11 ***-3604/P1.7* SECTION 21.** 71.30 (3) (cd) of the statutes is created to read:

12 71.30 (3) (cd) Postsecondary education credit under s. 71.28 (5r).

13 ***-3604/P1.8* SECTION 22.** 71.34 (1k) (g) of the statutes, as affected by 2009
14 Wisconsin Act 28, is amended to read:

15 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
16 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
17 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
18 and (8r) and passed through to shareholders.

19 ***-3604/P1.9* SECTION 23.** 71.45 (2) (a) 10. of the statutes, as affected by 2009
20 Wisconsin Act 28, is amended to read:

21 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
22 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),
23 (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a partnership,
24 limited liability company, or tax-option corporation that has added that amount to
25 the partnership's, limited liability company's, or tax-option corporation's income

1 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
2 (1), (3), (3t), (4), (4m), and (5).

3 ***-3604/P1.10* SECTION 24.** 71.47 (5r)^X of the statutes is created to read:

4 71.47 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
5 subsection:

6 1. "Claimant" means a corporation that files a claim under this subsection.

7 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

8 3. "Family member" has the meaning given in s. 157.061 (7).

9 4. "Managing employee" means an individual who wholly or partially exercises
10 operational or managerial control over, or who directly or indirectly conducts, the
11 operation of the claimant's business.

12 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
13 an individual for the tuition that the individual paid or incurred.

14 6. "Qualified postsecondary institution" means all of the following:

15 a. A University of Wisconsin System institution, a technical college system
16 institution, or a regionally accredited 4-year nonprofit college or university having
17 its regional headquarters and principal place of business in this state.

18 b. A school approved under s. 38.50, if the delivery of education occurs in this
19 state.

20 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
21 claimant may claim as a credit against the tax imposed under s. 71.43 an amount
22 equal to the following:

23 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
24 individual to participate in an education program of a qualified postsecondary

1 institution, if the individual was enrolled in a course of instruction and eligible for
2 a grant from the Federal Pell Grant Program.

3 2. Thirty percent of the tuition that the claimant paid or incurred for an
4 individual to participate in an education program of a qualified postsecondary
5 institution, if the individual was enrolled in a course of instruction that relates to a
6 projected worker shortage in this state, as determined by the local workforce
7 development boards established under 29 USC 2832, and if the individual was
8 eligible for a grant from the Federal Pell Grant Program.

9 (c) *Limitations.* 1. No credit maybe allowed under par. (b) unless the claimant
10 certifies to the department of revenue that the claimant will not be reimbursed for
11 any amount of tuition for which the claimant claims a credit under par. (b).

12 2. A claimant may not claim the credit under par. (b) for any tuition amounts
13 that the individual described under par. (b) excluded under section 127 of the
14 Internal Revenue Code.

15 3. A claimant may not claim the credit under par. (b) for any tuition amounts
16 that the claimant paid or incurred for a family member of a managing employee
17 unless all of the following apply:

18 a. The family member was employed an average of at least 20 hours per week
19 as an employee of the claimant, or the claimant's business, during the one-year
20 period prior to commencing participation in the education program in connection
21 with which the claimant claims a credit under par. (b).

22 b. The family member is enrolled in a course of instruction that is substantially
23 related to the claimant's business.

24 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
25 that the claimant paid or incurred for an individual who is not a resident of this state.

1 4. The claimant shall claim the credit for the taxable year in which the
2 individual graduates from a course of instruction in an amount equal to the total
3 amount the claimant paid or incurred under par. (b) for all taxable years in which
4 the claimant paid or incurred such amounts related to that individual.

5 5. Partnerships, limited liability companies, and tax-option corporations may
6 not claim the credit under this subsection, but the eligibility for, and the amount of,
7 the credit are based on their payment of tuition under par. (b). A partnership, limited
8 liability company, or tax-option corporation shall compute the amount of credit that
9 each of its partners, members, or shareholders may claim and shall provide that
10 information to each of them. Partners, members of limited liability companies, and
11 shareholders of tax-option corporations may claim the credit in proportion to their
12 ownership interest.

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

15 ***-3604/P1.11*** SECTION 25. 71.49 (1) (cd) of the statutes is created to read:

16 71.49 (1) (cd) Postsecondary education credit under s. 71.47 (5r).

17 ***-3604/P1.12*** SECTION 26. 77.92 (4) ^x of the statutes, as affected by 2009
18 Wisconsin Act 28, is amended to read:

19 77.92 (4) "Net business income," with respect to a partnership, means taxable
20 income as calculated under section 703 of the Internal Revenue Code; plus the items
21 of income and gain under section 702 of the Internal Revenue Code, including taxable
22 state and municipal bond interest and excluding nontaxable interest income or
23 dividend income from federal government obligations; minus the items of loss and
24 deduction under section 702 of the Internal Revenue Code, except items that are not
25 deductible under s. 71.21; plus guaranteed payments to partners under section 707

1 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
3 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r); and plus or minus, as
4 appropriate, transitional adjustments, depreciation differences, and basis
5 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
6 loss, and deductions from farming. "Net business income," with respect to a natural
7 person, estate, or trust, means profit from a trade or business for federal income tax
8 purposes and includes net income derived as an employee as defined in section 3121
9 (d) (3) of the Internal Revenue Code.

10 ***-3500/1.1* SECTION 27.** [✓] 560.205 (3) (d) of the statutes, as affected by 2009
11 Wisconsin Act 2, [✓] is amended to read:

12 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
13 department of revenue, shall promulgate rules to administer this section. The rules
14 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.
15 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may
16 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
17 calendar year for calendar years beginning after December 31, 2004, and before
18 January 1, 2008, ~~\$5,500,000~~ \$7,500,000 per calendar year for calendar years
19 beginning after December 31, 2007, and before January 1, 2011, and ~~\$18,000,000~~
20 \$20,000,000 per calendar year for calendar years beginning after December 31, 2010,
21 plus, for taxable years beginning after December 31, 2010, an additional \$250,000
22 for tax credits that may be claimed for investments in nanotechnology businesses
23 certified under sub. (1). The rules shall also limit the aggregate amount of the tax
24 credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be claimed
25 for investments paid to fund managers certified under sub. (2) at \$3,500,000 per

1 calendar year for calendar years beginning after December 31, 2004, and before
 2 January 1, 2008, \$6,000,000 per calendar year for calendar years beginning after
 3 December 31, 2007, and before January 1, 2011, and \$18,500,000 per calendar year
 4 for calendar years beginning after December 31, 2010, plus, for taxable years
 5 beginning after December 31, 2010, an additional \$250,000 for tax credits that may
 6 be claimed for investments in nanotechnology businesses certified under sub. (1).
 7 The rules shall also provide that, for calendar years beginning after December 31,
 8 2007, no person may receive a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47
 9 (5b), or 76.638 unless the person's investment is kept in a certified business, or with
 10 a certified fund manager, for no less than 3 years.

11 ***-3602/1.2* SECTION 28.** 560.27 (1) (c) of the statutes is created to read:

12 560.27 (1) (c) Annually, beginning in fiscal year 2010-11, the department shall
 13 award a grant of \$100,000 from the appropriation under s. 20.143 (1) (d) to the
 14 high-technology business development corporation. The department shall enter
 15 into an agreement with the high-technology business development corporation
 16 requiring the grant proceeds to be used for employing a grant writer to assist
 17 businesses associated with the University of Wisconsin System.

18 **SECTION 29. Fiscal changes.**

19 ***-3495/1.1*** (1) In the schedule under section 20.005 (3) of the statutes for the
 20 appropriation to the department of commerce under section 20.143 (1) (c) of the
 21 statutes, as affected by the acts of 2009, the dollar amount is increased by \$500,000
 22 for the first fiscal year of the fiscal biennium in which this subsection takes effect to
 23 increase funding for the purposes for which the appropriation is made. In the
 24 schedule under section 20.005 (3) of the statutes for the appropriation to the
 25 department of commerce under section 20.143 (1) (c) of the statutes, as affected by

Wisconsin development fund

25

INSERT 20-1

(move to p. 20, line 1.)

INSERT
20-1
CONT

1 the acts of 2009, the dollar amount is increased by \$500,000 for the second fiscal year
2 of the fiscal biennium in which this subsection takes effect to increase funding for the
3 purposes for which the appropriation is made.

4 ***-3602/1.3*** [#] High-technology business development corporation grant. CS
5 In the schedule under section 20.005 (3) of the statutes for the
6 appropriation to the department of commerce under section 20.143 (1) (d) of the
7 statutes, as affected by the acts of 2009, the dollar amount is increased by \$100,000
8 for the second fiscal year of the fiscal biennium in which this subsection takes effect
9 to provide funding for the grant under section 560.27 (1) (c) of the statutes, as created
by this act. (ending 20-1)

10 ***-3117/1.5* SECTION 30. Nonstatutory provisions.**

move to p. 20
line 1

11 (1) RURAL OUTSOURCING GRANTS. From the appropriations under section 20.143
12 (1) (ie), (ig), (im), and (ir) of the statutes, as affected by this act, the department of
13 commerce may award grants during the 2009-11 fiscal biennium to businesses for
14 outsourcing work to rural areas of this state. The department shall require grantees
15 to obtain funding from sources other than the state in an amount at least equal to
16 the amount of the grant. The total amount of grants awarded under this subsection
17 may not exceed ^{KEEP ?} \$250,000. ^{500,000 ✓} The department may promulgate rules necessary to
18 administer this subsection as emergency rules under section 227.24 of the statutes.
19 Notwithstanding section 227.24 (1) (a) and (3) of the statutes, the department is not
20 required to provide evidence that promulgating a rule under this subsection as an
21 emergency rule is necessary for the preservation of public peace, health, safety, or
22 welfare and is not required to provide a finding of emergency for a rule promulgated
23 under this subsection. ✓

24 ***-3117/1.6* SECTION 31. Fiscal changes.**

INSERT 20-1 ✓ (20)
(from pages 18 + 19 in draft)

- ① ~~RURAL OUTSOURCING GRANTS~~ ✓ In the schedule under section 20.005 (3) of the
- 2 statutes for the appropriation to the department of commerce under section 20.143
- 3 (1) (im) of the statutes, as affected by the acts of 2009, the dollar amount is increased
- 4 by ~~\$125,000~~ ✓ for the first fiscal year of the fiscal biennium in which this subsection
- 5 takes effect to provide funding for rural outsourcing grants. In the schedule under
- 6 section 20.005 (3) of the statutes for the appropriation to the department of commerce
- 7 under section 20.143 (1) (im) of the statutes, as affected by the acts of 2009, the dollar
- 8 amount is increased by ~~\$125,000~~ ✓ for the second fiscal year of the fiscal biennium in
- 9 which this subsection takes effect to provide funding for rural outsourcing grants.

***-3553/P1.8* SECTION 32. Effective date.**

(1) EMERGING TECHNOLOGY CENTER. The repeal of sections 20.285 (1) (eg) and 36.25 (54) of the statutes takes effect on June 30, 2011.

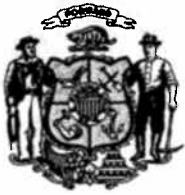
***-3604/P1.13* SECTION 33. Initial applicability.**

(1) ~~This act~~ first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)

MOVE ←

Postsecondary education tax credits. The treatment of sections 71.05(6)(a)15, ✓ 71.07(5r) ✓, 71.10(4)(cd), ✓ 71.21(4), ✓ 71.26(2)(a)4, ✓ 71.28(5r), ✓ 71.30(3)(cd), ✓ 71.34(1k)(g), ✓ 71.45(2)(a)10, ✓ 71.47(5r), ✓ 71.49(1)(cd), ✓ and ~~77.92~~ (4) of the statutes



keep

2009 BILL

X Regen

1 AN ACT *to repeal* 20.285 (1) (eg) and 36.25 (54); *to amend* 20.143 (1) (d), 20.143
 2 (1) (ie), 20.143 (1) (ig), 20.143 (1) (im), 20.143 (1) (ir), 71.05 (6) (a) 15., 71.21 (4),
 3 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45 (2) (a) 10., 77.92 (4) and 560.205 (3) (d); and
 4 *to create* 20.285 (1) (cd), 20.285 (1) (eb), 20.285 (1) (eg), 36.25 (52), 36.25 (53),
 5 36.25 (54), 71.07 (5r), 71.10 (4) (cd), 71.28 (5r), 71.30 (3) (cd), 71.47 (5r), 71.49
 6 (1) (cd) and 560.27 (1) (c) of the statutes; **relating to:** 1 a postsecondary education
 7 tax credit for businesses; 3 awarding grants to the WiSys Technology Foundation,
 8 Inc.; 5 rural outsourcing grants; 7 increasing funding for certain economic
 9 development programs; 2 increasing annual limits on angel investment tax
 10 credits; 6 requiring the Department of Commerce to award a grant to a
 11 high-technology business development corporation; 4 business plan
 12 competitions and an emerging technology center in the University of Wisconsin

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BILL

① System; ⁸ providing an exemption from emergency rule procedures; ⁹ granting
2 rule-making authority; ¹⁰ and making appropriations.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college, or technical college. Sole proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests. The credit is an amount equal to: 1) 25 percent of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction approved by the Educational Approval Board; and 2) 30 percent of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction that relates to a projected worker shortage in this state. The taxpayer claims the total amount of the tuition paid for the individual for the taxable year in which the individual graduates from the course of instruction. If the credit claimed by a business exceeds the business's tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

Under current law, an individual may claim an income tax credit in each taxable year for two years, beginning with the taxable year certified by the Department of Commerce (Commerce), in an amount equal to 12.5 percent of the individual's bona fide angel investment in a new business venture. The total amount of all bona fide angel investment credits that may be claimed in a calendar year beginning after 2007 but before 2011 is \$5,500,000 and the total amount that may be claimed in any calendar year beginning after 2010 is \$18,000,000. Under the bill, the total amount of all bona fide angel investment credits that may be claimed in a calendar year beginning after 2007 but before 2011 is \$7,500,000 and the total amount that may be claimed in a calendar year beginning after 2010 is \$20,000,000.

The bill directs the Board of Regents of the University of Wisconsin (UW) System to award to the WiSys Technology Foundation, Inc. (foundation), grants for ~~a program designed~~ to provide intellectual property management services to UW System two-year and four-year schools, other than the UW-Madison and the UW-Milwaukee. Each grant must be for \$250,000, but the Board of Regents may award a grant only if the foundation shows that it has secured matching funds for the program from sources other than the state. The bill provides for a maximum number of eight grants.

The bill authorizes Commerce to award grants in the 2009-11 fiscal biennium to businesses for outsourcing work to rural areas of this state. Grants under the bill are funded by repayments of grants and loans under a number of economic development programs. Under the bill, Commerce must require grantees to obtain funding from sources other than the state in an amount at least equal to the amount

INS A
(From
p. 3)

the Wisconsin Small Company
Advancement program

BILL

of the grant. The total amount of grants awarded under the bill may not exceed \$500,000.

The Wisconsin Development Fund (fund) is a biennial appropriation of general purpose revenues to Commerce. Currently, the fund provides moneys for grants to Center for Advanced Technology and Innovation; for technology commercialization grants and loans; for grants and loans to support capital financing, worker training, entrepreneurial development, and other economic development projects; and for reimbursements under the Wisconsin trade project program.

The bill increases the appropriation by \$1,000,000 for the 2009-11 fiscal biennium.

Under current law, Commerce assists in maintaining a high-technology business development corporation, for promoting and supporting the creation, development, and retention of science-based and technology-based businesses in the state.

The bill requires Commerce to award to the corporation an annual grant of \$100,000 for employing a grant writer to assist businesses associated with the UW System, beginning in fiscal year 2010-11. The bill increases a current appropriation of general purpose revenue to Commerce by \$100,000 in fiscal year 2010-11 to fund the grant.

INS A
(move to p. 2)

The bill appropriates \$125,000 annually to the Board of Regents of the UW System to support a business plan competition program existing on the effective date of bill at two-year and four-year schools, except for the UW-Madison, that makes entrepreneurial expertise available to students and that has ties to campus-based business plan contests and national organizations that foster student entrepreneurship. The bill also appropriates \$400,000 during the 2009-11 fiscal biennium to the board to develop a business plan for creating an emerging technology center at the UW-La Crosse. The bill prohibits the Board of Regents from spending moneys under either appropriation unless it receives matching funds from private contributions. (end ins A)

move

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

BILL

SECTION 1

2009-10 2010-11

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20.285 University of Wisconsin System

(1) UNIVERSITY EDUCATION, RESEARCH AND PUBLIC
SERVICE

(eb)	Business plan competition	GPR	A	125,000	125,000
(eg)	Emerging technology center	GPR	B	400,000	-0-

SECTION 2. 20.143 (1) (d) of the statutes is amended to read:

20.143 (1) (d) *High-technology business development corporation.* The amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (c) and (3).

SECTION 3. 20.143 (1) (ie) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

20.143 (1) (ie) *Wisconsin development fund, repayments.* All moneys received in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., s. 560.10, 2005 stats., s. 560.147, 2005 stats., s. 560.16, 1995 stats., s. 560.165, 1993 stats., s. 560.275 (2), s. 560.62, 2005 stats., s. 560.63, 2005 stats., s. 560.66, 2005 stats., ss. 560.145, 560.157, and 560.45, subch. V of ch. 560, 1989 Wisconsin Act 336, section 3015 (1m), 1989 Wisconsin Act 336, section 3015 (2m), 1989 Wisconsin Act 336, section 3015 (3gx), 1997 Wisconsin Act 27, section 9110 (7f), 1997 Wisconsin Act 310, section 2 (2d), 1999 Wisconsin Act 9, section 9110 (4), and 2007 Wisconsin Act 20, section 9108 (5x), not appropriated under par. (gv) to be used for grants and loans under s. 560.275 (2), s. 560.45, and subch. V of ch. 560, for the loan under 1999 Wisconsin Act 9, section 9110 (4), for the grant under 2001 Wisconsin Act 16, section 9110 (7g), for the grants under 2003 Wisconsin Act 33, section 9109 (1d) and (2q), for grants under 2009

BILL

1 Wisconsin Act ... (this act), section 29, for the study under 2009 Wisconsin Act 28,
2 section 9110 (15u), and for reimbursements under s. 560.167.

3 **SECTION 4.** 20.143 (1) (ig) of the statutes, as affected by 2009 Wisconsin Act 28,
4 is amended to read:

5 20.143 (1) (ig) *Gaming economic development and diversification; repayments.*
6 Biennially, the amounts in the schedule for grants and loans under s. 560.138, for
7 grants under 2009 Wisconsin Act ... (this act), section 29, and under s. 560.45, and
8 for the study under 2009 Wisconsin Act 28, section 9110 (15u). All moneys received
9 in repayment of loans under ss. 560.137 (2), 2005 stats., and 560.138 shall be credited
10 to this appropriation account.

11 **SECTION 5.** 20.143 (1) (im) of the statutes, as affected by 2009 Wisconsin Act
12 28, is amended to read:

13 20.143 (1) (im) *Minority business projects; repayments.* All moneys received on
14 or before June 30, 2009, in repayment of grants or loans under s. 560.82 (1m) (b), 2007
15 stats., and s. 560.82 (1m) (c), 2007 stats., and loans under 1997 Wisconsin Act 9,
16 section 3, to be used for grants and loans under s. 560.45 and subch. II of ch. 560, for
17 grants under 2009 Wisconsin Act ... (this act), section 29, and for the study under
18 2009 Wisconsin Act 28, section 9110 (15u).

19 **SECTION 6.** 20.143 (1) (ir) of the statutes, as affected by 2009 Wisconsin Act 28,
20 is amended to read:

21 20.143 (1) (ir) *Rural economic development loan repayments.* All moneys
22 received in repayment of loans under s. 560.17, to be used for grants and loans under
23 ss. 560.17 and 560.45, for grants under 2009 Wisconsin Act ... (this act), section 29,
24 and for the study under 2009 Wisconsin Act 28, section 9110 (15u).

25 **SECTION 7.** 20.285 (1) (cd) of the statutes is created to read:

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1 20.285 (1) (cd) *WiSys Technology Foundation grants*. A sum sufficient not to
2 exceed \$2,000,000 for grants to the WiSys Technology Foundation, Inc., under s.
3 36.25 (52) (b).

4 **SECTION 8.** 20.285 (1) (eb) of the statutes is created to read:

5 20.285 (1) (eb) *Business plan competition*. The amounts in the schedule to
6 support a business plan competition program under s. 36.25 (53).

7 **SECTION 9.** 20.285 (1) (eg) of the statutes is created to read:

8 20.285 (1) (eg) *Emerging technology center*. Biennially, the amounts in the
9 schedule to develop a business plan for an emerging technology center under s. 36.25
10 (54).

11 **SECTION 10.** 20.285 (1) (eg) of the statutes, as created by 2009 Wisconsin Act
12 (this act), is repealed.

13 **SECTION 11.** 36.25 (52) of the statutes is created to read:

14 36.25 (52) **WISYS TECHNOLOGY FOUNDATION GRANTS.** (a) In this subsection,
15 "foundation" means the WiSys Technology Foundation, Inc.

16 (b) From the appropriation under s. 20.285 (1) (cd), the board shall award
17 grants to the foundation for ~~a program designed~~ to provide intellectual property
18 management services to the extension and all institutions and college campuses
19 other than the University of Wisconsin-Madison and the University of
20 Wisconsin-Milwaukee. The amount of each grant shall be \$250,000. The board may
21 not award a grant unless the foundation shows to the satisfaction of the board that
22 the foundation has secured matching funds for the program from sources other than
23 the state that are equal to the amount of the grant.

*the Wisconsin Small Company
Advancement program*

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1 (c) The board shall submit progress reports to the legislature, in the manner
2 provided under s. 13.172 (2), at least annually until the program funded by the
3 grants under par. (b) is terminated.

4 **SECTION 12.** 36.25 (53) of the statutes is created to read:

5 **36.25 (53) BUSINESS PLAN COMPETITION.** The board shall use the moneys
6 appropriated under s. 20.285 (1) (eb) to support a business plan competition program
7 existing on the effective date of this subsection [LRB inserts date], at institutions
8 and college campuses other than the University of Wisconsin-Madison that makes
9 entrepreneurial expertise available to students and that has ties to campus-based
10 business plan contests and national organizations that foster student
11 entrepreneurship. The board may use the moneys only if the board receives matching
12 funds for the same purpose from private contributions.

13 **SECTION 13.** 36.25 (54) of the statutes is created to read:

14 **36.25 (54) EMERGING TECHNOLOGY CENTER.** The board shall use the moneys
15 appropriated under s. 20.285 (1) (eg) to develop a business plan for creating an
16 emerging technology center at the University of Wisconsin-La Crosse. The board
17 may use the moneys only if the board receives matching funds for the same purpose
18 from private contributions.

19 **SECTION 14.** 36.25 (54) of the statutes, as created by 2009 Wisconsin Act (this
20 act), is repealed.

21 **SECTION 15.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act
22 28, is amended to read:

23 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
24 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
25 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a

BILL

1 partnership, limited liability company, or tax-option corporation that has added that
2 amount to the partnership's, company's, or tax-option corporation's income under s.
3 71.21 (4) or 71.34 (1k) (g).

4 **SECTION 16.** 71.07 (5r) of the statutes is created to read:

5 71.07 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
6 subsection:

7 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability
8 company, or a shareholder of a tax-option corporation who files a claim under this
9 subsection.

10 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

11 3. "Family member" has the meaning given in s. 157.061 (7).

12 4. "Managing employee" means an individual who wholly or partially exercises
13 operational or managerial control over, or who directly or indirectly conducts, the
14 operation of the claimant's business.

15 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
16 an individual for the tuition that the individual paid or incurred.

17 6. "Qualified postsecondary institution" means all of the following:

18 a. A University of Wisconsin System institution, a technical college system
19 institution, or a regionally accredited 4-year nonprofit college or university having
20 its regional headquarters and principal place of business in this state.

21 b. A school approved under s. 38.50, if the delivery of education occurs in this
22 state.

23 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
24 claimant may claim as a credit against the tax imposed under s. 71.02 an amount
25 equal to the following:

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1 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
2 individual to participate in an education program of a qualified postsecondary
3 institution, if the individual was enrolled in a course of instruction and eligible for
4 a grant from the Federal Pell Grant Program.

5 2. Thirty percent of the tuition that the claimant paid or incurred for an
6 individual to participate in an education program of a qualified postsecondary
7 institution, if the individual was enrolled in a course of instruction that relates to a
8 projected worker shortage in this state, as determined by the local workforce
9 development boards established under 29 USC 2832, and if the individual was
10 eligible for a grant from the Federal Pell Grant Program.

11 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
12 certifies to the department of revenue that the claimant will not be reimbursed for
13 any amount of tuition for which the claimant claims a credit under par. (b).

14 2. A claimant may not claim the credit under par. (b) for any tuition amounts
15 that the individual described under par. (b) excluded under s. 71.05 (6) (b) 28. or
16 under section 127 of the Internal Revenue Code.

17 3. A claimant may not claim the credit under par. (b) for any tuition amounts
18 that the claimant paid or incurred for a family member of the claimant or for a family
19 member of a managing employee unless all of the following apply:

20 a. The family member was employed an average of at least 20 hours per week
21 as an employee of the claimant, or the claimant's business, during the one-year
22 period prior to commencing participation in the education program in connection
23 with which the claimant claims a credit under par. (b).

24 b. The family member is enrolled in a course of instruction that is substantially
25 related to the claimant's business.

BILL**SECTION 16**

1 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
2 that the claimant paid or incurred for an individual who is not a resident of this state.

3 4. The claimant shall claim the credit for the taxable year in which the
4 individual graduates from a course of instruction in an amount equal to the total
5 amount the claimant paid or incurred under par. (b) for all taxable years in which
6 the claimant paid or incurred such amounts related to that individual.

7 5. Partnerships, limited liability companies, and tax-option corporations may
8 not claim the credit under this subsection, but the eligibility for, and the amount of,
9 the credit are based on their payment of tuition under par. (b). A partnership, limited
10 liability company, or tax-option corporation shall compute the amount of credit that
11 each of its partners, members, or shareholders may claim and shall provide that
12 information to each of them. Partners, members of limited liability companies, and
13 shareholders of tax-option corporations may claim the credit in proportion to their
14 ownership interest.

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

17 **SECTION 17.** 71.10 (4) (cd) of the statutes is created to read:

18 71.10 (4) (cd) Postsecondary education credit under s. 71.07 (5r).

19 **SECTION 18.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is
20 amended to read:

21 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
22 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),
23 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and passed through to partners shall
24 be added to the partnership's income.

BILL

1 **SECTION 19.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act
2 28, is amended to read:

3 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
4 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),
5 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a
6 partnership, limited liability company, or tax-option corporation that has added that
7 amount to the partnership's, limited liability company's, or tax-option corporation's
8 income under s. 71.21 (4) or 71.34 (1k) (g).

9 **SECTION 20.** 71.28 (5r) of the statutes is created to read:

10 71.28 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
11 subsection:

- 12 1. "Claimant" means a corporation that files a claim under this subsection.
- 13 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).
- 14 3. "Family member" has the meaning given in s. 157.061 (7).
- 15 4. "Managing employee" means an individual who wholly or partially exercises
16 operational or managerial control over, or who directly or indirectly conducts, the
17 operation of the claimant's business.
- 18 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
19 an individual for the tuition that the individual paid or incurred.
- 20 6. "Qualified postsecondary institution" means all of the following:
 - 21 a. A University of Wisconsin System institution, a technical college system
22 institution, or a regionally accredited 4-year nonprofit college or university having
23 its regional headquarters and principal place of business in this state.
 - 24 b. A school approved under s. 38.50, if the delivery of education occurs in this
25 state.

BILL

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
2 claimant may claim as a credit against the tax imposed under s. 71.23 an amount
3 equal to the following:

4 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
5 individual to participate in an education program of a qualified postsecondary
6 institution, if the individual was enrolled in a course of instruction and eligible for
7 a grant from the Federal Pell Grant Program.

8 2. Thirty percent of the tuition that the claimant paid or incurred for an
9 individual to participate in an education program of a qualified postsecondary
10 institution, if the individual was enrolled in a course of instruction that relates to a
11 projected worker shortage in this state, as determined by the local workforce
12 development boards established under 29 USC 2832, and if the individual was
13 eligible for a grant from the Federal Pell Grant Program.

14 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
15 certifies to the department of revenue that the claimant will not be reimbursed for
16 any amount of tuition for which the claimant claims a credit under par. (b).

17 2. A claimant may not claim the credit under par. (b) for any tuition amounts
18 that the individual described under par. (b) excluded under section 127 of the
19 Internal Revenue Code.

20 3. A claimant may not claim the credit under par. (b) for any tuition amounts
21 that the claimant paid or incurred for a family member of a managing employee
22 unless all of the following apply:

23 a. The family member was employed an average of at least 20 hours per week
24 as an employee of the claimant, or the claimant's business, during the one-year

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1 period prior to commencing participation in the education program in connection
2 with which the claimant claims a credit under par. (b).

3 b. The family member is enrolled in a course of instruction that is substantially
4 related to the claimant's business.

5 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
6 that the claimant paid or incurred for an individual who is not a resident of this state.

7 4. The claimant shall claim the credit for the taxable year in which the
8 individual graduates from a course of instruction in an amount equal to the total
9 amount the claimant paid or incurred under par. (b) for all taxable years in which
10 the claimant paid or incurred such amounts related to that individual.

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

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

21 **SECTION 21.** 71.30 (3) (cd) of the statutes is created to read:

22 71.30 (3) (cd) Postsecondary education credit under s. 71.28 (5r).

23 **SECTION 22.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,
24 is amended to read:

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1 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
2 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
3 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
4 and (8r) and passed through to shareholders.

5 **SECTION 23.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act
6 28, is amended to read:

7 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
8 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),
9 (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a partnership,
10 limited liability company, or tax-option corporation that has added that amount to
11 the partnership's, limited liability company's, or tax-option corporation's income
12 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
13 (1), (3), (3t), (4), (4m), and (5).

14 **SECTION 24.** 71.47 (5r) of the statutes is created to read:

15 71.47 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
16 subsection:

17 1. "Claimant" means a corporation that files a claim under this subsection.

18 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

19 3. "Family member" has the meaning given in s. 157.061 (7).

20 4. "Managing employee" means an individual who wholly or partially exercises
21 operational or managerial control over, or who directly or indirectly conducts, the
22 operation of the claimant's business.

23 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
24 an individual for the tuition that the individual paid or incurred.

25 6. "Qualified postsecondary institution" means all of the following:

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1 a. A University of Wisconsin System institution, a technical college system
2 institution, or a regionally accredited 4-year nonprofit college or university having
3 its regional headquarters and principal place of business in this state.

4 b. A school approved under s. 38.50, if the delivery of education occurs in this
5 state.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
7 claimant may claim as a credit against the tax imposed under s. 71.43 an amount
8 equal to the following:

9 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
10 individual to participate in an education program of a qualified postsecondary
11 institution, if the individual was enrolled in a course of instruction and eligible for
12 a grant from the Federal Pell Grant Program.

13 2. Thirty percent of the tuition that the claimant paid or incurred for an
14 individual to participate in an education program of a qualified postsecondary
15 institution, if the individual was enrolled in a course of instruction that relates to a
16 projected worker shortage in this state, as determined by the local workforce
17 development boards established under 29 USC 2832, and if the individual was
18 eligible for a grant from the Federal Pell Grant Program.

19 (c) *Limitations.* 1. No credit maybe allowed under par. (b) unless the claimant
20 certifies to the department of revenue that the claimant will not be reimbursed for
21 any amount of tuition for which the claimant claims a credit under par. (b).

22 2. A claimant may not claim the credit under par. (b) for any tuition amounts
23 that the individual described under par. (b) excluded under section 127 of the
24 Internal Revenue Code.

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1 3. A claimant may not claim the credit under par. (b) for any tuition amounts
2 that the claimant paid or incurred for a family member of a managing employee
3 unless all of the following apply:

4 a. The family member was employed an average of at least 20 hours per week
5 as an employee of the claimant, or the claimant's business, during the one-year
6 period prior to commencing participation in the education program in connection
7 with which the claimant claims a credit under par. (b).

8 b. The family member is enrolled in a course of instruction that is substantially
9 related to the claimant's business.

10 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
11 that the claimant paid or incurred for an individual who is not a resident of this state.

12 4. The claimant shall claim the credit for the taxable year in which the
13 individual graduates from a course of instruction in an amount equal to the total
14 amount the claimant paid or incurred under par. (b) for all taxable years in which
15 the claimant paid or incurred such amounts related to that individual.

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

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

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1 **SECTION 25.** 71.49 (1) (cd) of the statutes is created to read:

2 71.49 (1) (cd) Postsecondary education credit under s. 71.47 (5r).

3 **SECTION 26.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is
4 amended to read:

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

21 **SECTION 27.** 560.205 (3) (d) of the statutes, as affected by 2009 Wisconsin Act
22 2, is amended to read:

23 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
24 department of revenue, shall promulgate rules to administer this section. The rules
25 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.

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1 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may
2 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
3 calendar year for calendar years beginning after December 31, 2004, and before
4 January 1, 2008, ~~\$5,500,000~~ \$7,500,000 per calendar year for calendar years
5 beginning after December 31, 2007, and before January 1, 2011, and ~~\$18,000,000~~
6 \$20,000,000 per calendar year for calendar years beginning after December 31, 2010,
7 plus, for taxable years beginning after December 31, 2010, an additional \$250,000
8 for tax credits that may be claimed for investments in nanotechnology businesses
9 certified under sub. (1). The rules shall also limit the aggregate amount of the tax
10 credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be claimed
11 for investments paid to fund managers certified under sub. (2) at \$3,500,000 per
12 calendar year for calendar years beginning after December 31, 2004, and before
13 January 1, 2008, \$6,000,000 per calendar year for calendar years beginning after
14 December 31, 2007, and before January 1, 2011, and \$18,500,000 per calendar year
15 for calendar years beginning after December 31, 2010, plus, for taxable years
16 beginning after December 31, 2010, an additional \$250,000 for tax credits that may
17 be claimed for investments in nanotechnology businesses certified under sub. (1).
18 The rules shall also provide that, for calendar years beginning after December 31,
19 2007, no person may receive a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47
20 (5b), or 76.638 unless the person's investment is kept in a certified business, or with
21 a certified fund manager, for no less than 3 years.

22 **SECTION 28.** 560.27 (1) (c) of the statutes is created to read:

23 560.27 (1) (c) Annually, beginning in fiscal year 2010-11, the department shall
24 award a grant of \$100,000 from the appropriation under s. 20.143 (1) (d) to the
25 high-technology business development corporation. The department shall enter

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1 into an agreement with the high-technology business development corporation
2 requiring the grant proceeds to be used for employing a grant writer to assist
3 businesses associated with the University of Wisconsin System.

SECTION 29. Nonstatutory provisions.

4
5 (1) RURAL OUTSOURCING GRANTS. From the appropriations under section 20.143
6 (1) (ie), (ig), (im), and (ir) of the statutes, as affected by this act, the department of
7 commerce may award grants during the 2009-11 fiscal biennium to businesses for
8 outsourcing work to rural areas of this state. The department shall require grantees
9 to obtain funding from sources other than the state in an amount at least equal to
10 the amount of the grant. The total amount of grants awarded under this subsection
11 may not exceed \$500,000. The department may promulgate rules necessary to
12 administer this subsection as emergency rules under section 227.24 of the statutes.
13 Notwithstanding section 227.24 (1) (a) and (3) of the statutes, the department is not
14 required to provide evidence that promulgating a rule under this subsection as an
15 emergency rule is necessary for the preservation of public peace, health, safety, or
16 welfare and is not required to provide a finding of emergency for a rule promulgated
17 under this subsection.

SECTION 30. Fiscal changes.

18
19 (1) WISCONSIN DEVELOPMENT FUND. In the schedule under section 20.005 (3) of
20 the statutes for the appropriation to the department of commerce under section
21 20.143 (1) (c) of the statutes, as affected by the acts of 2009, the dollar amount is
22 increased by \$500,000 for the first fiscal year of the fiscal biennium in which this
23 subsection takes effect to increase funding for the purposes for which the
24 appropriation is made. In the schedule under section 20.005 (3) of the statutes for
25 the appropriation to the department of commerce under section 20.143 (1) (c) of the

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1 statutes, as affected by the acts of 2009, the dollar amount is increased by \$500,000
2 for the second fiscal year of the fiscal biennium in which this subsection takes effect
3 to increase funding for the purposes for which the appropriation is made.

4 (2) HIGH-TECHNOLOGY BUSINESS DEVELOPMENT CORPORATION GRANT. In the
5 schedule under section 20.005 (3) of the statutes for the appropriation to the
6 department of commerce under section 20.143 (1) (d) of the statutes, as affected by
7 the acts of 2009, the dollar amount is increased by \$100,000 for the second fiscal year
8 of the fiscal biennium in which this subsection takes effect to provide funding for the
9 grant under section 560.27 (1) (c) of the statutes, as created by this act.

10 (3) RURAL OUTSOURCING GRANTS. In the schedule under section 20.005 (3) of the
11 statutes for the appropriation to the department of commerce under section 20.143
12 (1) (im) of the statutes, as affected by the acts of 2009, the dollar amount is increased
13 by \$250,000 for the first fiscal year of the fiscal biennium in which this subsection
14 takes effect to provide funding for rural outsourcing grants. In the schedule under
15 section 20.005 (3) of the statutes for the appropriation to the department of commerce
16 under section 20.143 (1) (im) of the statutes, as affected by the acts of 2009, the dollar
17 amount is increased by \$250,000 for the second fiscal year of the fiscal biennium in
18 which this subsection takes effect to provide funding for rural outsourcing grants.

19 **SECTION 31. Initial applicability.**

20 (1) POSTSECONDARY EDUCATION TAX CREDITS. The treatment of sections 71.05 (6)
21 (a) 15., 71.07 (5r), 71.10 (4) (cd), 71.21 (4), 71.26 (2) (a) 4., 71.28 (5r), 71.30 (3) (cd),
22 71.34 (1k) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49 (1) (cd), and 77.92 (4) of the statutes
23 first applies to taxable years beginning on January 1 of the year in which this
24 subsection takes effect, except that if this subsection takes effect after July 31 this

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1 act first applies to taxable years beginning on January 1 of the year following the
2 year in which this subsection takes effect.

3 **SECTION 32. Effective date.**

4 (1) EMERGING TECHNOLOGY CENTER. The repeal of sections 20.285 (1) (eg) and
5 36.25 (54) of the statutes takes effect on June 30, 2011.

6 (END)