



Wed. 4/20

Thanks



LRB-1556/P3
MPG&JK:nwn&kjf:md

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Insert

D-Vote

Regen.

1 AN ACT *to amend* 1.12 (1) (b), 13.172 (1), 13.48 (13) (a), 13.62 (2), 13.94 (1) (mm),
2 13.94 (4) (a) 1., 13.95 (intro.), 16.002 (2), 16.004 (4), 16.004 (5), 16.004 (12) (a),
3 16.045 (1) (a), 16.15 (1) (ab), 16.41 (4), 16.417 (1) (b), 16.52 (7), 16.528 (1) (a),
4 16.53 (2), 16.54 (9) (a) 1., 16.765 (1), 16.765 (2), 16.765 (5), 16.765 (6), 16.765 (7)
5 (intro.), 16.765 (7) (d), 16.765 (8), 16.85 (2), 16.865 (8), 71.05 (6) (a) 15., 71.21
6 (4), 71.26 (1) (be), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45 (2) (a) 10., 76.67 (2), 77.54
7 (9a) (a), 77.92 (4), 100.45 (1) (dm), 101.177 (1) (d), 230.03 (3), 281.75 (4) (b) 3.
8 and 285.59 (1) (b); *to repeal and recreate* 16.417 (1) (b); and *to create* 13.94
9 (1) (dx), 13.94 (1s) (c) 6., 19.42 (10) (t), 19.42 (13) (p), 20.195, 40.02 (54) (n), 70.11
10 (38v), 71.07 (8s), 71.10 (4) (ds), 71.28 (8s), 71.30 (3) (dn), 71.47 (8s), 71.49 (1)
11 (dn), 73.033, 76.634 and chapter 239 of the statutes; **relating to:** creation of the
12 Wisconsin Venture Capital Authority, creation of the ~~on Wisconsin~~ fund and the
13 ~~rapid growth~~ fund certification program, both of which are to be administered

jobs now

budget jobs

1 by the Wisconsin Venture Capital Authority, making an appropriation, and
2 providing a penalty.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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

Ins. A

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

3 **SECTION 1.** 1.12 (1) (b) of the statutes, as affected by 2011 Wisconsin Act 7, is
4 amended to read:

5 1.12 (1) (b) "State agency" means an office, department, agency, institution of
6 higher education, the legislature, a legislative service agency, the courts, a judicial
7 branch agency, an association, society, or other body in state government that is
8 created or authorized to be created by the constitution or by law, for which
9 appropriations are made by law, excluding the Health Insurance Risk-Sharing Plan
10 Authority, the Wisconsin Venture Capital Authority, and the Wisconsin Economic
11 Development Corporation.

12 **SECTION 2.** 13.172 (1) of the statutes, as affected by 2011 Wisconsin Act 10, is
13 amended to read:

14 13.172 (1) In this section, "agency" means an office, department, agency,
15 institution of higher education, association, society, or other body in state
16 government created or authorized to be created by the constitution or any law, that
17 is entitled to expend moneys appropriated by law, including the legislature and the

1 courts, and any authority created in subch. II of ch. 114 or subch. III of ch. 149 or in
2 ch. 231, 233, 234, 238, 239, or 279.

3 **SECTION 3.** 13.48 (13) (a) of the statutes, as affected by 2011 Wisconsin Act 10,
4 is amended to read:

5 13.48 (13) (a) Except as provided in par. (b) or (c), every building, structure or
6 facility that is constructed for the benefit of or use of the state, any state agency,
7 board, commission or department, the University of Wisconsin Hospitals and Clinics
8 Authority, the Fox River Navigational System Authority, the Wisconsin Venture
9 Capital Authority, the Wisconsin Economic Development Corporation, or any local
10 professional baseball park district created under subch. III of ch. 229 if the
11 construction is undertaken by the department of administration on behalf of the
12 district, shall be in compliance with all applicable state laws, rules, codes and
13 regulations but the construction is not subject to the ordinances or regulations of the
14 municipality in which the construction takes place except zoning, including without
15 limitation because of enumeration ordinances or regulations relating to materials
16 used, permits, supervision of construction or installation, payment of permit fees, or
17 other restrictions.

18 **SECTION 4.** 13.62 (2) of the statutes, as affected by 2011 Wisconsin Act 10, is
19 amended to read:

20 13.62 (2) "Agency" means any board, commission, department, office, society,
21 institution of higher education, council, or committee in the state government, or any
22 authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232, 233,
23 234, 237, 238, 239, or 279, except that the term does not include a council or
24 committee of the legislature.

25 **SECTION 5.** 13.94 (1) (dx) of the statutes is created to read:

1 13.94 (1) (dx) Biennially, beginning in 2013, conduct a financial audit of the
2 Wisconsin Venture Capital Authority and a program evaluation audit of the
3 programs administered by the Wisconsin Venture Capital Authority under ch. 239.
4 The legislative audit bureau shall file a copy of each audit report under this
5 paragraph with the distributees specified in par. (b).

6 **SECTION 6.** 13.94 (1) (mm) of the statutes, as affected by 2011 Wisconsin Act 7,
7 is amended to read:

8 13.94 (1) (mm) No later than July 1, 2012, prepare a financial and performance
9 evaluation audit of the economic development programs administered by the
10 department of commerce, the University of Wisconsin System, the department of
11 agriculture, trade and consumer protection, the department of natural resources, the
12 Wisconsin Housing and Economic Development Authority, the Wisconsin Venture
13 Capital Authority, the Wisconsin Economic Development Corporation, the
14 department of tourism, the technical college system, and the department of
15 transportation. In this paragraph, economic development program has the meaning
16 given in s. 560.001 (1m). The legislative audit bureau shall file a copy of the report
17 of the audit under this paragraph with the distributees specified in par. (b).

18 **SECTION 7.** 13.94 (1s) (c) 6. of the statutes is created to read:

19 13.94 (1s) (c) 6. The Wisconsin Venture Capital Authority for the cost of the
20 audit required to be performed under sub. (1) (dx).

21 **SECTION 8.** 13.94 (4) (a) 1. of the statutes, as affected by 2011 Wisconsin Act 10,
22 is amended to read:

23 13.94 (4) (a) 1. Every state department, board, examining board, affiliated
24 credentialing board, commission, independent agency, council or office in the
25 executive branch of state government; all bodies created by the legislature in the

1 legislative or judicial branch of state government; any public body corporate and
2 politic created by the legislature including specifically the Fox River Navigational
3 System Authority, the Lower Fox River Remediation Authority, the Wisconsin
4 Aerospace Authority, the Wisconsin Venture Capital Authority, and the Wisconsin
5 Economic Development Corporation, a professional baseball park district, a local
6 professional football stadium district, a local cultural arts district, and a long-term
7 care district under s. 46.2895; every Wisconsin works agency under subch. III of ch.
8 49; every provider of medical assistance under subch. IV of ch. 49; technical college
9 district boards; every county department under s. 51.42 or 51.437; every nonprofit
10 corporation or cooperative or unincorporated cooperative association to which
11 moneys are specifically appropriated by state law; and every corporation, institution,
12 association or other organization which receives more than 50% of its annual budget
13 from appropriations made by state law, including subgrantee or subcontractor
14 recipients of such funds.

15 **SECTION 9.** 13.95 (intro.) of the statutes, as affected by 2011 Wisconsin Act 10,
16 is amended to read:

17 **13.95 Legislative fiscal bureau.** (intro.) There is created a bureau to be
18 known as the "Legislative Fiscal Bureau" headed by a director. The fiscal bureau
19 shall be strictly nonpartisan and shall at all times observe the confidential nature
20 of the research requests received by it; however, with the prior approval of the
21 requester in each instance, the bureau may duplicate the results of its research for
22 distribution. Subject to s. 230.35 (4) (a) and (f), the director or the director's
23 designated employees shall at all times, with or without notice, have access to all
24 state agencies, the University of Wisconsin Hospitals and Clinics Authority, the
25 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,

1 the Lower Fox River Remediation Authority, the Wisconsin Venture Capital
2 Authority, the Wisconsin Economic Development Corporation, and the Fox River
3 Navigational System Authority, and to any books, records, or other documents
4 maintained by such agencies or authorities and relating to their expenditures,
5 revenues, operations, and structure.

6 **SECTION 10.** 16.002 (2) of the statutes, as affected by 2011 Wisconsin Act 10,
7 is amended to read:

8 16.002 (2) "Departments" means constitutional offices, departments, and
9 independent agencies and includes all societies, associations, and other agencies of
10 state government for which appropriations are made by law, but not including
11 authorities created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232,
12 233, 234, 235, 237, 238, 239, or 279.

13 **SECTION 11.** 16.004 (4) of the statutes, as affected by 2011 Wisconsin Act 10,
14 is amended to read:

15 16.004 (4) FREEDOM OF ACCESS. The secretary and such employees of the
16 department as the secretary designates may enter into the offices of state agencies
17 and authorities created under subch. II of ch. 114 and subch. III of ch. 149 and under
18 chs. 231, 233, 234, 237, 238, 239, and 279, and may examine their books and accounts
19 and any other matter that in the secretary's judgment should be examined and may
20 interrogate the agency's employees publicly or privately relative thereto.

21 **SECTION 12.** 16.004 (5) of the statutes, as affected by 2011 Wisconsin Act 10,
22 is amended to read:

23 16.004 (5) AGENCIES AND EMPLOYEES TO COOPERATE. All state agencies and
24 authorities created under subch. II of ch. 114 and subch. III of ch. 149 and under chs.
25 231, 233, 234, 237, 238, 239, and 279, and their officers and employees, shall

1 cooperate with the secretary and shall comply with every request of the secretary
2 relating to his or her functions.

3 **SECTION 13.** 16.004 (12) (a) of the statutes, as affected by 2011 Wisconsin Act
4 10, is amended to read:

5 16.004 (12) (a) In this subsection, “state agency” means an association,
6 authority, board, department, commission, independent agency, institution, office,
7 society, or other body in state government created or authorized to be created by the
8 constitution or any law, including the legislature, the office of the governor, and the
9 courts, but excluding the University of Wisconsin Hospitals and Clinics Authority,
10 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan
11 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
12 Development Corporation, the Wisconsin Venture Capital Authority, and the Fox
13 River Navigational System Authority.

14 **SECTION 14.** 16.045 (1) (a) of the statutes, as affected by 2011 Wisconsin Act 10,
15 is amended to read:

16 16.045 (1) (a) “Agency” means an office, department, independent agency,
17 institution of higher education, association, society, or other body in state
18 government created or authorized to be created by the constitution or any law, that
19 is entitled to expend moneys appropriated by law, including the legislature and the
20 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
21 ch. 149 or in ch. 231, 232, 233, 234, 235, 237, 238, 239, or 279.

22 **SECTION 15.** 16.15 (1) (ab) of the statutes, as affected by 2011 Wisconsin Act 10,
23 is amended to read:

24 16.15 (1) (ab) “Authority” has the meaning given under s. 16.70 (2), but
25 excludes the University of Wisconsin Hospitals and Clinics Authority, the Lower Fox

1 River Remediation Authority, the Wisconsin Economic Development Corporation,
2 the Wisconsin Venture Capital Authority, and the Health Insurance Risk-Sharing
3 Plan Authority.

4 **SECTION 16.** 16.41 (4) of the statutes, as affected by 2011 Wisconsin Act 10, is
5 amended to read:

6 16.41 (4) In this section, "authority" means a body created under subch. II of
7 ch. 114 or subch. III of ch. 149 or under ch. 231, 233, 234, 237, 238, 239, or 279.

8 **SECTION 17.** 16.417 (1) (b) of the statutes, as affected by 2011 Wisconsin Acts
9 7 and 10, is repealed and recreated to read:

10 16.417 (1) (b) "Authority" means a body created under subch. II of ch. 114 or
11 ch. 231, 232, 233, 234, 235, 237, 239, or 279.

12 **SECTION 18.** 16.417 (1) (b) of the statutes, as affected by 2011 Wisconsin Act
13 (this act), is amended to read:

14 16.417 (1) (b) "Authority" means a body created under subch. II of ch. 114 or
15 ch. 231, 232, 233, 234, 235, 237, 238, 239, or 279.

16 **SECTION 19.** 16.52 (7) of the statutes, as affected by 2011 Wisconsin Act 10, is
17 amended to read:

18 16.52 (7) PETTY CASH ACCOUNT. With the approval of the secretary, each agency
19 that is authorized to maintain a contingent fund under s. 20.920 may establish a
20 petty cash account from its contingent fund. The procedure for operation and
21 maintenance of petty cash accounts and the character of expenditures therefrom
22 shall be prescribed by the secretary. In this subsection, "agency" means an office,
23 department, independent agency, institution of higher education, association,
24 society, or other body in state government created or authorized to be created by the
25 constitution or any law, that is entitled to expend moneys appropriated by law,

1 including the legislature and the courts, but not including an authority created in
2 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or
3 279.

4 **SECTION 20.** 16.528 (1) (a) of the statutes, as affected by 2011 Wisconsin Act 10,
5 is amended to read:

6 16.528 (1) (a) "Agency" means an office, department, independent agency,
7 institution of higher education, association, society, or other body in state
8 government created or authorized to be created by the constitution or any law, that
9 is entitled to expend moneys appropriated by law, including the legislature and the
10 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
11 ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or 279.

12 **SECTION 21.** 16.53 (2) of the statutes, as affected by 2011 Wisconsin Act 10, is
13 amended to read:

14 16.53 (2) IMPROPER INVOICES. If an agency receives an improperly completed
15 invoice, the agency shall notify the sender of the invoice within 10 working days after
16 it receives the invoice of the reason it is improperly completed. In this subsection,
17 "agency" means an office, department, independent agency, institution of higher
18 education, association, society, or other body in state government created or
19 authorized to be created by the constitution or any law, that is entitled to expend
20 moneys appropriated by law, including the legislature and the courts, but not
21 including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch.
22 231, 233, 234, 237, 238, 239, or 279.

23 **SECTION 22.** 16.54 (9) (a) 1. of the statutes, as affected by 2011 Wisconsin Act
24 10, is amended to read:

1 16.54 (9) (a) 1. "Agency" means an office, department, independent agency,
2 institution of higher education, association, society or other body in state
3 government created or authorized to be created by the constitution or any law, which
4 is entitled to expend moneys appropriated by law, including the legislature and the
5 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
6 ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or 279.

7 **SECTION 23.** 16.765 (1) of the statutes, as affected by 2011 Wisconsin Act 10,
8 is amended to read:

9 16.765 (1) Contracting agencies, the University of Wisconsin Hospitals and
10 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
11 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
12 Fox River Remediation Authority, the Wisconsin Venture Capital Authority, the
13 Wisconsin Economic Development Corporation, and the Bradley Center Sports and
14 Entertainment Corporation shall include in all contracts executed by them a
15 provision obligating the contractor not to discriminate against any employee or
16 applicant for employment because of age, race, religion, color, handicap, sex, physical
17 condition, developmental disability as defined in s. 51.01 (5), sexual orientation as
18 defined in s. 111.32 (13m), or national origin and, except with respect to sexual
19 orientation, obligating the contractor to take affirmative action to ensure equal
20 employment opportunities.

21 **SECTION 24.** 16.765 (2) of the statutes, as affected by 2011 Wisconsin Act 10,
22 is amended to read:

23 16.765 (2) Contracting agencies, the University of Wisconsin Hospitals and
24 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
25 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower

1 Fox River Remediation Authority, the Wisconsin Venture Capital Authority, the
2 Wisconsin Economic Development Corporation, and the Bradley Center Sports and
3 Entertainment Corporation shall include the following provision in every contract
4 executed by them: "In connection with the performance of work under this contract,
5 the contractor agrees not to discriminate against any employee or applicant for
6 employment because of age, race, religion, color, handicap, sex, physical condition,
7 developmental disability as defined in s. 51.01 (5), sexual orientation or national
8 origin. This provision shall include, but not be limited to, the following: employment,
9 upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or
10 termination; rates of pay or other forms of compensation; and selection for training,
11 including apprenticeship. Except with respect to sexual orientation, the contractor
12 further agrees to take affirmative action to ensure equal employment opportunities.
13 The contractor agrees to post in conspicuous places, available for employees and
14 applicants for employment, notices to be provided by the contracting officer setting
15 forth the provisions of the nondiscrimination clause".

16 **SECTION 25.** 16.765 (5) of the statutes, as affected by 2011 Wisconsin Act 10,
17 is amended to read:

18 16.765 (5) The head of each contracting agency and the boards of directors of
19 the University of Wisconsin Hospitals and Clinics Authority, the Fox River
20 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
21 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
22 Authority, the Wisconsin Venture Capital Authority, the Wisconsin Economic
23 Development Corporation, and the Bradley Center Sports and Entertainment
24 Corporation shall be primarily responsible for obtaining compliance by any
25 contractor with the nondiscrimination and affirmative action provisions prescribed

1 by this section, according to procedures recommended by the department. The
2 department shall make recommendations to the contracting agencies and the boards
3 of directors of the University of Wisconsin Hospitals and Clinics Authority, the Fox
4 River Navigational System Authority, the Wisconsin Aerospace Authority, the
5 Health Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
6 Authority, the Wisconsin Venture Capital Authority, the Wisconsin Economic
7 Development Corporation, and the Bradley Center Sports and Entertainment
8 Corporation for improving and making more effective the nondiscrimination and
9 affirmative action provisions of contracts. The department shall promulgate such
10 rules as may be necessary for the performance of its functions under this section.

11 **SECTION 26.** 16.765 (6) of the statutes, as affected by 2011 Wisconsin Act 10,
12 is amended to read:

13 16.765 (6) The department may receive complaints of alleged violations of the
14 nondiscrimination provisions of such contracts. The department shall investigate
15 and determine whether a violation of this section has occurred. The department may
16 delegate this authority to the contracting agency, the University of Wisconsin
17 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
18 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,
19 the Lower Fox River Remediation Authority, the Wisconsin Venture Capital
20 Authority, the Wisconsin Economic Development Corporation, or the Bradley Center
21 Sports and Entertainment Corporation for processing in accordance with the
22 department's procedures.

23 **SECTION 27.** 16.765 (7) (intro.) of the statutes, as affected by 2011 Wisconsin
24 Act 10, is amended to read:

1 16.765 (7) (intro.) When a violation of this section has been determined by the
2 department, the contracting agency, the University of Wisconsin Hospitals and
3 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
4 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
5 Fox River Remediation Authority, the Wisconsin Venture Capital Authority, the
6 Wisconsin Economic Development Corporation, or the Bradley Center Sports and
7 Entertainment Corporation, the contracting agency, the University of Wisconsin
8 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
9 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,
10 the Lower Fox River Remediation Authority, the Wisconsin Venture Capital
11 Authority, the Wisconsin Economic Development Corporation, or the Bradley Center
12 Sports and Entertainment Corporation shall:

13 **SECTION 28.** 16.765 (7) (d) of the statutes, as affected by 2011 Wisconsin Act 10,
14 is amended to read:

15 16.765 (7) (d) Direct the violating party to take immediate steps to prevent
16 further violations of this section and to report its corrective action to the contracting
17 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River
18 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
19 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
20 Authority, the Wisconsin Venture Capital Authority, the Wisconsin Economic
21 Development Corporation, or the Bradley Center Sports and Entertainment
22 Corporation.

23 **SECTION 29.** 16.765 (8) of the statutes, as affected by 2011 Wisconsin Act 10,
24 is amended to read:

1 16.765 (8) If further violations of this section are committed during the term
2 of the contract, the contracting agency, the Fox River Navigational System Authority,
3 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan
4 Authority, the Lower Fox River Remediation Authority, the Wisconsin Venture
5 Capital Authority, the Wisconsin Economic Development Corporation, or the
6 Bradley Center Sports and Entertainment Corporation may permit the violating
7 party to complete the contract, after complying with this section, but thereafter the
8 contracting agency, the Fox River Navigational System Authority, the Wisconsin
9 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
10 Fox River Remediation Authority, the Wisconsin Venture Capital Authority, the
11 Wisconsin Economic Development Corporation, or the Bradley Center Sports and
12 Entertainment Corporation shall request the department to place the name of the
13 party on the ineligible list for state contracts, or the contracting agency, the Fox River
14 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
15 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
16 Authority, the Wisconsin Venture Capital Authority, the Wisconsin Economic
17 Development Corporation, or the Bradley Center Sports and Entertainment
18 Corporation may terminate the contract without liability for the uncompleted
19 portion or any materials or services purchased or paid for by the contracting party
20 for use in completing the contract.

21 **SECTION 30.** 16.85 (2) of the statutes, as affected by 2011 Wisconsin Act 10, is
22 amended to read:

23 16.85 (2) To furnish engineering, architectural, project management, and other
24 building construction services whenever requisitions therefor are presented to the
25 department by any agency. The department may deposit moneys received from the

1 provision of these services in the account under s. 20.505 (1) (kc) or in the general
2 fund as general purpose revenue — earned. In this subsection, “agency” means an
3 office, department, independent agency, institution of higher education, association,
4 society, or other body in state government created or authorized to be created by the
5 constitution or any law, which is entitled to expend moneys appropriated by law,
6 including the legislature and the courts, but not including an authority created in
7 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or
8 279.

9 **SECTION 31.** 16.865 (8) of the statutes, as affected by 2011 Wisconsin Act 10,
10 is amended to read:

11 16.865 (8) Annually in each fiscal year, allocate as a charge to each agency a
12 proportionate share of the estimated costs attributable to programs administered by
13 the agency to be paid from the appropriation under s. 20.505 (2) (k). The department
14 may charge premiums to agencies to finance costs under this subsection and pay the
15 costs from the appropriation on an actual basis. The department shall deposit all
16 collections under this subsection in the appropriation account under s. 20.505 (2) (k).
17 Costs assessed under this subsection may include judgments, investigative and
18 adjustment fees, data processing and staff support costs, program administration
19 costs, litigation costs, and the cost of insurance contracts under sub. (5). In this
20 subsection, “agency” means an office, department, independent agency, institution
21 of higher education, association, society, or other body in state government created
22 or authorized to be created by the constitution or any law, that is entitled to expend
23 moneys appropriated by law, including the legislature and the courts, but not
24 including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch.
25 231, 232, 233, 234, 235, 237, 238, 239, or 279.

1 SECTION 32. 19.42 (10) (t) of the statutes is created to read:

2 19.42 (10) (t) The executive director of the Wisconsin Venture Capital
3 Authority and the members of the authority's board of directors who are appointed
4 by the speaker of the assembly and the majority leader of the senate.

5 SECTION 33. 19.42 (13) (p) of the statutes is created to read:

6 19.42 (13) (p) The executive director of the Wisconsin Venture Capital
7 Authority and the members of the authority's board of directors who are appointed
8 by the speaker of the assembly and the majority leader of the senate.

9 SECTION 34. 20.005 (3) (schedule) of the statutes: at the appropriate place,
10 insert the following amounts for the purposes indicated:

				2011-12	2012-13
20.195 Wisconsin Venture Capital Authority					
(1)	VENTURE CAPITAL INVESTMENT PROGRAMS				
(a)	Establishment and <u>initial</u> opera-				
	tion	GPR	C	-0-	-0-
(g)	Administration of the <u>on Wiscon-</u>				
	<u>sin</u> fund	PR	C	-0-	-0-

18 SECTION 35. 20.195 of the statutes is created to read:

19 **20.195 Wisconsin Venture Capital Authority.** There is appropriated to the
20 Wisconsin Venture Capital Authority for the following program:

21 (1) VENTURE CAPITAL INVESTMENT PROGRAMS. (a) *Establishment and initial*
22 *operation.* As a continuing appropriation, the amounts in the schedule for the
23 establishment of the Wisconsin Venture Capital Authority and for the initial costs
24 of operating the Wisconsin Venture Capital Authority.

****NOTE: Because the budget bill repeals and recreates the schedule under s. 20.005, this draft contains a delayed effective date (see the nonstatutory effective date provision at the end of the draft). The bill would be effective on the day after publication or the second day after publication of the 2011-13 biennial budget bill, whichever is later. That delayed effective date avoids conflict between the repeal and recreation of the schedule under s. 20.005 in the budget bill and this sum certain continuing appropriation under s. 20.195 (1) (a). Note that we have inserted "0" in the schedule for the sum certain appropriation as a placeholder until you determine the appropriate dollar amounts.

1 (g) Administration of the ~~on Wisconsin~~ fund. All moneys received under s. 73.033 (2), for administration of the ~~on Wisconsin~~ fund under subch. II of ch. 239.

2
3 SECTION 36. 40.02 (54) (n) of the statutes is created to read:

4 40.02 (54) (n) The Wisconsin Venture Capital Authority.

5 SECTION 37. 70.11 (38v) of the statutes is created to read:

6 70.11 (38v) WISCONSIN VENTURE CAPITAL AUTHORITY. All property owned by the
7 Wisconsin Venture Capital Authority, provided that use of the property is primarily
8 related to the purposes of the Wisconsin Venture Capital Authority.

9 SECTION 38. 71.05 (6) (a) 15. of the statutes is amended to read:

10 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
11 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
12 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r), and (8s)
13 and not passed through by a partnership, limited liability company, or tax-option
14 corporation that has added that amount to the partnership's, company's, or
15 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

16 SECTION 39. 71.07 (8s) of the statutes is created to read:

17 71.07 (8s) ON WISCONSIN BONDS CREDIT. (a) Definition. In this subsection,
18 "claimant" means a person who files a claim under this subsection.

19 (b) Filing claims. Subject to the limitations provided in this subsection and s.
20 239.11, for taxable years beginning after December 31, 2016, a claimant who
21 purchases bonds issued under s. 239.11 (2) and who has been awarded a credit under

1 s. 239.14, may claim as a credit against the tax imposed under s. 71.02, up to the
2 amount of the tax, the amount determined under s. 239.14.

3 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
4 corporations may not claim the credit under this subsection, but the eligibility for,
5 and the amount of, the credit are based on their purchase of bonds issued under s.
6 239.11 (2) for which a credit has been awarded under s. 239.14. A partnership,
7 limited liability company, or tax-option corporation shall compute the amount of
8 credit that each of its partners, members, or shareholders may claim and shall
9 provide that information to each of them. Partners, members of limited liability
10 companies, and shareholders of tax-option corporations may claim the credit in
11 proportion to their ownership interests.

12 (d) *Carry-forward.* If a credit computed under this subsection is not entirely
13 offset against Wisconsin income or franchise taxes otherwise due, the unused
14 balance may be carried forward and credited against Wisconsin income or franchise
15 taxes otherwise due for the following taxable years to the extent not offset by these
16 taxes otherwise due in all intervening years between the year in which the expense
17 was incurred and the year in which the carry-forward credit is claimed.

18 (e) *Sale of credit.* A person who is awarded a credit under s. 239.14, or to whom
19 a credit is transferred as provided under this paragraph, may transfer, but not sell,
20 the credit to another person who is subject to the tax imposed under s. 71.02, 71.23,
21 or 71.43 if the person notifies the department of revenue and the Wisconsin Venture
22 Capital Authority created under ch. 239 of the transfer and includes with the
23 notification a copy of the transfer documents.

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

1 SECTION 40. 71.10 (4) (ds) of the statutes is created to read:

2 71.10 (4) (ds) On Wisconsin bonds credit under s. 71.07 (8s). *Budget Jobs Fund*

3 SECTION 41. 71.21 (4) of the statutes is amended to read:

4 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
5 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
6 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r), and (8s) and passed
7 through to partners shall be added to the partnership's income.

8 SECTION 42. 71.26 (1) (be) of the statutes, as affected by 2011 Wisconsin Act 10,
9 is amended to read:

10 71.26 (1) (be) *Certain authorities.* Income of the University of Wisconsin
11 Hospitals and Clinics Authority, of the Health Insurance Risk-Sharing Plan
12 Authority, of the Fox River Navigational System Authority, of the Wisconsin
13 Economic Development Corporation, of the Wisconsin Venture Capital Authority,
14 and of the Wisconsin Aerospace Authority.

15 SECTION 43. 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act
16 3, is amended to read:

17 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
18 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
19 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (8r), (8s), and
20 (9s) and not passed through by a partnership, limited liability company, or
21 tax-option corporation that has added that amount to the partnership's, limited
22 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
23 (g).

24 SECTION 44. 71.28 (8s) of the statutes is created to read:

-20- (CS)

Budget Jobs Fund

1

71.28 (8s) ON WISCONSIN BONDS CREDIT. (a) *Definition*. In this subsection,

2

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

3

(b) *Filing claims*. Subject to the limitations provided in this subsection and s.

4

239.11, for taxable years beginning after December 31, 2016, a claimant who

5

purchases bonds issued under s. 239.11 (2) and who has been awarded a credit under

6

s. 239.14, may claim as a credit against the tax imposed under s. 71.23, up to the

7

amount of the tax, the amount determined under s. 239.14.

8

(c) *Limitations*. Partnerships, limited liability companies, and tax-option

9

corporations may not claim the credit under this subsection, but the eligibility for,

10

and the amount of, the credit are based on their purchase of bonds issued under s.

11

239.11 (2) for which a credit has been awarded under s. 239.14. A partnership,

12

limited liability company, or tax-option corporation shall compute the amount of

13

credit that each of its partners, members, or shareholders may claim and shall

14

provide that information to each of them. Partners, members of limited liability

15

companies, and shareholders of tax-option corporations may claim the credit in

16

proportion to their ownership interests.

17

(d) *Carry-forward*. If a credit computed under this subsection is not entirely

18

offset against Wisconsin income or franchise taxes otherwise due, the unused

19

balance may be carried forward and credited against Wisconsin income or franchise

20

taxes otherwise due for the following taxable years to the extent not offset by these

21

taxes otherwise due in all intervening years between the year in which the expense

22

was incurred and the year in which the carry-forward credit is claimed.

23

(e) *Sale of credit*. A person who is awarded a credit under s. 239.14, or to whom

24

a credit is transferred as provided under this paragraph, may transfer, but not sell,

25

the credit to another person who is subject to the tax imposed under s. 71.02, 71.23,

1 or 71.43 if the person notifies the department of revenue and the Wisconsin Venture
2 Capital Authority created under ch. 239 of the transfer and includes with the
3 notification a copy of the transfer documents

4 (f) *Administration.* Subsection (4) (e), (g), and (h), as it applies to the credit
5 under sub. (4), applies to the credit under this subsection.

6 **SECTION 45.** 71.30 (3) (dn) of the statutes is created to read:

7 71.30 (3) (dn) On Wisconsin *Budget Jobs Fund* bonds credit under s. 71.28 (8s).

8 **SECTION 46.** 71.34 (1k) (g) of the statutes is amended to read:

9 71.34 (1k) (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), (1dy),
11 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
12 (5k), (5r), (5rm), ~~and (8r), and (8s)~~ and passed through to shareholders.

13 **SECTION 47.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
14 3, is amended to read:

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
16 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
17 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (8r), (8s), and (9s) and not passed
18 through by a partnership, limited liability company, or tax-option corporation that
19 has added that amount to the partnership's, limited liability company's, or
20 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
21 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

22 **SECTION 48.** 71.47 (8s) of the statutes is created to read:

23 71.47 (8s) ON WISCONSIN *Budget Jobs Fund* BONDS CREDIT. (a) *Definition.* In this subsection,
24 "claimant" means a person who files a claim under this subsection.

Budget Jobs Fund (8s)

1 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
2 239.11, for taxable years beginning after December 31, 2016, a claimant who
3 purchases bonds issued under s. 239.11 (2) and who has been awarded a credit under
4 s. 239.14, may claim as a credit against the tax imposed under s. 71.43, up to the
5 amount of the tax, the amount determined under s. 239.14.

6 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
7 corporations may not claim the credit under this subsection, but the eligibility for,
8 and the amount of, the credit are based on their purchase of bonds issued under s.
9 239.11 (2) for which a credit has been awarded under s. 239.14. A partnership,
10 limited liability company, or tax-option corporation shall compute the amount of
11 credit that each of its partners, members, or shareholders may claim and shall
12 provide that information to each of them. Partners, members of limited liability
13 companies, and shareholders of tax-option corporations may claim the credit in
14 proportion to their ownership interests.

15 (d) *Carry-forward.* If a credit computed under this subsection is not entirely
16 offset against Wisconsin income or franchise taxes otherwise due, the unused
17 balance may be carried forward and credited against Wisconsin income or franchise
18 taxes otherwise due for the following taxable years to the extent not offset by these
19 taxes otherwise due in all intervening years between the year in which the expense
20 was incurred and the year in which the carry-forward credit is claimed.

21 (e) *Sale of credit.* A person who is awarded a credit under s. 239.14, or to whom
22 a credit is transferred as provided under this paragraph, may transfer, but not sell,
23 the credit to another person who is subject to the tax imposed under s. 71.02, 71.23,
24 or 71.43 if the person notifies the department of revenue and the Wisconsin Venture

Jobs now funds

1 Capital Authority created under ch. 239 of the transfer and includes with the
2 notification a copy of the transfer documents.

3 (f) *Administration.* Section 71.28 (4) (e), (g), and (h), as it applies to the credit
4 under s. 71.28 (4), applies to the credit under this subsection.

5 SECTION 49. 71.49 (1) (dn) of the statutes is created to read:

6 71.49 (1) (dn) On Wisconsin bonds credit under s. 71.47 (8s). Budget Jobs Fund

7 SECTION 50. 73.033 of the statutes is created to read:

8 73.033 Rapid growth and on Wisconsin fund investments; withholding budget jobs

9 **tax determinations.** (1) (a) The department of revenue, in consultation with the
10 Wisconsin Venture Capital Authority created under ch. 239, shall determine the
11 amount of the withholding taxes under subch. X of ch. 71 paid by each business that
12 receives an investment under s. 239.12(2) for the year prior to the first year in which
13 each business receives the investment.

14 (b) Each year, for 15 years following the first year in which a business receives
15 an investment under s. 239.12(2), the department shall credit to the appropriation
16 account under s. 20.195 (1) (g) an amount equal to 50 percent of the increase, if any,
17 in withholding taxes under subch. X of ch. 71 paid by all businesses that receive
18 investments under s. 239.12(2) over the amount determined for all such businesses
19 under sub. (1). The department shall credit the amounts determined under this
20 subsection on a quarterly basis based on its estimate of the total annual increase in
21 the withholding taxes described in this subsection.

22 (2) (a) The department of revenue, in consultation with the Wisconsin Venture
23 Capital Authority created under ch. 239, shall determine the amount of the
24 withholding taxes under subch. X of ch. 71 paid by each business that receives an

1 investment under s. 239.23 (2) for the year prior to the first year in which each
2 business receives the investment.

3 (b) Each year, for 15 years following the first year in which a business receives
4 an investment under s. 239.23 (2), the department shall credit to the appropriation
5 account under s. 20.195 (1) (g) an amount equal to 50 percent of the increase, if any,
6 in withholding taxes under subch. X of ch. 71 paid by all businesses that receive
7 investments under s. 239.23 (2) over the amount determined for all such businesses
8 under sub. (1). The department shall credit the amounts determined under this
9 subsection on a quarterly basis based on its estimate of the total annual increase in
10 the withholding taxes described in this subsection.

11 SECTION 51. 76.634 of the statutes is created to read:

12 **76.634 Credit for rapid growth fund investments.** (1) DEFINITIONS. In this
13 section:

14 (a) "Allocation date" has the meaning given in s. 239.20 (2).

15 (b) "Certified rapid growth fund" has the meaning given in s. 239.20 (3).

16 (c) "Designated capital" has the meaning given in s. 239.20 (4).

17 (2) CREDIT. Subject to the limitations provided in this section and s. 239.22, for
18 taxable years beginning after December 31, 2013, an insurer who makes an
19 investment of designated capital and who has been awarded a credit under s. 239.22
20 (2) (a), may claim as a credit against the fees imposed under s. 76.60, 76.63, 76.65,
21 76.66, or 76.67, up to the amount of such fees, the amount determined under s. 239.22
22 (2) (b).

23 (3) CARRY-FORWARD. If the credit under sub. (2) is not entirely offset against the
24 fees under s. 76.60, 76.63, 76.65, 76.66 or 76.67 otherwise due, the unused balance
25 may be carried forward and credited against those fees in the following years to the

within 4 years after the allocation date for the insurer's investment

1 extent that it is not offset by those fees otherwise due in all the years between the
2 year in which the initial credit is claimed and the year in which the carry-forward
3 credit is claimed.

4 (4) RECAPTURE. If a certified rapid growth fund in which the insurer's

5 designated capital has been invested is decertified under s. 239.26 (2) (b) no later

6 than 4 years after the insurer's allocation date, and the rapid growth fund has not

7 made the investments required under s. 239.23 (4) (a) and (b), any insurer that has

8 received a credit under this section with respect to such decertified rapid growth fund

9 shall repay the credit amount to the commissioner of insurance, for deposit into the

10 general fund, and may not claim any more credits under this section with respect to

11 the decertified rapid growth fund.

12 (5) SALE OF CREDIT. An insurer who is awarded a credit under s. 239.22 (2) (a),

13 or to whom a credit is sold or transferred as provided under this subsection, may sell

14 or otherwise transfer the credit to another insurer who is subject ^{to} the fees imposed

15 under s. 76.60, 76.63, 76.65, 76.66, or 76.67 if the insurer notifies the commissioner

16 of insurance and the Wisconsin Venture Capital Authority created under ch. 239 of

17 the sale or transfer and includes with the notification a copy of the sale or transfer

18 documents. If a credit that has been sold or transferred under this subsection is

19 subject to recapture under sub. (4), the person who claimed the credit is liable for the

20 repayment provided under sub. (4). No credit may be sold or transferred under this

21 subsection until 180 days after the date on which the person becomes eligible to claim

22 the credit.

23 SECTION 52. 76.67 (2) of the statutes is amended to read:

24 76.67 (2) If any domestic insurer is licensed to transact insurance business in

25 another state, this state may not require similar insurers domiciled in that other

with the same allocation date

1 state to pay taxes greater in the aggregate than the aggregate amount of taxes that
2 a domestic insurer is required to pay to that other state for the same year less the
3 credits under ss. 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655, except that the
4 amount imposed shall not be less than the total of the amounts due under ss. 76.65
5 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums,
6 as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss.
7 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655 against that total, and except that
8 the amount imposed shall not be less than the amount due under s. 601.93.

9 **SECTION 53.** 77.54 (9a) (a) of the statutes, as affected by 2011 Wisconsin Act 10,
10 is amended to read:

11 77.54 (9a) (a) This state or any agency thereof, the University of Wisconsin
12 Hospitals and Clinics Authority, the Wisconsin Aerospace Authority, the Health
13 Insurance Risk-Sharing Plan Authority, the Wisconsin Economic Development
14 Corporation, the Wisconsin Venture Capital Authority, and the Fox River
15 Navigational System Authority.

16 **SECTION 54.** 77.92 (4) of the statutes is amended to read:

17 77.92 (4) "Net business income," with respect to a partnership, means taxable
18 income as calculated under section 703 of the Internal Revenue Code; plus the items
19 of income and gain under section 702 of the Internal Revenue Code, including taxable
20 state and municipal bond interest and excluding nontaxable interest income or
21 dividend income from federal government obligations; minus the items of loss and
22 deduction under section 702 of the Internal Revenue Code, except items that are not
23 deductible under s. 71.21; plus guaranteed payments to partners under section 707
24 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
25 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),

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

8 **SECTION 55.** 100.45 (1) (dm) of the statutes, as affected by 2011 Wisconsin Act
9 10, is amended to read:

10 100.45 (1) (dm) "State agency" means any office, department, agency,
11 institution of higher education, association, society, or other body in state
12 government created or authorized to be created by the constitution or any law which
13 is entitled to expend moneys appropriated by law, including the legislature and the
14 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
15 Center Sports and Entertainment Corporation, the University of Wisconsin
16 Hospitals and Clinics Authority, the Wisconsin Health and Educational Facilities
17 Authority, the Wisconsin Aerospace Authority, the Wisconsin Economic
18 Development Corporation, the Wisconsin Venture Capital Authority, and the Fox
19 River Navigational System Authority.

20 **SECTION 56.** 101.177 (1) (d) of the statutes, as affected by 2011 Wisconsin Act
21 10, is amended to read:

22 101.177 (1) (d) "State agency" means any office, department, agency,
23 institution of higher education, association, society, or other body in state
24 government created or authorized to be created by the constitution or any law, that
25 is entitled to expend moneys appropriated by law, including the legislature and the

1 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
2 Center Sports and Entertainment Corporation, the University of Wisconsin
3 Hospitals and Clinics Authority, the Wisconsin Aerospace Authority, the Wisconsin
4 Economic Development Corporation, the Wisconsin Venture Capital Authority, and
5 the Wisconsin Health and Educational Facilities Authority, but excluding the Health
6 Insurance Risk-Sharing Plan Authority and the Lower Fox River Remediation
7 Authority.

8 **SECTION 57.** 230.03 (3) of the statutes, as affected by 2011 Wisconsin Act 10,
9 is amended to read:

10 230.03 (3) "Agency" means any board, commission, committee, council, or
11 department in state government or a unit thereof created by the constitution or
12 statutes if such board, commission, committee, council, department, unit, or the
13 head thereof, is authorized to appoint subordinate staff by the constitution or
14 statute, except a legislative or judicial board, commission, committee, council,
15 department, or unit thereof or an authority created under subch. II of ch. 114 or
16 subch. III of ch. 149 or under ch. 231, 232, 233, 234, 235, 237, 238, 239, or 279.
17 "Agency" does not mean any local unit of government or body within one or more local
18 units of government that is created by law or by action of one or more local units of
19 government.

20 **SECTION 58.** Chapter 239 of the statutes is created to read:

21 **CHAPTER 239**

22 **WISCONSIN VENTURE CAPITAL**

23 **AUTHORITY**

24 **SUBCHAPTER I**

25 **GENERAL PROVISIONS**

1 **239.01 Definitions.** In this chapter, except as otherwise provided:

2 (1) "Authority" means the Wisconsin Venture Capital Authority.

3 (2) "Board" means the board of directors of the authority.

4 **239.02 Creation and organization of authority.** (1) There is created a
5 public body corporate and politic to be known as the "Wisconsin Venture Capital
6 Authority." The members of the board shall consist of the following:

7 (a) The chief executive officer of the Wisconsin Economic Development
8 Corporation.

9 (b) The executive director of the Wisconsin Housing and Economic
10 Development Authority.

11 (c) Three persons from the private sector, at least 2 of whom shall have venture
12 capital, investment banking, or substantial entrepreneurial experience, nominated
13 by the governor and appointed with the advice and consent of the senate.

14 (d) One member appointed by the speaker of the assembly who shall have
15 venture capital, investment banking, or substantial entrepreneurial experience.

16 (e) One member appointed by the senate majority leader who shall have
17 venture capital, investment banking, or substantial entrepreneurial experience.

18 (2) The members of the board appointed by the governor, the speaker of the
19 assembly, and the senate majority leader shall serve staggered 3-year terms.

20 (3) A majority of the members of the board constitutes a quorum for the purpose
21 of conducting its business and exercising its powers and for all other purposes,
22 notwithstanding the existence of any vacancies. Action may be taken by the board
23 upon a vote of a majority of the members present.

24 (4) A vacancy on the board shall be filled in the same manner as the original
25 appointment to the board for the remainder of the unexpired term, if any.

1 (5) A member of the board may not be compensated for the member's services
2 but shall be reimbursed for actual and necessary expenses, including travel
3 expenses, incurred in the performance of the member's duties.

4 (6) No cause of action may arise against and no civil liability may be imposed
5 upon a member of the board for any act or omission in the performance of the
6 member's powers and duties under this chapter, unless the person asserting liability
7 proves that the act or omission constitutes willful misconduct.

8 (7) The chief executive officer of the Wisconsin Economic Development
9 Corporation shall be chairperson of the board.

10 (8) The board may hire an executive director. The board may delegate to the
11 executive director or any other employee of the authority any powers or duties the
12 board considers proper. All powers and duties assigned to the authority under this
13 chapter shall be exercised or carried out by the board, unless the board delegates the
14 power or duty to an employee of the authority.

15 **239.03 Powers of authority.** The authority shall have all the powers
16 necessary or convenient to carry out the purposes and provisions of this chapter. In
17 addition to all other powers granted the authority under this chapter, the authority
18 may specifically:

19 (1) Adopt, amend, and repeal any bylaws, policies, and procedures for the
20 regulation of its affairs and the conduct of its business.

21 (2) Have a seal and alter the seal at pleasure.

22 (3) Maintain an office.

23 (4) Sue and be sued.

24 (5) Accept gifts, grants, loans, or other contributions from private or public
25 sources.

1 (6) Establish the annual budget of the authority and monitor its fiscal
2 management.

3 (7) Execute contracts and other instruments required for the operation of the
4 authority.

****NOTE: Both the Wisconsin Venture Capital Authority (authority) and the Wisconsin Economic Development Corporation (WEDC) have the ability to enter into contracts with each other or others. Also, the authority can contract with the fund manager for management of the on Wisconsin fund. Therefore, a provision stating that the authority may contract with the WEDC and the on Wisconsin fund manager, as requested in the revised drafting instructions, is unnecessary, and we have not included such a provision. Okay?

5 (8) Employ any officers, agents, and employees that it may require and
6 determine their qualifications, duties, and compensation.

7 (9) Issue notes, bonds, and any other obligations.

8 (10) Make loans and provide grants.

9 (11) Incur debt.

10 (12) Procure liability insurance.

11 **239.04 Liability limited.** Neither the state nor any political subdivision of
12 the state, nor any officer, employee, or agent of the state or a political subdivision of
13 the state who is acting within the scope of employment or agency, is liable for any
14 debt, obligation, act, or omission of the authority.

15 **239.05 Annual report.** Annually, the authority shall submit to the chief clerk
16 of each house of the legislature, for distribution to the legislature under s. 13.172 (2),
17 a report on the programs administered by the authority that includes all of the
18 following:

19 (1) GENERAL REPORTING REQUIREMENTS. For each program administered by the
20 authority, the report shall include all of the following:

21 (a) An assessment of the program's success to date.

and to the governor

including contracts with the Wisconsin Economic Development Corporation

1 (b) An accounting of the financial status of the program, including the opinion
2 of an independent certified public accountant.

3 (c) Any recommendations the authority has for improvement of the program.

4 (2) ON WISCONSIN FUND. In addition to the information provided under sub. (1),
5 the authority's annual report shall include all of the following for the on Wisconsin
6 fund administered by the authority under subch. II: ✓

7 (a) The current investment policy of the on Wisconsin fund. ✓

8 (b) The on Wisconsin fund's internal rate of return on its investments in
9 certified investors. ✓

10 (c) An accounting of the revenue received by the authority under s. 73.033 (1)

11 (b).

12 (d) An accounting of any compensation, including a management fee, paid to
13 the fund manager during the preceding year.

14 (e) An accounting of the value of each tax credit^s awarded to a creditor^s of the on
15 Wisconsin fund under s. 239.14 during the preceding year, including a description
16 of the circumstances leading to the award of the credit^s and the likelihood that the
17 authority will award additional tax credits to that creditor or other on Wisconsin
18 fund creditors in the future. ✓

19 (f) For each certified investor in whom the on Wisconsin fund invested capital
20 under s. 239.12³(2) during the preceding year, the name and address of the investor
21 and the amount of each investment. ✓

22 (g) The internal rate of return realized by each certified investor. ✓

23 (h) An accounting of any fee each certified investor paid to itself or any principal
24 or manager of the certified investor during the preceding year.

1 (i) For each business in which a certified investor made an investment of capital
2 from the ON WISCONSIN fund during the preceding year, the name and address of the
3 business and a description of the nature of the business, the amount of each
4 investment in the business, and an identification of the certified investor who made
5 the investment.

6 (3) CERTIFIED RAPID GROWTH FUND PROGRAM. In addition to the information
7 provided under sub. (1), the authority's annual report shall include all of the
8 following for the certified rapid growth fund program under subch. III:

9 (a) The information required under s. 239.25 (2).

10 (b) An accounting of the value of each tax credit the authority awarded under
11 s. 239.22 (2) during the preceding year.

12 (c) An accounting of the revenue received by the authority under s. 73.033 (2)

13 (b).

14 (d) An accounting of each profit sharing fee paid to the authority under s.
15 239.24 (2) during the preceding year.

16 (e) A list of certified rapid growth funds that the authority decertified under
17 s. 239.26 (2) during the preceding year and a description of the circumstances leading
18 to each decertification.

19 SUBCHAPTER II

20 ON WISCONSIN FUND

21 **239.10 Definitions.** In this subchapter:

22 (1) "Certified investor" means a venture capital firm certified under s. 239.13.

23 (2) "Fund creditor" means any holder of a note or bond of the authority under
24 this subchapter.

budget jobs
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person

1 (3) "Debt service obligation" means the authority's obligation, including any
2 payment schedule, to pay principal and interest or other financing costs to a creditor
3 on a note or bond the authority issues under this subchapter.

4 (4) "Fund" means the on Wisconsin fund. *badge jobs* ✓

5 **239.11 Creation of fund; management.** (1) FUND PURPOSE. The authority

6 shall establish *There is created* a fund to be known as the "on Wisconsin fund" for the investment of
7 capital in certified investors. The legislature finds that the fund will provide capital
8 for business growth and job creation in this state that is currently not sufficiently
9 available in private financial markets and that the fund will result in increased tax
10 revenues to the state and serve a public purpose. ✓

11 (2) FUND CAPITAL; DEBT SERVICE. (a) The authority may issue, by resolution, up
12 to \$200,000,000 in negotiable notes or bonds of any kind to finance the fund.

13 (b) The state is not liable for a debt service obligation of the authority. The
14 authority's debt is not a debt of the state, and the authority may not create a debt of
15 the state. Each note or bond of the authority shall contain on its face a statement
16 to that effect.

17 (c) Recognizing its moral obligation to do so, the legislature hereby expresses
18 its expectation and aspiration that, if ever called upon to do so, it shall make an
19 appropriation to pay a fund creditor the amount the authority fails to pay or
20 otherwise satisfy under its debt service obligation to that creditor.

21 (d) Neither the members of the board nor any person executing the notes or
22 bonds is liable personally on the notes or bonds or subject to any personal liability
23 or accountability by reason of the issuance of the notes or bonds, unless the personal
24 liability or accountability is the result of willful misconduct.

1 **(3) FUND MANAGER.** The authority shall hire a fund manager who has expertise
 2 in the venture capital or private equity industry to manage the fund's investment of
 3 capital in certified investors. In reviewing candidates for fund manager, the
 4 authority shall consider a candidate's venture capital or private equity experience,
 5 investment philosophy, and the performance of any venture capital funds managed
 6 by the candidate, as well as any other criteria the authority considers relevant. The
 7 fund manager may not be a certified investor.

8 **239.10³ Investment of capital in certified investors; requirements. (1)**

9 **INVESTMENT POLICY.** The fund manager shall establish, and amend as appropriate,
 10 a fund investment policy. The authority shall review and approve the investment
 11 policy prior to the policy's implementation and shall review the policy and any
 12 amendments at least annually thereafter.

13 **(2) FUND INVESTMENTS.** The authority may invest capital under this subchapter
 14 only in certified investors. The authority may not invest more than 15 percent of the
 15 total capital that the fund holds at the time of investment, including invested capital,
 16 in a single certified investor.

17 **(3) CONTRACTS.** Before the authority invests any capital in a certified investor,
 18 the authority shall contract with the certified investor, and in addition to any other
 19 terms required or negotiated by the authority, that contract shall include the
 20 following requirements:

21 (a) The certified investor shall commit to maintaining a significant presence
 22 in this state.

23 (b) The certified investor shall invest the amount of capital the certified
 24 investor receives from the fund in a business that meets all of the following

including locating an office in this state that is
 staffed with at least one full-time employee
 of the certified investor

physician ✓

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35-7
(supp. 36-7)
9

1 conditions at the time the certified investor first invests in the business under this
2 section:

- 3 1. Is headquartered in this state.
- 4 2. Employs at least 50 percent of its employees, including any subsidiary or
5 other affiliated entity, in this state.
- 6 3. Agrees to use fund capital only for research and development, the
7 introduction of a new product in the market, the business's entry into a new market,
8 or other activities that are expected to grow the business and create jobs in this state.

9 (c) The certified investor may not receive capital from the fund that exceeds 25
10 percent ^{of} the total capital the investor has raised from ~~other~~ ^{all} sources. ✓

****NOTE: Is the intent here to have the certified investor contribute capital equal to 3 times the amount of on Wisconsin fund capital received in each investment; or is the intent to require that a certified investor may not receive on Wisconsin fund capital in an amount that would exceed 25 percent of the investor's total capital on hand from all sources?

Ins.
36-10

11 (d) The certified investor may not apply the amount of capital it receives from
12 the fund toward certification under s. 560.205 (1) or (2). ✓

13 (e) ^{4.} The certified investor may not invest capital received from the fund in a
14 business that is ^{not} primarily engaged in real estate development or sales, insurance,
15 banking, lending, lobbying, political consulting, professional services, or retail sales,
16 other than direct sales of products the business itself manufactures. ✓

17 (4) SUNSET. The authority may not ~~invest~~ ^{invest} capital in a certified investor under
18 this subchapter after December 31, 2015. ✓

this is
Insert
35-7

19 **239.13 Investor certification.** (1) APPLICATION. Any person may apply to the
20 authority on a form prescribed by the authority for certification under this section.
21 The application shall include the name, address, and tax identification number of the
22 person and any other information the authority requires. ✓

Insert
35-7
cont.

make a commitment to

this is
insert 35-7 cont.

1 (2) CERTIFICATION. The authority may certify an applicant who submits an
2 application under sub. (1) to receive fund capital for investment. In determining
3 whether to certify an applicant, the authority shall consider:

4 (a) The applicant's venture capital experience or other experience that qualifies
5 the applicant to receive fund capital.

6 (b) The past performance of investments managed by the applicant.

7 (c) The applicant's commitment to investing in businesses within this state.

8 (d) The applicant's commitment to making seed or early stage business
9 investments.

10 (e) Whether the applicant is located in this state or will locate and maintain an
11 office in this state as a condition of the applicant's certification under this section.

12 (f) Any other factors the authority considers relevant that are consistent with
13 the authority's responsibility under this subchapter.

14 (3) APPLICATION FEE. An applicant for certification under sub. (1) shall pay to
15 the authority a fee of \$7,500.

End insert 35-7

16 **239.14 Tax credits to fund creditors.** (1) In lieu of payment of its debt
17 service obligation to a fund creditor, the authority may contract with a fund creditor
18 to award a tax credit under s. 71.07 (8s), 71.28 (8s), or 71.47 (8s) to the fund creditor
19 up to an amount equal to the amount the authority is unable to pay the creditor under
20 the authority's debt service obligation to the creditor in a taxable year.

21 (2) A contract under sub. (1) shall set forth the terms and conditions under
22 which the fund creditor may claim a tax credit under this section. A fund creditor
23 may not claim a tax credit that exceeds the amount the authority fails to pay under
24 the authority's debt service obligation to the fund creditor. The authority shall certify

1 to the department of revenue the amount of the tax credit a creditor of the fund may
2 claim under this section.

that may be claimed

3 (3) The authority may not award a tax credit under this section before January
4 1, 2016. The authority may not award tax credits under this section that total more
5 than \$300,000,000.

6 SUBCHAPTER III

7 RAPID GROWTH FUNDS

All caps

8 **239.20 Definitions.** In this subchapter:

CERTIFIED JOBS NOW

9 (1) "Affiliate" means any of the following:

10 (a) A person who owns, controls, or holds power to vote 15 percent or more of
11 the outstanding voting securities or other voting interests of a certified rapid growth
12 fund or an insurance company or other person subject to premium tax liability.

Jobs Now

13 (b) A business, 15 percent of whose outstanding voting securities or other
14 voting ownership interests are owned, controlled, or held with power to vote by a
15 certified rapid growth fund or an insurance company or other person subject to
16 premium tax liability.

Jobs Now

17 (c) A person who controls, is controlled by, or is under common control with a
18 certified rapid growth fund or an insurance company or other person subject to
19 premium tax liability.

Jobs Now

20 (d) A business in which a certified rapid growth fund or an insurance company
21 or other person subject to premium tax liability is a partner, managing member, or
22 other principal.

Jobs Now

23 (e) An officer, director, employee, or agent of a certified rapid growth fund or
24 an insurance company or other person subject to premium tax liability, or an
25 immediate family member of the officer, director, employee, or agent.

Jobs Now

1 (2) "Allocation date" means the date stated in the authority's notice under s.
2 239.22 (2) (b) that approves a specific amount of designated capital and awards a
3 corresponding premium tax credit to a participating investor.

4 (3) "Certified rapid growth fund" or "fund" means an entity that is certified
5 under s. 239.21. *jobs now*

6 (4) "Designated capital" means an investment of cash by a participating
7 investor in a certified rapid growth fund that is approved by the authority under s.

8 239.22 and that fully funds either the participating investor's equity interest in a

9 certified rapid growth fund, a qualified debt instrument that a certified rapid growth

10 fund issues, or both. In this subsection, "qualified debt instrument" means a bond,

11 note, or other obligation that a certified rapid growth fund issues at par value or at

12 a premium or discount from par value that meets all of the following conditions:

13 (a) Has an original maturity date of at least 4 years from the date on which it
14 is issued.

15 (b) Has a repayment schedule that is no faster than a level principal
16 amortization over 4 years.

17 (c) Does not allow the prepayment of interest.

18 (d) Has payment and interest features that are not related to the fund's
19 profitability or the performance of the fund's investment portfolio.

20 (5) "Early stage business" means a qualified business that received, including
21 any affiliate, gross revenue of \$2,000,000 or less in the fiscal year immediately
22 preceding that date, and that meets any other conditions established by the

23 authority.

1 (6) "Participating investor" means an insurance company or other person
2 subject to premium tax liability who the authority approves to invest designated
3 capital in a certified rapid growth fund under s. 239.22. *Jobs Now*

4 (7) "Premium tax credit" means a tax credit under s. 76.634.

5 (8) "Premium tax liability" means the fees imposed under s. 76.60, 76.63, 76.65,
6 76.66, or 76.67.

7 (9) "Qualified business" means a business that, as of the time a certified rapid
8 growth fund or its affiliate first invests in the business under this subchapter, meets *Jobs Now*
9 all of the following conditions:

10 (a) Is headquartered in, and has its principal business operations located in,
11 this state.

12 (b) Is in need of venture capital and is unable to obtain conventional financing,
13 as determined by the authority.

14 (c) Employs 100 or fewer employees, and at least 80 percent of those employees
15 are employed in this state or at least 80 percent of its payroll is paid to employees
16 employed in this state. ✓

17 (d) Is not primarily engaged in real estate development or sales, insurance,
18 banking, lending, lobbying, political consulting, professional services, or retail sales,
19 other than direct sales of products the business itself manufactures. ✓

20 (10) "Qualified investment" means a certified rapid growth fund's investment
21 of designated capital in a qualified business. *Jobs Now* *Jobs Now*

22 **239.21 Certification of rapid growth funds.** (1) APPLICATION. Any person
23 may apply to the authority on a form prescribed by the authority for certification
24 under this section. The application shall include all of the following:

25 (a) The name, address, and tax identification number of the applicant.

1 (b) A description of the business activities conducted by the applicant and the
2 locations at which those activities are conducted.

3 (c) An audited balance sheet and the audit report, rendered within 35 days
4 prior to the date the applicant files its application with the authority, of an
5 independent auditor approved by the authority.

6 (d) The strategic investment plan of the applicant, and an analysis completed
7 by an economist or econometric analysis company approved by the authority that
8 shows the projected impact that investment plan is expected to have on the economy
9 of this state.

10 (2) CERTIFICATION. (a) The authority ~~may~~ ^{shall} certify an applicant under sub. (1)
11 if the applicant pays the fee specified under sub. (3) and the authority determines
12 after conducting an investigation that all of the following conditions are met:

13 1. The primary activity of the applicant is the investment of cash in qualified
14 businesses.

15 2. The applicant owns at least \$500,000 in unencumbered cash or cash
16 equivalents.

17 3. At least 2 principals or persons employed to manage the applicant's
18 investments have at least 5 years of experience in the venture capital or private
19 equity industry.

20 4. The strategic investment plan of the applicant will have a beneficial impact
21 on the economy of this state.

22 (b) Within 30 days after the date an applicant files an application under sub.
23 (1), the authority shall either issue a certification to the applicant or deny the
24 application and provide written notice to the applicant that states the grounds for
25 denial and includes the authority's suggestions, if any, to remove those grounds.

(b) The authority may establish rules regarding the timing and other requirements for a notice under par. (a).

1 (3) APPLICATION FEE. An applicant for certification under sub. (1) shall pay to
2 the authority a fee of \$7,500.

3 **239.22 Participating investors; premium tax credits.** (1) APPLICATION.

4 (a) Any insurance company or other person subject to premium tax liability may
5 submit notice to the authority that the person seeks to make an investment of
6 designated capital in a certified rapid growth fund and receive a premium tax credit
7 for that investment. The person's notice shall include all of the following:

8 1. The person's name, address, and tax identification number.

9 2. The name and address of the certified rapid growth fund in which the person
10 proposes to invest.

11 3. The amount of the proposed investment.

12 4. An undertaking by the person to make an investment of designated capital
13 in the amount approved by the authority within 5 business days after the allocation
14 date established by the authority under sub. (2) (b).

15 (2) AWARD. (a) The authority shall approve an investment of designated capital

16 in a certified rapid growth fund and, subject to sub. (4) (b), award a premium tax

17 credit to a person who provides notice under sub. (1) in an amount equal to 80 percent
18 of the person's proposed investment of designated capital.

19 (b) If the authority approves a person's proposed investment of designated

20 capital under par. (a), the authority shall notify the person and the certified rapid

21 growth fund of that approval in writing, stating the amount of the investment
22 approved by the authority, the amount of the premium tax credit the person may

23 claim, the requirements, including those under sub. (3), for making that claim, and

24 the allocation date.

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~~The authority may not set an allocation date that is earlier than 30 days after the date the authority approves an investment under this par.~~

1 (3) CLAIM ELIGIBILITY AND REQUIREMENTS. (a) A participating investor may claim
2 a premium tax credit in the amount the authority awards only after the participating
3 investor makes an investment of designated capital in the certified rapid growth
4 fund in the amount approved by the authority under sub. (2).

5 (b) A participating investor may claim up to 25 percent of the available
6 premium tax credit in a taxable year, except that a participating investor may not
7 claim any premium tax credit under this subchapter for a taxable year beginning
8 before January 1, 2014, and a premium tax credit may not be applied to quarterly
9 tax payments due during the 2014 taxable year.

10 (4) LIMITS ON PREMIUM TAX CREDITS. (a) The authority may not award more than
11 \$200,000,000 in premium tax credits under this subchapter.

12 (b) If, as a result of the limitations under par. (a), the authority may not award
13 the full premium tax credit based on an applicant's proposed capital investment, the
14 authority shall award the amount available for a premium tax credit in order of
15 priority based on the date the application was filed with the authority; except that
16 if the amount of available premium tax credits is insufficient for approval of the full
17 amount of all applications for capital investments that are received by the authority

18 on the same day, the authority shall prorate the awardable amount based on the
19 amount the applicant has committed to invest in the certified rapid growth fund.

20 **239.23 Operation of a certified rapid growth fund.** (1) REQUIRED

21 DISCLOSURES IN SECURITIES OFFERINGS. Any offering material involving the sale of
22 securities of a certified rapid growth fund shall include all of the following
23 statements:

24 (a) "By authorizing the formation of a certified rapid growth fund, the
25 Wisconsin Venture Capital Authority does not endorse the quality of management

within a 15-day period

among the applicants

1 or explicitly or implicitly guarantee or otherwise assure the economic performance
2 of the fund and is not liable for damages or losses to a participating investor in the
3 fund. Use of the word "certified" in an offering is not a recommendation,
4 endorsement, or guarantee of the investment by the Wisconsin Venture Capital
5 Authority or the state." ✓

6 (b) "Investments in a prospective certified rapid growth fund prior to the time
7 the fund is certified are not eligible for a premium tax credit under section 76.634 of
8 the Wisconsin Statutes. Investments in a certified rapid growth fund are not eligible
9 for a premium tax credit under section 76.634 of the Wisconsin Statutes unless the
10 proposed investment is approved by the Wisconsin Venture Capital Authority under
11 section 239.22 of the Wisconsin Statutes before the investment is made. In the event
12 that certain statutory provisions are violated, the state may require forfeiture of
13 unused premium tax credits and repayment of used premium tax credits."

14 (c) "In addition to any other applicable law, the certified rapid growth fund is
15 subject to applicable provisions of subchapter III of chapter 239 of the Wisconsin
16 Statutes and any requirements of the Wisconsin Venture Capital Authority."

17 (2) QUALIFIED INVESTMENTS. A certified rapid growth fund may invest
18 designated capital only in a qualified business. A qualified investment shall meet
19 all of the following requirements:

20 (a) The investment is a cash investment in a qualified business for the purchase
21 of debt, debt participation, equity, or hybrid security of any kind, including a debt
22 instrument or security that has the characteristics of debt that provides for
23 conversion into equity or an equity participation instrument such as an option or
24 warrant.

1 (b) If the investment is for the purchase of any debt or debt participation, no
2 more than 10 percent of that debt or debt participation may be used for the
3 refinancing of other debt or the buy-out of other shareholders or owners of the
4 qualified business.

5 (c) As a condition of the investment, the qualified business agrees not to
6 relocate its headquarters outside of this state as long as the certified rapid growth
7 fund continues to hold the investment. ✓

8 (d) As a condition of the investment, the qualified business agrees to maintain
9 at least 75 percent of its employees, including the employees of any subsidiary or
10 other affiliated entity, in this state as long as the certified rapid growth fund
11 continues to hold the investment. ✓

12 (3) AUTHORITY DETERMINATIONS REGARDING QUALIFIED BUSINESSES. A certified
13 rapid growth fund may request a determination from the authority that a business
14 in which the fund proposes to invest is a qualified business or an early stage business.
15 The authority shall issue its determination in writing to the fund within a reasonable
16 time after the fund's request. ✓

17 (4) SCHEDULE OF INVESTMENTS. A certified rapid growth fund shall make
18 qualified investments according to the following schedule, except that a certified
19 rapid growth fund may reinvest proceeds it receives from one qualified investment
20 in another qualified investment and apply the amount of that reinvestment toward
21 the following requirements for that other qualified investment: ✓

22 (a) Within 2 years after an allocation date, at least 35 percent of the designated
23 capital approved by the authority on that date is placed in qualified investments, of
24 which at least 50 percent is invested in early stage businesses.

job pay at least 75 percent of its payroll
to employees ✓

1 (b) Within 4 years after an allocation date, at least 50 percent of the designated
2 capital approved by the authority on that date is placed in qualified investments, of
3 which at least 50 percent is invested in early stage businesses.

4 (c) Notwithstanding s. 239.24 (1) (c) and (e), if, within 5 years after an allocation
5 date, the certified rapid growth fund has not placed at least 80 percent of the
6 designated capital approved by the authority on that date in qualified investments,
7 of which at least 50 percent is invested in early stage businesses, the certified rapid
8 growth fund may not pay any management or similar fee until it has made those
9 investments.

2013 new

10 (d) Notwithstanding s. 239.24 (1) (c) and (e), if, within 7 years after an
11 allocation date, the certified rapid growth fund has not placed 100 percent of the
12 designated capital approved on that date in qualified investments, of which at least
13 50 percent is invested in early stage businesses, the certified rapid growth fund may
14 not pay any management or similar fee until it has made those investments.

15 (5) QUALIFIED BUSINESS RELOCATION OUT OF STATE. If within 24 months after the
16 date a qualified investment is made, the qualified business relocates its principal
17 business operations to another state and the certified rapid growth fund still holds
18 a qualified investment in the business, the amount of the fund's total designated
19 capital and qualified investments may be reduced by the amount of the qualified
20 investment in the relocated business for the purpose only of satisfying the
21 investment schedule under sub. (4). This subsection does not apply if the relocated
22 business returns its principal business operations to this state within 90 days after
23 its initial relocation.

Jobs Now

1

(6) OTHER LIMITATIONS ON INVESTMENTS. (a) A certified rapid growth fund may not invest more than 15 percent of its total designated capital in any one qualified business.

4

(b) A certified rapid growth fund may invest any designated capital not invested in qualified investments only in the following:

6

1. Cash deposited in a federally insured financial institution.

7

2. Certificates of deposit in a federally insured financial institution.

8

3. Investment securities that are obligations of the United States or its agencies, or obligations that the United States fully guarantees as to principal and interest.

10

11

4. Debt instruments rated at least "A" or its equivalent by a nationally recognized credit rating organization, or issued or guaranteed by a business whose unsecured debt is rated at least "A" or its equivalent by a nationally recognized credit rating organization if that debt is not subordinated to other unsecured debt of the issuer or the guarantor.

15

16

5. Obligations of the state or any political subdivision of the state.

17

6. Any other investments of a similar credit quality and risk as those in subs.

18

1. to 5. that are approved in advance in writing by the authority.

19

(7) RESTRICTIONS ON MANAGEMENT. No certified rapid growth fund or its affiliate may be managed or controlled by, or have a partner, member, or other principal that is, an insurance company or other person subject to premium tax liability or an affiliate of that person or insurance company.

22

23

239.24 Distributions; profit sharing fee. (1) PERMISSIBLE DISTRIBUTIONS.

24

A certified rapid growth fund may make only the following distributions:

1 (a) A distribution for the repayment of a capital contribution to an equity
2 investor in the fund who was not a participating investor when that capital
3 contribution was made.

4 (b) A distribution for the cost of forming, syndicating, managing, or operating
5 the certified rapid growth fund, including a reasonable and necessary fee paid for
6 professional services. JOBS NOW

7 (c) A distribution that is an annual management fee in an amount that does
8 not exceed 2 percent of the fund's total designated capital.

9 (d) A distribution to cover a projected increase in state or federal taxes,
10 including penalties and interest, for the certified rapid growth fund's equity owners
11 if that increase is related to the fund's ownership, management, or operation.

12 (e) A distribution for the repayment of principal or interest owed to a debt
13 holder of the fund, including a participating investor who is a debt holder.

14 (f) A distribution of any kind from the investment of designated capital by the
15 authority on an allocation date approved after the fund has placed in qualified
16 investments an amount equal to 100 percent of that designated capital approved on
17 that allocation date, at least 50 percent of which is invested in early stage businesses. ✓

18 (2) PROFIT SHARING FEE. (a) In this subsection, "net profits realized" means the
19 amount of money returned to a certified rapid growth fund on a qualified investment
20 that exceeds the amount of that qualified investment.

21 (b) When a certified rapid growth fund makes a distribution under sub. (1) (f),
22 the fund shall pay ^{to} the authority a fee equal to 20 percent of the net profits ^{to} realized
23 on ^{each} all qualified investments from which a distribution is made. ✓ The authority shall
24 pay that fee to the secretary of administration who shall deposit the fee in the general
25 fund as general purpose revenue—earned.

Jobs Now (B)

1

239.25 Certified rapid growth fund reporting requirements. (1) REPORT

2

UPON RECEIPT OF DESIGNATED CAPITAL. As soon as practicable after it receives

3

designated capital, a certified rapid growth fund shall submit a report to the

4

authority that includes:

Jobs Now

5

(a) The name of the participating investor from whom the designated capital

6

was received.

7

(b) The amount of designated capital.

8

(c) The date on which the fund received the designated capital.

9

(2) ANNUAL REPORT. By January 31 of each year, a certified rapid growth fund

10

shall submit a report to the authority that includes:

11

(a) For each qualified investment made during the preceding year, the amount

12

of designated capital invested, the allocation date of the designated capital, the date

13

of the qualified investment, and the name and address of the business in which the

14

qualified investment was made.

15

(b) For each qualified business in which the fund invested during the preceding

16

year, a description of the business, including the number of employees the business

17

employed when the qualified investment was made and the number of employees the

18

business employed on December 31 of that year.

19

(c) A statement whether the certified rapid growth fund has invested more than

20

15 percent of its total designated capital in any one business.

21

(d) A detailed accounting of the certified rapid growth fund's investment

22

progress according to the schedule of investments required under s. 239.23 (4).

23

(e) An accounting of all distributions the certified rapid growth fund made

24

during the year.

25

(f) Any other information the authority requires.

1 (3) FINANCIAL STATEMENT. Within 90 days after the end of a certified rapid
2 growth fund's fiscal year, the fund shall file with the authority a copy of its annual
3 audited financial statement, including the opinion of an independent certified public
4 accountant.

5 (4) RENEWAL FEE. By January 31 of each year, a certified rapid growth fund shall
6 pay to the authority a certification renewal fee of \$5,000, unless January 31 falls
7 within 6 months after the date on which the certified rapid growth fund was first
8 certified under s. 239.21.

9 **239.26 Compliance reviews; decertification.** (1) ANNUAL COMPLIANCE
10 REVIEW. The authority shall review annually each certified rapid growth fund to
11 ensure that the fund continues to satisfy the requirements of this subchapter, to
12 ensure that the fund has not made any investment in violation of this subchapter,
13 and to determine the status of the fund's qualified investments with respect to the
14 schedule of investments required under s. 239.23 (4).

15 (2) DECERTIFICATION. (a) If the authority determines that a certified rapid
16 growth fund is not in compliance with any provision of this subchapter, or any
17 requirement of the authority, the authority shall notify the officers of the fund in
18 writing that the fund may be subject to decertification or a monetary penalty, or both,
19 if the fund is not brought into compliance within 120 days after the fund's receipt of
20 the notice.

21 (b) The authority may decertify a certified rapid growth fund if, after
22 opportunity for hearing, the authority determines that the fund is in violation of this
23 subchapter and that the fund's violation has not been corrected to the authority's
24 satisfaction within the period under par. (a). The authority shall notify any
25 appropriate state agency of the decertification.

jobs now

1

(3) EFFECT OF DECERTIFICATION. Decertification of a certified rapid growth fund

2

has the effects specified under s. 76.634 (4) with respect to a participating investor.

3

A certified rapid growth fund may agree to indemnify, or purchase insurance for the

4

benefit of, a participating investor for the participating investor's losses under s.

5

76.634 (4) due to the fund's decertification.

6

(4) NOTICE OF RECAPTURE. The authority shall give written notice to each

7

qualified investor whose premium tax credit becomes subject to recapture or

8

forfeiture under s. 76.634 (4), or when a premium tax credit is no longer subject to

9

recapture.

10

(5) PENALTIES. The authority may fine a person who violates this subchapter

11

in an amount determined by the authority not to exceed \$25,000. In determining the

12

amount of a fine under this subsection, the authority shall consider:

13

(a) The seriousness of the violation, including the nature, circumstances,

14

extent, and gravity of the violation.

15

(b) The economic harm caused by the violation.

16

(c) The person's history of previous violations.

17

(d) The amount necessary to deter future violations.

18

(e) The person's efforts to mitigate or correct the violation.

19

SECTION 59. 281.75 (4) (b) 3. of the statutes, as affected by 2011 Wisconsin Act

20

10, is amended to read:

21

281.75 (4) (b) 3. An authority created under subch. II of ch. 114 or ch. 231, 233,

22

234, 237, ~~or 238,~~ or 239.

23

SECTION 60. 285.59 (1) (b) of the statutes, as affected by 2011 Wisconsin Act 10,

24

is amended to read:

1 285.59 (1) (b) "State agency" means any office, department, agency, institution
 2 of higher education, association, society, or other body in state government created
 3 or authorized to be created by the constitution or any law which is entitled to expend
 4 moneys appropriated by law, including the legislature and the courts, the Wisconsin
 5 Housing and Economic Development Authority, the Bradley Center Sports and
 6 Entertainment Corporation, the University of Wisconsin Hospitals and Clinics
 7 Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace
 8 Authority, the Wisconsin Economic Development Corporation, the Wisconsin
 9 Venture Capital Authority, and the Wisconsin Health and Educational Facilities
 10 Authority.

11 **SECTION 61. Nonstatutory provisions.**

12 **INITIAL APPOINTMENTS.**

13 (a) Notwithstanding the requirement of advice and consent of the senate under
 14 section 239.02 (1) (c) and (4) of the statutes, as created by this act, the initial members
 15 of the board of directors and the initial chairperson of the board of the Wisconsin
 16 ~~Venture Capital Authority~~ Authority, nominated by the governor under that section may be
 17 provisionally appointed by the governor, subject to later senate confirmation. Any
 18 provisional appointment shall be in full force until withdrawn by the governor or
 19 acted upon by the senate, and if confirmed by the senate shall continue for the
 20 remainder of the unexpired term of the member and until a successor is chosen and
 21 qualifies. A provisional appointee may exercise all the powers and duties of board
 22 membership to which the person is appointed during the time in which the appointee
 23 qualifies.

24 (b) A provisional appointment made under paragraph (a) that is withdrawn by
 25 the governor shall, upon withdrawal, lapse and create a vacancy for provisional

INC. 12
SC-11

create A.R. M
create A.R. A
create A.R. B

X W X O A D

"a" (c)

1 appointment of another initial member of the board of directors or chairperson of the
2 board of the ~~Wisconsin~~ Authority ~~Venture Capital Authority~~. Any provisional appointment
3 made under paragraph (a) that is rejected by the senate shall upon rejection lapse
4 and create a vacancy for nomination and appointment of another initial board
5 member or chairperson of the board under paragraph (a).

6 (c) Notwithstanding the lengths of terms specified in section 239.02 (2) of the
7 statutes, as created by this act, the initial members of the board of directors of the
8 Wisconsin Venture Capital Authority shall be appointed for the following terms:

9 1. One member appointed by the governor under section 239.02 (1) (c) of the
10 statutes, as created by this act, for a term expiring on June 30, 2014.

11 2. One member appointed by the governor under section 239.02 (1) (c) of the
12 statutes, as created by this act, and the member appointed by the speaker of the
13 assembly, for terms expiring on June 30, 2015.

14 3. One member appointed by the governor under section 239.02 (1) (c) of the
15 statutes, as created by this act, and the member appointed by the majority leader of
16 the senate, for terms expiring on July 1, 2016.

↓ stays

INS. 53-16 →

SECTION 62. Effective dates. This act takes effect on the day after publication,
or on the 2nd day after publication of the 2011-13 biennial budget act, whichever is
later, except as follows:

20 (1) The treatment of section 16.417 (1) (b) (by SECTION 18) of the statutes takes
21 effect on January 1, 2012.

INS. 53-22 →

(END)

1

INSERT A

WISCONSIN VENTURE CAPITAL AUTHORITY

Authority
This bill creates an authority to be known as the "Wisconsin Venture Capital Authority" (~~WVCA~~) to oversee programs related to venture capital investment in Wisconsin businesses.

COMPOSITION AND GENERAL OPERATION

Board of Directors

Authority
Under the bill, the ~~WVCA~~ is governed by a seven-member board of directors (board) that consists of the chief executive officer of the Wisconsin Economic Development Corporation, who serves as the chairperson of the board; the executive director of the Wisconsin Housing and Economic Development Authority; three members from the private sector nominated by the governor and appointed with the advice and consent of the senate; one member appointed by the speaker of the assembly; and one member appointed by the senate majority leader. The members of the board appointed by the governor, the speaker of the assembly, and the senate majority leader serve staggered three-year terms and must have experience that qualifies them to serve on the board. The members of the board appointed by the speaker of the assembly and the senate majority leader are subject to state ethics laws. The members of the board may not be compensated, but the members may be reimbursed for actual and necessary expenses, including travel expenses, incurred in the performance of their duties.

Authority
The bill gives the board the powers necessary or convenient to carry out its duties, as well as specific powers to conduct its corporate business. Under the bill, the ~~WVCA~~ is a participating employer in the Wisconsin Retirement System. The bill provides that the ~~WVCA's~~ administration of its venture capital investment programs, described below, is funded in part from any increase in withholding taxes paid over 15 years by businesses that receive investment capital under the ~~WVCA's~~ programs.

Transitional Administration by the Department of Commerce and the Wisconsin Economic Development Corporation

Authority's
use 2x
Under the bill, the Department of Commerce administers the programs created under the ~~WVCA~~ until the board is in place and the ~~WVCA~~ has adequate personnel to carry out its duties or until the effective date of the 2011-13 biennial budget act, whichever is later. If as of the effective date of the 2011-13 biennial budget act the ~~WVCA~~ has not assumed administration of its programs, the ~~WVCA's~~ programs are to be administered by the Wisconsin Economic Development Corporation until the ~~WVCA~~ is prepared to assume administration of those programs.

General Reporting Requirements

Under the bill, the ~~WVCA~~ must submit an annual report to the legislature that contains all of the following information: *and to the governor*

Authority
use 5x

1. An assessment of the success to date of each program administered by the WVCA.
2. An accounting of the financial status of each program administered by the WVCA, including the opinion of an independent certified public accountant.
3. Any recommendations the WVCA has for the improvement of each of its programs.

BADGER JOBS FUND

Also under the bill, there is created a fund to be known as the "badger jobs fund" for the placement of capital with investors who are certified by the WVCA and who in turn invest badger jobs fund capital in Wisconsin businesses that meet certain criteria. The WVCA must hire a qualified fund manager to manage the badger jobs fund's investments. The badger jobs fund manager must establish and maintain an investment policy for the badger jobs fund that the WVCA reviews and approves on an annual basis.

Investor Certification

Under the bill, any person may apply to be certified to receive badger jobs fund capital. The WVCA charges such applicants a \$7,500 application fee. In determining whether to certify an applicant, the WVCA considers the applicant's venture capital experience or other experience that qualifies the applicant to receive badger jobs fund capital, the past performance of investments managed by the applicant, the applicant's commitment to investing in businesses within Wisconsin, and whether the investor is located in Wisconsin or agrees to maintain an office in Wisconsin.

Investment of Badger Jobs Fund Capital

Under the bill, the WVCA may invest badger jobs fund capital only in certified investors. The WVCA may not invest more than 15 percent of the total capital that the badger jobs fund holds, at the time of investment, including invested capital, in a single certified investor.

The bill provides that a certified investor must contract with the WVCA before receiving any capital from the badger jobs fund. Under the contract, the certified investor must agree to all of the following:

1. The certified investor must commit to maintaining a significant physical presence in Wisconsin, including an office that is staffed by at least one full-time employee.
2. The certified investor must invest badger jobs fund capital only in a business that is headquartered in Wisconsin; that employs at least 50 percent of its employees in Wisconsin; that agrees to use badger jobs fund capital only for certain approved purposes; and that is not primarily engaged in real estate development or sales, insurance, banking, lending, lobbying, political consulting, professional services, or retail sales, other than direct sales of products the business itself manufactures.
3. The certified investor may not receive capital from the badger jobs fund that exceeds 25 percent of the total capital the investor raises from all sources, including the badger jobs fund.
4. When a certified investor invests badger jobs fund capital in a business, the certified investor must at least match the badger jobs fund's capital contribution to that investment with capital the certified investor has raised from other sources.

5. The certified investor may not apply the amount of capital it receives from the badger jobs fund toward certification for purposes of receiving early stage or angel investment tax credits from the Department of Commerce.

Issuance of Bonds

The bill authorizes the WVCA to issue bonds or other obligations to raise capital for the badger jobs fund. The WVCA may contract with a bondholder to award franchise and income tax credits to a bondholder up to an amount equal to the amount the WVCA is unable to pay a bondholder on a bond. A bondholder may not claim those tax credits until January 1, 2016. Those tax credits may be carried forward until fully used and may be transferred but not sold. The WVCA may not award tax credits to bondholders that total more than \$300,000,000.

While the bill specifies that the state is not liable for a debt of the WVCA, the bill also contains a moral obligation pledge in which the legislature expresses its expectation and aspiration that the legislature will make an appropriation to pay a bondholder the amount of principal and interest or other financing charges the WVCA fails to pay on a bond.

Reporting Requirements

The bill provides that the WVCA must include in its annual report to the legislature and the governor all of the following information specifically relating to the badger jobs fund:

1. The current investment policy of the badger jobs fund.
2. The badger jobs fund's internal rate of return on its investments in certified investors.
3. An accounting of the withholding tax revenue received by the WVCA from businesses that received investment capital contributed by the badger jobs fund from a certified investor.
4. An accounting of any compensation, including a management fee, paid to the badger jobs fund manager during the preceding year.
5. An accounting of the value of tax credits awarded to bondholders during the preceding year, including a description of the circumstances leading to the award of the credits and the likelihood that the WVCA will award additional tax credits to bondholders in the future.
6. For each certified investor in whom the badger jobs fund invested capital during the preceding year, the name and address of the investor and the amount of each investment.
7. The internal rate of return realized by each certified investor.
8. An accounting of any fee a certified investor paid to itself or any principal or manager during the preceding year.
9. For each business in which a certified investor made an investment of capital from the badger jobs fund during the preceding year, the name and address of the business and a description of the nature of the business, the amount of each investment in the business, and an identification of the certified investor who made the investment.

Author's

CERTIFIED JOBS NOW FUNDS

Under the bill, the WVCA also administers a "certified jobs now fund" program under which an insurance company or other person subject to Wisconsin premium tax liability invests capital with a certified jobs now fund that in turn invests that capital in certain kinds of Wisconsin businesses.

Jobs Now Fund Certification

Any person may apply to become a certified jobs now fund. The WVCA must certify an applicant if the applicant pays an application fee of \$7,500 and the WVCA determines that the applicant meets all of the following requirements:

1. The primary activity of the applicant is the investment of cash in certain kinds of businesses.
2. The applicant owns at least \$500,000 in unencumbered cash or cash equivalents.
3. The applicant has at least two principals or investment managers who have at least five years of experience in the venture capital or private equity industry.
4. The applicant's strategic investment plan will benefit Wisconsin's economy.

Participating Investors

The bill provides that any insurance company or other person subject to premium tax liability may notify the WVCA that the person wishes to invest in a certified jobs now fund. A person for whom the WVCA has approved an investment is called a "participating investor" under the bill. If the WVCA approves an investment, the participating investor may claim up to 80 percent of the amount of its investment as a credit against the participating investor's premium tax liability. The WVCA may not award more than \$200,000,000 in premium tax credits under the program.

Additionally, under the bill, a participating investor may not claim a premium tax credit until after it has made an approved investment in a certified jobs now fund and may not claim a premium tax credit before January 1, 2014. A participating investor may not claim more than 25 percent of its approved premium tax credit in one year, but the premium tax credit may be carried forward until fully used. A participating investor may sell or otherwise transfer a premium tax credit awarded by the WVCA to another insurance company or other person subject to premium tax liability. A participating investor must report that sale or transfer to the WVCA and the commissioner of insurance.

Qualified Businesses

Once it receives investment capital from a participating investor, the bill authorizes a certified jobs now fund to invest that capital only in certain kinds of businesses, called "qualified businesses" under the bill. In particular, a qualified business is a business that meets all of the following conditions:

1. The business's headquarters are in Wisconsin.
2. The business is in need of venture capital and is unable to obtain conventional financing.

Authenticity



3. The business employs 100 or fewer employees, and at least 80 percent of those employees are employed in this state, or at least 80 percent of the business's payroll is paid to employees employed in this state.✓

4. The business is not primarily engaged in real estate development or sales, insurance, banking, lending, lobbying, political consulting, professional services, or retail sales, other than direct sales of products the business itself manufactures.✓

Also under the bill, in order to receive certified jobs fund investments, a qualified business must agree not to relocate its headquarters outside of Wisconsin and to maintain at least 75 percent of its employees in Wisconsin, or pay at least 75 percent of its payroll to employees in Wisconsin, as long as the certified jobs now fund continues to hold the investment.✓

Authority (B)
(I)

Investments in Qualified Businesses

Under the bill, a certified jobs now fund is required to make investments in qualified businesses based on a specific investment schedule, and after seven years, a certified jobs now fund must have placed 100 percent of its capital received from a participating investor with qualified businesses, at least 50 percent of which must be invested in qualified businesses with gross revenue of \$2,000,000 or less in the fiscal year immediately preceding the date of investment. If a certified jobs now fund fails to satisfy the investment schedule, it may be required to refrain from paying any management or similar fee until required investments are made. Under the bill, a certified jobs now fund may not invest more than 15 percent of its total capital received from participating investors in any one qualified business.✓

Distributions from Qualified Investments; Profit Sharing Fee

Under the bill, a certified jobs now fund is also limited in the distributions from investments that it may make before it has invested all of its capital received from a participating investor in qualified businesses. However, a certified jobs now fund may make a distribution of any kind once it has invested 100 percent of its capital received from a participating investor in qualified businesses, at least 50 percent of which is invested in qualified businesses with gross revenue of \$2,000,000 or less in the fiscal year immediately preceding the date of investment. When such a distribution is made, the certified jobs now fund must pay to the WVCA a profit sharing fee equal to 2 percent of the distribution, which the WVCA then remits to the state for deposit in the general fund.✓

20

Annual Review by WVCA

The bill provides that by January 31 of each year, a certified jobs now fund must submit a report to the WVCA that describes in detail the certified jobs now fund's investments in qualified businesses, including its progress with respect to the investment schedule required under the bill and any distributions the certified jobs now fund has made from those investments. The WVCA is required to complete an annual review of each certified jobs now fund to ensure that each certified jobs now fund is in full compliance with the bill. Additionally, within 90 days after the end of a certified jobs now fund's fiscal year, the certified jobs now fund must file with the WVCA a copy of its annual audited financial statement, including the opinion of an independent certified public accountant. The WVCA charges each jobs now fund an annual certification renewal fee of \$5,000.✓

Authority

Decertification; Penalties for Noncompliance

The WVCA may decertify a certified jobs now fund that violates the requirements of the bill. In the event of decertification, a participating investor may be required to repay to the commissioner of insurance the amount of any credit against premium tax liability that the participating investor received based on its investment of capital in the decertified jobs now fund. The bill also gives the WVCA the authority to fine a person who violates any of the bill's provisions up to \$25,000 depending on the circumstances of the violation.

Authority

Reporting Requirements

Finally, the bill requires that the WVCA include in its annual report to the legislature and the governor all of the following information specifically relating to the certified jobs now fund program:

1. The information that each certified jobs now fund is required to provide to the WVCA on an annual basis, excluding annual financial statements.
2. An accounting of the withholding tax revenue received by the WVCA from qualified businesses that have received an investment of capital contributed by a participating investor from a certified jobs now fund.
3. An accounting of the value of the premium tax credits the WVCA awarded during the preceding year.
4. An accounting of each profit sharing fee received by the WVCA in the preceding year.
5. A list of any decertified jobs now funds from the preceding year and a description of the circumstances leading to each decertification.

END INSERT A

INSERT 16-8

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

	2009-10	2010-11
20.143 Commerce, department of		
(1) ECONOMIC AND COMMUNITY DEVELOPMENT		
(a) General program operations	GPR A -3,852,800-	-0-

END INSERT 16-8

INSERT 17-2

1
2
3
4
5
6
7
8
9
10

SECTION #.; 20.195 (1) (k); cr

1 20.195 (1) (k) Transferred general fund moneys from department of commerce.

2 All moneys transferred under 2011 Wisconsin Act (this act), section 62 (5), for the
3 operations of the Wisconsin Venture Capital Authority and for funding programs
4 created and implemented under ch. 239. ✓
use A.R.M. → use A.R.D.

5 SECTION 35. 20.195 (1) (k) of the statutes is repealed. ✓

as created by ~~the~~ 2011 Wisconsin Act, ... (this act), ✓

6 END INSERT 17-2

7 INSERT 36-10

8 (d) When a certified investor makes an investment of fund capital in a business,
9 the certified investor shall at least match the fund's capital contribution to that
10 investment with capital the certified investor has raised from other sources. ✓

11 END INSERT 36-10

notice of

12 INSERT 42-24

13 (c) The authority may not set an allocation date that is earlier than 30 days
14 after the date ^{of} the authority ^{is} approves ^{an} investment under par. (b). ✓ The first
15 allocation date set by the authority for any participating investor may not be later
16 than 120 days after the effective date of this paragraph ✓ ... [LRB inserts date]. ✓
(30) (of) (of)

17 END INSERT 42-24

18 INSERT ²53-11

19 (1) DEFINITIONS. In this section: ✓

20 SECTION 2. Nonstatutory provisions.

21 (a) "Authority" means the Wisconsin Venture Capital Authority, as created by
22 this act. ✓

23 (b) "Corporation" means the Wisconsin Economic Development Corporation. ✓

24 END INSERT ⁵²53-11

25 INSERT 53-16

create A.R. 1

1 ~~(#)~~ TEMPORARY ADMINISTRATION BY THE DEPARTMENT OF COMMERCE. The
 2 department of commerce, in coordination with the authority and the secretary of the
 3 department of administration, shall administer chapter 239 of the statutes, as
 4 created by this act, until the initial appointments by the governor, including any
 5 provisional appointments under ^{subsection} (sub) (2) (a), the speaker of the assembly, and the
 6 senate majority leader have been made to the authority and the authority has
 7 adequate personnel to carry out its powers and duties, or until the effective date of
 8 the 2011-13 biennial budget act, whichever is later. During that period, the
 9 department of commerce may collect fees under sections 239.18 (3) and 239.21 (3),
 10 as created by this act, and may use those fees as appropriate only for administration
 11 of subchapters II and III of chapter 239 of the statutes, as created by this act. The
 12 department shall credit any fees collected under this subsection to the appropriation
 13 account under section 20.143 (1) (a) of the statutes. When the department of
 14 commerce ceases to administer the authority's programs under this subsection, the
 15 department shall transfer to the authority, or to the Corporation for administration
 16 of the authority's programs under (sub) (4) if the authority is not prepared to assume
 17 administration of its programs on or before the effective date of the 2011-13 biennial
 18 budget act, any unused portion of the fees the department collected under this
 19 subsection.

create A.R. C

20 ~~(#)~~ TEMPORARY ADMINISTRATION BY THE WISCONSIN ECONOMIC DEVELOPMENT
 21 CORPORATION. If the authority is not prepared to assume administration of its
 22 programs on or before the effective date of the 2011-13 biennial budget act, then,
 23 commencing on that date, the Corporation, in coordination with the authority and
 24 the secretary of the department of administration, shall administer chapter 239 of
 25 the statutes, as created by this act, until the initial appointments by the governor,

1 including any provisional appointments under sub. (2) (a), the speaker of the
 2 assembly, and the senate majority leader have been made to the authority and the
 3 authority has adequate personnel to carry out its powers and duties. During that
 4 interim period, the Corporation may collect fees under under sections 239.13 (3) and
 5 239.21 (3), ^{of the statutes} as created by this act, and may use those fees as appropriate only for
 6 administration of subchapters II and III of chapter 239 of the statutes, as created by
 7 this act. When the Corporation ceases to administer the authority's programs under
 8 this subsection, the Corporation shall transfer to the Authority any unused portion
 9 of fees the department of commerce transferred to the Corporation under sub. (3) or
 10 that the Corporation collected under this subsection.

11 (5) TRANSFER OF GENERAL FUND MONEYS FROM THE DEPARTMENT OF COMMERCE. The
 12 secretary of administration ^{shall} ~~may~~ transfer moneys from the appropriation under
 13 section 20.143 (1) (a) of the statutes to the appropriation under section 20.195 (1) (k)
 14 of the statutes, as created by this act, for the establishment and initial operation
 15 costs of the Wisconsin Venture Capital Authority.

16 **END INSERT 53-16**
 17 **INSERT 53-22**

18 The repeal of section 20.195 (1) (k) of the statutes and the treatment of
 19 SECTION 62 (4) take effect on July 1, 2011 or on the day after publication of the
 20 2011-13 biennial budget act, whichever is later.

21 **END INSERT 53-22** Commerce.

Section #. Fiscal Changes. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of commerce under section 20.143 (1) (a) of the statutes as affected by the acts of 2011, the dollar amount is increased by \$0.00 for the ~~2010-11~~ 2010-11 fiscal year for the establishment and initial operation costs of the Wisconsin Venture Capital Authority.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1556 Pdn 74

MPG&JR:.....

g nwn

Date

Brian and Jonathan: ✓

Please review this draft carefully to ensure that it is consistent with the intent. ✓

If you have questions about any individual changes in the redraft, please let me know. ✓

Note that the draft does not include a schedule entry for the Wisconsin Venture Capital Authority's (authority) GPR appropriation for establishment and operation of the authority. ✓ That entry will have to be created if this bill passes before passage of the 2011-13 biennial budget act. ✓

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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1556/P4dn
MPG:nwn:rs

April 20, 2011

Brian and Jonathan:

Please review this draft carefully to ensure that it is consistent with the intent.

If you have questions about any individual changes in the redraft, please let me know.

Note that the draft does not include a schedule entry for the Wisconsin Venture Capital Authority's (authority) GPR appropriation for establishment and operation of the authority. That entry will have to be created if this bill passes before passage of the 2011-13 biennial budget act.

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