

2011 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-SB463)

Received: 03/14/2012

Received By: **rchampag**

Wanted: **As time permits**

Companion to LRB:

For: **Peter Barca (608) 266-5504**

By/Representing: **Matt**

May Contact:

Drafter: **rchampag**

Subject: **Econ. Development - bus. dev.**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Barca@legis.wisconsin.gov**

Carbon copy (CC:) to: **fern.knepp@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Venture Capital, business incubators, and angel investment program changes

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rchampag 03/14/2012	kfollett 03/14/2012		_____			
/1			lparisi 03/14/2012	_____		lparisi 03/14/2012	

FE Sent For:

<END>

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		1/16/14	3/14/14	ph	ph		
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FE Sent For:

<END>

Champagne, Rick

From: Egerer, Matt
Sent: Wednesday, March 14, 2012 2:09 AM
To: Champagne, Rick
Subject: SB 463 LRBs0421

Rick,

I need to make some changes to s0421.

We need this all to begin under the next biennial budget. We need to fund it at \$25 Mil per year for four years.

We want to remove:

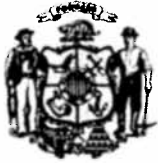
- Tech College Grants -- \$10 million competitive grant program funds partnerships between schools and businesses to address specific Tech College capacity issues re: high-demand workforce skills (as in AB 398)
- Restore WISys Small Company Advancement Program (\$2m/yr) (as in SB 122) ✓
- Restore Transitional Jobs Program (\$13m/yr)
- ✓ • Early Response Layoff Prevention Team (as in SB 122) ✓

Sorry and thanks,

238.03

Matt Egerer
Office of Representative Peter Barca
Assembly Democratic Leader
608.266.5504

661



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB0421/1
FFK&RAC:cjs:ph

ASSEMBLY SUBSTITUTE AMENDMENT,
TO 2011 SENATE BILL 463

LRB50422/1
FFK & RAC:
CJS +
KJ

Regen

1 AN ACT *to repeal* 71.07 (5d) (c) 1.; *to amend* 25.14 (1) (a) (intro.), 38.28 (1m) (a)
2 1., 49.143 (2r), 71.07 (5b) (d) 3., 71.07 (5d) (d) 1., 71.28 (5b) (d) 3., 71.47 (5b) (d)
3 3., 73.03 (63), 106.14 (2), 238.03 (2) (intro.), 238.03 (3) (intro.), 238.15 (1) (intro.),
4 238.15 (1) (h), 238.15 (1) (j), 238.15 (1) (km) and 238.15 (3) (d) (intro.); and *to*
5 *create* 16.5195, 19.42 (10) (t), 19.42 (13) (p), 20.192 (1) (q), 20.285 (1) (ce),
6 20.292 (1) (aj), 25.90, 36.25 (52), 38.39, 49.163, 238.03 (4), 238.15 (1) (m),
7 238.155 and subchapter III of chapter 238 [precedes 238.40] of the statutes;
8 *relating to:* workforce growth grants to technical college districts, grants to
9 certified seed incubator funds, the Wisconsin Small Company Advancement
10 program, the angel investment and early stage seed investment tax credit
11 programs, creation of a badger jobs fund to be administered by an investment
12 committee appointed by and existing under the Wisconsin Economic
13 Development Corporation, requiring the Wisconsin Economic Development

1 Corporation to create and implement a business retention program, creating a
 2 transitional jobs demonstration project, granting rule-making authority, and
 3 making appropriations.

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

4 SECTION 1. 16.5195 of the statutes is created to read:

5 **16.5195 Transfers to the badger jobs fund.** (1) Beginning after June 30,
 6 2013, at the beginning of each fiscal year, the secretary shall transfer \$25,000,000
 7 from the general fund to the badger jobs fund.

8 (2) No moneys may be transferred under sub. (1) after June 30, 2016.

9 SECTION 2. 19.42 (10) (t) of the statutes is created to read:

10 19.42 (10) (t) The members of the badger jobs fund investment committee
 11 appointed under s. 238.41.

12 SECTION 3. 19.42 (13) (p) of the statutes is created to read:

13 19.42 (13) (p) The members of the badger jobs fund investment committee
 14 appointed under s. 238.41.

15 SECTION 4. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
 16 the following amounts for the purposes indicated:

		2011-12	2012-13
20.285 University of Wisconsin System			
(1)	UNIVERSITY EDUCATION, RESEARCH AND PUBLIC SERVICE		
(ce)	WiSys Technology Foundation grants	GPR A 2,000,000	2,000,000

2011-12 2012-13

1 **20.292 Technical college system board**

2 (1) TECHNICAL COLLEGE SYSTEM

3 (aj) Workforce growth program GPR A -0- 10,000,000

4 **SECTION 5.** 20.192 (1) (q) of the statutes is created to read:

5 20.192 (1) (q) *Badger jobs fund.* From the badger jobs fund, all moneys received
6 under s. 16.5195 for investments and grants under subch. III of ch. 238.

7 **SECTION 6.** 20.285 (1) (ce) of the statutes is created to read:

8 20.285 (1) (ce) *WiSys Technology Foundation grants.* The amounts in the
9 schedule for grants to the WiSys Technology Foundation, Inc., under s. 36.25 (52) (b).

10 **SECTION 7.** 20.292 (1) (aj) of the statutes is created to read: ✓

11 20.292 (1) (aj) *Workforce growth program.* The amounts in the schedule for
12 grants to technical college districts under s. 38.39.

13 **SECTION 8.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

14 25.14 (1) (a) (intro.) There is created a state investment fund under the
15 jurisdiction and management of the board to be operated as an investment trust for
16 the purpose of managing the securities of all funds that are required by law to be
17 invested in the state investment fund, the badger jobs fund, and all of the state's
18 funds specified in s. 25.17 (1), except all of the following:

19 **SECTION 9.** 25.90 of the statutes is created to read:

20 **25.90 Badger jobs fund.** There is established a separate nonlapsible trust
21 fund designated as the badger jobs fund. The fund shall consist of all moneys
22 deposited in the fund under s. 16.5195, together with all donations, gifts, or bequests

1 made to the fund, all moneys transferred to the fund from other funds, and all income
2 or interest earned by the fund.

3 **SECTION 10.** 36.25 (52) of the statutes is created to read:

4 **36.25 (52) WiSYS TECHNOLOGY FOUNDATION GRANTS.** (a) In this subsection,
5 "foundation" means the WiSys Technology Foundation, Inc.

6 (b) From the appropriation under s. 20.285 (1) (ce), the board shall award
7 grants to the foundation for the Wisconsin Small Company Advancement program
8 to provide intellectual property management services to the extension and all
9 institutions and college campuses other than the University of Wisconsin-Madison
10 and the University of Wisconsin-Milwaukee and for the administrative costs of the
11 program. The amount of each grant shall be \$250,000. The foundation may use no
12 more than \$75,000 of the amount appropriated under s. 20.285 (1) (ce) for the
13 administrative costs of the program. The board may not award a grant unless the
14 foundation shows to the satisfaction of the board that the foundation has secured,
15 after January 1, 2010, matching funds for the program from sources other than the
16 state that are equal to the amount of the grant, except that the amounts used for
17 administrative costs of the program are exempt from the matching requirement.
18 In-kind contributions may be applied to meet the matching requirement.

19 (c) The board shall submit progress reports at least annually on the use of
20 grants under par. (b) to the joint committee on finance and the chief clerk of each
21 house of the legislature for distribution to the appropriate standing committees
22 under s. 13.172 (3).

23 **SECTION 11.** 38.28 (1m) (a) 1. of the statutes is amended to read:

24 **38.28 (1m) (a) 1.** "District aidable cost" means the annual cost of operating a
25 technical college district, including debt service charges for district bonds and

1 promissory notes for building programs or capital equipment, but excluding all
2 expenditures relating to auxiliary enterprises and community service programs, all
3 expenditures funded by or reimbursed with federal revenues, all receipts under sub.
4 (6) and ss. 38.12 (9), 38.14 (3) and (9), ~~38.39~~, 118.15 (2) (a), and 118.55 (7r), all receipts
5 from grants awarded under ss. 38.04 (8), (20), (28), and (31), 38.14 (11), 38.26, 38.27,
6 38.33, and 38.38, all fees collected under s. 38.24, and driver education and chauffeur
7 training aids.

8 **SECTION 12.** 38.39 of the statutes is created to read: ✓

9 **38.39 Workforce growth program.** (1) A district board may obtain grants
10 under sub. (2) for the purpose of partnering with a business, consortium of
11 businesses, local workforce development board established under 29 USC 2832, or
12 economic development organization, that is located or provides service in the district,
13 in a project to help meet local needs for supporting sectors of the economy with a
14 documented skills gap or high workforce shortage, which could include
15 manufacturing, energy, information technology, skilled trades, and health care. A
16 project may provide for activities that address development of individuals prior to
17 entering the workforce and workforce training, which could include one or more of
18 the following:

- 19 (a) Job training scholarships based on local labor market needs.
20 (b) Building or infrastructure construction.
21 (c) Equipment and material purchases.
22 (d) Faculty hiring.
23 (e) Development in partnership with industry of curricula, based on industry
24 standards, that lead to certificates or degrees.

1 (f) Student career support services, including job placement and business
2 recruitment.

3 (2) From the appropriation under s. 20.292 (1) (aj), the board shall award
4 grants to district boards that apply to the board to fund the costs of projects under
5 sub. (1). The board shall consider the speed by which the activities specified in
6 applications could meet training and employment needs and give a preference in
7 awarding the grants to projects that seek to eliminate waiting lists for courses
8 pertaining to jobs with high employment demand.

9 **SECTION 13.** 49.143 (2r) of the statutes, as affected by 2011 Wisconsin Act 32,
10 is amended to read:

11 **49.143 (2r) JOB PROGRAMS.** A Wisconsin Works agency shall collaborate with
12 the local workforce development board to connect individuals seeking employment
13 with employment opportunities, including the trial job program under s. 49.147 (3)
14 and, if operating in the geographical area in which the Wisconsin Works agency
15 administers Wisconsin Works, the transitional jobs demonstration project under s.
16 49.163.

17 **SECTION 14.** 49.163 of the statutes is created to read:

18 **49.163 Transitional jobs demonstration project.** (1) In this section,
19 "Wisconsin Works" has the meaning given in s. 49.141 (1) (p).

20 (2) Subject to sub. (3) (b), the department shall conduct a demonstration
21 project, beginning on July 1, 2013, that offers transitional jobs to low-income adults.
22 To be eligible to participate in the demonstration project, an individual must satisfy
23 all of the following criteria:

24 (a) Be at least 21 but not more than 64 years of age.

25 (b) Be ineligible for Wisconsin Works.

1 (c) Have an annual household income that is below 150 percent of the poverty
2 line.

3 (d) Be unemployed for at least 4 weeks.

4 (e) Be ineligible to receive unemployment insurance benefits.

5 (3) (a) The department shall provide up to 2,500 transitional jobs under the
6 demonstration project. The jobs shall be allocated among Milwaukee County, Dane
7 County, Racine County, Kenosha county, Rock County, Brown County, and other
8 regions of the state, as determined by the department, in the same proportion as the
9 total number of Wisconsin Works participants are allocated among those counties
10 and other regions as of June 30, 2009.

11 (b) The department shall seek federal funds to pay for the cost of operating the
12 demonstration project, and may conduct the project only to the extent that the
13 department obtains federal funds.

14 (c) The department shall promulgate rules for the operation of the
15 demonstration project under this section.

16 SECTION 15. 71.07 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act
17 32, is amended to read:

18 71.07 (5b) (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
19 investments made after December 31, 2007, if an investment for which a claimant
20 claims a credit under par. (b) is held by the claimant for less than 3 years, the
21 claimant shall pay to the department, in the manner prescribed by the department,
22 the amount of the credit that the claimant received related to the investment.

23 SECTION 16. 71.07 (5d) (c) 1. of the statutes is repealed.

24 SECTION 17. 71.07 (5d) (d) 1. of the statutes, as affected by 2011 Wisconsin Act
25 32, is amended to read:

1 71.07 (5d) (d) 1. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
2 investments made after December 31, 2007, if an investment for which a claimant
3 claims a credit under par. (b) is held by the claimant for less than 3 years, the
4 claimant shall pay to the department, in the manner prescribed by the department,
5 the amount of the credit that the claimant received related to the investment.

6 **SECTION 18.** 71.28 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act
7 32, is amended to read:

8 71.28 (5b) (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
9 investments made after December 31, 2007, if an investment for which a claimant
10 claims a credit under par. (b) is held by the claimant for less than 3 years, the
11 claimant shall pay to the department, in the manner prescribed by the department,
12 the amount of the credit that the claimant received related to the investment.

13 **SECTION 19.** 71.47 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act
14 32, is amended to read:

15 71.47 (5b) (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
16 investments made after December 31, 2007, if an investment for which a claimant
17 claims a credit under par. (b) is held by the claimant for less than 3 years, the
18 claimant shall pay to the department, in the manner prescribed by the department,
19 the amount of the credit that the claimant received related to the investment.

20 **SECTION 20.** 73.03 (63) of the statutes, as affected by 2011 Wisconsin Act 32,
21 is amended to read:

22 73.03 (63) Notwithstanding the amount limitations specified under ~~s. 71.07~~
23 (5d) (e) 1. ~~and~~ s. 238.15 (3) (d) or s. 560.205 (3) (d), 2009 stats., in consultation with
24 the department of commerce or the Wisconsin Economic Development Corporation,
25 to carry forward to subsequent taxable years unclaimed credit amounts of the early

1 stage seed investment credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638
2 and the angel investment credit under s. 71.07 (5d). Annually, no later than July 1,
3 the department of commerce or the Wisconsin Economic Development Corporation
4 shall submit to the department of revenue its recommendations for the carry forward
5 of credit amounts as provided under this subsection.

6 **SECTION 21.** 106.14 (2) of the statutes, as affected by 2011 Wisconsin Act 32,
7 is amended to read:

8 106.14 (2) The department shall publicize and maintain on its job center Web
9 site information related to the job ~~program~~ programs under s. ~~ss.~~ 49.147 (3) and
10 49.163 so that employers and individuals seeking employment may obtain
11 information about the ~~program~~ programs, including how to participate in ~~it~~ them.

12 **SECTION 22.** 238.03 (2) (intro.) of the statutes, as created by 2011 Wisconsin Act
13 7, is amended to read:

14 238.03 (2) (intro.) For each program developed and implemented by the board
15 under sub. (1), the board shall do all of the following:

16 **SECTION 23.** 238.03 (3) (intro.) of the statutes, as created by 2011 Wisconsin Act
17 7, is amended to read:

18 238.03 (3) (intro.) The board shall require for each program developed and
19 implemented by the board under sub. (1) all of the following:

20 **SECTION 24.** 238.03 (4) of the statutes is created to read:

21 238.03 (4) The board shall develop and implement a program to identify and
22 respond to potential retention problems for companies doing business in Wisconsin.
23 The program shall include all of the following:

1 (a) Identification of the top 300 companies doing business in this state based
2 on a company's number of employees, capital investment in this state, and overall
3 economic impact on this state.

4 (b) A business retention strategy that targets industries and industry clusters
5 based on the collection and analysis of data related to the economic viability of the
6 companies identified in par. (a).

7 (c) Development and implementation of an early detection and response
8 system to potential retention problems that includes annual visits to the companies
9 identified under par. (a).

10 (d) Creation of a database that includes business retention case histories, best
11 practices, and retention specialists, and other information that is useful to identify
12 and respond to retention challenges, as determined by the board.

13 **SECTION 25.** 238.15 (1) (intro.) of the statutes, as affected by 2011 Wisconsin
14 Act 32, is amended to read:

15 238.15 (1) ANGEL INVESTMENT TAX CREDITS. (intro.) The corporation shall
16 implement a program to certify businesses for purposes of s. 71.07 (5d). A business
17 desiring certification shall submit an application to the corporation in each taxable
18 year for which the business desires certification. The business shall specify in its
19 application the investment amount it wishes to raise and the corporation may certify
20 the business and determine the amount that qualifies for purposes of s. 71.07 (5d).

21 ~~A business may be certified under this subsection, and may maintain such~~
22 ~~certification.~~ The corporation may certify or recertify a business for purposes of s.
23 71.07 (5d) only if the business satisfies all of the following conditions:

24 **SECTION 26.** 238.15 (1) (h) of the statutes, as affected by 2011 Wisconsin Act 32,
25 is amended to read:

1 238.15 (1) (h) ~~It~~ At the time it is initially certified under this subsection, it has
2 less than 100 employees.

3 **SECTION 27.** 238.15 (1) (j) of the statutes, as affected by 2011 Wisconsin Act 32,
4 is amended to read:

5 238.15 (1) (j) ~~It~~ At the time it is initially certified under this subsection, it has
6 been in operation in this state for not more than 10 consecutive years.

7 **SECTION 28.** 238.15 (1) (km) of the statutes, as affected by 2011 Wisconsin Act
8 32, is amended to read:

9 238.15 (1) (km) It has not received aggregate private equity investment in cash
10 of more than \$10,000,000 ~~prior to being~~ before it is initially certified under this
11 subsection.

12 **SECTION 29.** 238.15 (1) (m) of the statutes is created to read:

13 238.15 (1) (m) 1. It agrees that it will not relocate outside of this state during
14 the 3 years after it receives an investment for which a person may claim a tax credit
15 under s. 71.07 (5d) and agrees to pay the corporation a penalty, in an amount
16 determined under subd. 2., if the business relocates outside of this state during that
17 3-year period. For the purposes of this paragraph, a business relocates outside of
18 this state when the business locates more than 51 percent of any of the following
19 outside of this state:

20 a. The business's employees.

21 b. The business's total payroll.

22 c. The activities of the business's headquarters, as determined by the
23 corporation.

24 2. The amount of a penalty payment under subd. 1. is any of the following:

1 a. If the relocation occurs less than 12 months after the investment, 100 percent
2 of the tax credit that was claimed under s. 71.07 (5d) as the result of the investment.

3 b. If the relocation occurs 12 months or more after the investment but less than
4 24 months after the investment, 80 percent of the tax credit that was claimed under
5 s. 71.07 (5d) as the result of the investment.

6 c. If the relocation occurs occurs 24 months or more after the investment but
7 less than 36 months after the investment, 60 percent of the tax credit that was
8 claimed under s. 71.07 (5d) as the result of the investment.

9 **SECTION 30.** 238.15 (3) (d) (intro.) of the statutes, as affected by 2011 Wisconsin
10 Act 32, is amended to read:

11 238.15 (3) (d) *Rules.* (intro.) The corporation, in consultation with the
12 department of revenue, shall adopt rules to administer this section. The rules shall
13 further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1. The
14 rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may be
15 claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
16 calendar year for calendar years beginning after December 31, 2004, and before
17 January 1, 2008, \$5,500,000 per calendar year for calendar years beginning after
18 December 31, 2007, and before January 1, 2010, \$6,500,000 for calendar year 2010,
19 and \$20,000,000 per calendar year for calendar years beginning after December 31,
20 2010, plus, for taxable years beginning after December 31, 2010, an additional
21 \$250,000 for tax credits that may be claimed for investments in nanotechnology
22 businesses certified under sub. (1). The rules shall also limit the aggregate amount
23 of the tax credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be
24 claimed for investments paid to fund managers certified under sub. (2) at \$3,500,000
25 per calendar year for calendar years beginning after December 31, 2004, and before

1 January 1, 2008, \$6,000,000 per calendar year for calendar years beginning after
2 December 31, 2007, and before January 1, 2010, \$8,000,000 for calendar year 2010,
3 and \$20,500,000 per calendar year for calendar years beginning after December 31,
4 2010, plus, for taxable years beginning after December 31, 2010, an additional
5 \$250,000 for tax credits that may be claimed for investments in nanotechnology
6 businesses certified under sub. (1). The rules shall also provide that, for calendar
7 years beginning after December 31, 2007, ~~no a person may receive~~ who receives a
8 credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), or 76.638 ~~unless the~~
9 ~~person's must keep the~~ investment is kept in a certified business, or with a certified
10 fund manager, for no less than 3 years, unless the person's investment becomes
11 worthless, as determined by the corporation, during the 3-year period or the person
12 has kept the investment for no less than 12 months and a bona fide liquidity event,
13 as determined by the corporation, occurs during the 3-year period. The rules shall
14 permit the corporation to reallocate credits under this section that are unused in any
15 calendar year to a person eligible for tax benefits, as defined under s. 238.16 (1) (d),
16 if all of the following apply:

17 **SECTION 31.** 238.155 of the statutes is created to read:

18 **238.155 Grants to certified seed incubator funds.** (1) DEFINITION. In this
19 section, "certified seed incubator fund" means a person certified by the corporation
20 under sub. (4).

21 (2) ESTABLISHMENT OF GRANT PROGRAM. (a) The corporation shall establish an
22 economic development program to make grants under this section.

23 (b) From the appropriation under s. 20.192 (1) (a), the corporation shall make
24 grants to certified seed incubator funds that total at least \$3,000,000 annually for
25 investment in start-up businesses, as determined by the corporation.

1 (3) APPLICATION. Any person may apply to the corporation, on a form prescribed
2 by the corporation, for certification under sub. (4). The application shall include the
3 name, address, and tax identification number of the person and any other
4 information the corporation requires.

5 (4) CERTIFICATION. The corporation may certify an applicant who submits an
6 application under sub. (3) to receive a grant under this section if the corporation
7 determines that the applicant meets all of the following requirements:

8 (a) The applicant operates a business incubator program in this state that is
9 privately funded and that directly provides at least 2 of the following services to a
10 start-up business that are designed to grow that business:

11 1. A facility that offers rent of the facility at a rate lower than the market rate
12 in the community and provides shared administrative services or other assistance
13 designed to reduce the costs and encourage the growth of a start-up business the
14 facility serves.

15 2. Business management, technical, or marketing assistance.

16 3. Development of a feasibility study, business plan, or financial plan.

17 (b) The applicant owns at least \$3,000,000 in cash or cash equivalents, or the
18 applicant demonstrates to the satisfaction of the corporation that the applicant has
19 obtained commitments from other funding sources sufficient to enable the applicant
20 to invest at least \$3,000,000 in start-up businesses within the 5 years after the
21 corporation certifies the applicant under this subsection.

22 (5) CONTRACTS. Before the corporation makes a grant under this section to a
23 certified seed incubator fund, the corporation shall contract with the certified seed
24 incubator fund and, in addition to any other terms required by the corporation, that
25 contract shall include the following requirements:

1 (a) The certified seed incubator fund shall be headquartered in this state and
2 employ at least 50 percent of its employees in this state.

3 (b) The certified seed incubator fund shall invest 100 percent of the amount of
4 any grant it receives from the corporation under this section in a business that is
5 participating in a business incubator program that is operated by the certified seed
6 incubator fund and that receives the investment under this paragraph as part of that
7 program.

8 (c) When the certified seed incubator fund makes an investment of grant
9 moneys in a business, the certified seed incubator fund shall at least match the
10 amount of those grant moneys with an investment of capital in the business that the
11 certified seed incubator fund has raised from other sources.

12 (d) The certified seed incubator fund may not apply the amount of the grant
13 moneys it receives from the corporation toward a tax credit under s. 71.07 (5b) or (5d),
14 71.28 (5b), 71.47 (5b), or 76.638.

15 **(6) REPORTING REQUIREMENTS.** (a) By January 31 of each year, a certified seed
16 incubator fund that receives a grant under this section shall submit a report to the
17 corporation that includes, for each business in which the certified seed incubator
18 fund held an investment of grant moneys from corporation, a description of the
19 business and a description of the business's participation in the certified seed
20 incubator fund's seed incubator program.

21 (b) The corporation shall submit the information it receives under par. (a) with
22 its annual report under s. 238.07 (2).

23 **SECTION 32.** Subchapter III of chapter 238 [precedes 238.40] of the statutes is
24 created to read:

25 **CHAPTER 238**

1 SUBCHAPTER III

2 BADGER JOBS FUND

3 **238.40 Definitions.** In this subchapter:4 (1) "Angel investor network" means a group of persons that reviews new
5 businesses or proposed new businesses for the potential investment in those
6 businesses of moneys owned by those persons.7 (2) "Certified business development organization" means a person certified
8 under s. 238.437.9 (3) "Certified venture capital fund" means a venture capital fund certified
10 under s. 238.42 (2).

11 (5) "Fund" means the badger jobs fund established under s. 25.90.

12 (6) "Fund capital" means moneys in or received from the fund.

13 (7) "Investment committee" means the investment committee of the fund
14 appointed by the board under s. 238.41.15 **238.41 Badger jobs fund.** (1) The fund shall be administered by a
16 10-member investment committee.17 (2) (a) The board shall appoint the members of the investment committee on
18 the basis of the members' expertise, experience, leadership, or advocacy in venture
19 capital, investment banking, or entrepreneurship. The members shall serve 3-year
20 terms. The board shall stagger the terms.21 (b) The corporation shall staff the investment committee and cover any
22 administrative or operational costs of the investment committee.23 (3) The investment committee shall have all the powers necessary or
24 convenient to carry out the purposes and provisions of this subchapter, including the

1 power to execute contracts and other instruments required for the operation of the
2 investment committee.

3 **238.42 Venture capital fund certification.** (1) APPLICATION. Any venture
4 capital fund may apply to the investment committee on a form prescribed by the
5 investment committee for certification under this section. The application shall
6 include the name, address, and tax identification number of the applicant and any
7 other information the investment committee requires.

8 (2) CERTIFICATION. The investment committee may certify a venture capital
9 fund that submits an application under sub. (1) to receive fund capital. In
10 determining whether to certify a venture capital fund, the investment committee
11 shall consider all of the following:

12 (a) The investment experience of the venture capital fund's manager.

13 (b) The past performance of any investment managed by the venture capital
14 fund or the venture capital fund's manager.

15 (c) The venture capital fund's commitment to investing in businesses within
16 this state and maintaining an office in this state.

17 (d) The venture capital fund's commitment to making investments that are
18 diverse with respect to the geographic location within this state and industry
19 classification of the businesses in which the applicant invests.

20 (3) APPLICATION FEE. A venture capital fund that applies for certification under
21 sub. (1) shall pay to the investment committee a fee in the amount determined by the
22 investment committee.

23 **238.43 Investments of fund capital in certified venture capital funds;**
24 **requirements.** (1) FUND INVESTMENTS. (a) From the appropriation under s. 20.192

1 (1) (q), the investment committee shall invest a total of at least \$65,000,000 in
2 certified venture capital funds over the life of the fund.

3 (b) The investment committee shall ensure that 100 percent of the fund capital
4 it invests under this section is invested in businesses that are headquartered in this
5 state and that at least \$60,000,000 of that fund capital is invested in businesses that
6 meet all of the following additional conditions at the time a certified venture capital
7 fund first invests in the business under this section:

8 1. The business employs at least 50 percent of its full-time employees,
9 including any subsidiary or other affiliated entity, in this state.

10 2. The business employs less than 150 full-time employees in total, including
11 any subsidiary or other affiliated entity.

12 3. The business agrees to use fund capital only for research and development,
13 the introduction of a new product in the market, the business's entry into a new
14 market, or other activities that are expected to grow the business and create jobs in
15 this state.

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

19 (c) The investment committee may not invest more than \$15,000,000 of fund
20 capital in a single certified venture capital fund.

21 (2) **CONTRACTS.** Before the investment committee invests any fund capital in
22 a certified venture capital fund, the investment committee shall contract with the
23 certified venture capital fund and, in addition to any other terms required or
24 negotiated by the investment committee, that contract shall include the following
25 requirements:

1 (a) The certified venture capital fund commits to maintaining a significant
2 physical presence in this state, including locating an office in this state that is staffed
3 with at least one full-time employee of the certified venture capital fund whose
4 compensation is paid only by the certified venture capital fund.

5 (b) Within 4 years after the certified venture capital fund receives a
6 commitment of fund capital from the investment committee, the certified venture
7 capital fund commits 100 percent of that fund capital to businesses approved by the
8 investment committee.

9 (c) The certified venture capital fund does not invest less than \$250,000 in fund
10 capital in any one business.

11 (d) The certified venture capital fund does not receive fund capital that exceeds
12 20 percent of the total moneys for investment, including any outstanding
13 commitment, that the certified venture capital fund has raised from all sources,
14 except that a Wisconsin-based certified venture capital fund, as determined by the
15 investment committee, may not receive fund capital that exceeds 50 percent of the
16 total moneys for investment, including any outstanding commitment, that the
17 certified venture capital fund has raised from all sources.

18 (e) The investment committee's investment of fund capital with any certified
19 venture capital fund is on terms that are substantially equivalent to the terms
20 applicable for other funding sources of the certified venture capital fund for similar
21 investments.

22 (f) From any distribution from a certified venture capital fund's investment in
23 a business under this section that includes amounts contributed from the fund, the
24 certified venture capital fund pays to the investment committee an amount equal to
25 100 percent of the principal amount of fund capital that was contributed from the

1 fund to that investment before the certified venture capital fund makes any payment
2 to a funding source for that investment that is not the fund.

3 (g) From any investment of fund capital by a certified venture capital fund
4 under this section, the certified venture capital fund does not pay a fee to itself or to
5 any principal or manager of the certified venture capital fund that equals more than
6 2 percent of the total amount of fund capital contributed to that investment by the
7 investment committee.

8 (h) The certified venture capital fund discloses to the investment committee
9 any interest that it or an owner, stockholder, partner, officer, director, member,
10 employee, or agent of the certified venture capital fund holds in a business in which
11 the certified venture capital fund invests or intends to invest fund capital.

12 (i) The certified venture capital fund does not apply the amount of fund capital
13 it receives toward a tax credit under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or
14 76.638.

15 (j) The certified venture capital fund maintains liability insurance in the
16 amounts and for the coverages determined by the investment committee.

17 (k) The certified venture capital fund agrees that the investment committee,
18 the corporation, and the state may refer to the certified venture capital fund's name
19 in public announcements or other documents or communications relating to the
20 fund.

21 (3) REPAYMENT OF FUND CAPITAL. In addition to any other legal remedies
22 available to the investment committee, if a certified venture capital fund fails to
23 satisfy any of the requirements under sub. (2), the investment committee is entitled
24 to payment from the certified venture capital fund equal to 100 percent of the amount

1 of fund capital the certified venture capital fund received from the investment
2 committee.

3 **238.435 Angel investor networks.** (1) From the appropriation under s.
4 20.192 (1) (q), and subject to sub. (2), the investment committee may commit up to
5 a total of \$5,000,000 to investments proposed to the investment committee by angel
6 investor networks.

7 (2) The investment committee may commit fund capital to an investment in a
8 business under this section only if all of the following requirements are satisfied:

9 (a) The business is or will be headquartered in this state.

10 (b) The angel investor network agrees to invest \$2 for every \$1 in fund capital
11 that the investment committee commits to the investment.

12 (c) The investment committee's profit-sharing agreement with the angel
13 investor network is on terms that are substantially equivalent to the terms
14 applicable for other persons in the angel investor network with respect to the
15 investment.

16 **238.437 Grants to certified business development organizations.** (1)
17 BADGER JOBS FUND GRANTS. From the appropriation under s. 20.192 (1) (q), the
18 investment committee shall make grants to certified business development
19 organizations that total \$5,000,000 over the life of the fund for investment in
20 start-up businesses.

21 (2) APPLICATION. Any person may apply to the investment committee, on a form
22 prescribed by the investment committee, for certification under sub. (3). The
23 application shall include the name, address, and tax identification number of the
24 person and any other information the investment committee requires.

1 (3) CERTIFICATION. The investment committee may certify an applicant who
2 submits an application under sub. (2) to receive a grant under this section if the
3 investment committee determines that the applicant operates a nonprofit or
4 for-profit business incubator, regional economic development partnership, local
5 economic development organization, or non-profit or for-profit entrepreneurial
6 service agency that directly provides one or more of the following services to start-up
7 businesses:

8 (a) A facility that offers rent of the facility at a rate lower than the market rate
9 in the community and provides shared administrative services or other assistance
10 designed to reduce the costs and encourage the growth of a start-up business the
11 facility serves.

12 (b) As determined by the investment committee, high quality business support
13 that is visible and easily accessible to entrepreneurs and small companies; that offers
14 substantial management services or similar services to portfolio companies; and that
15 integrates sources of deal flow, entrepreneurial support, and capital to effectively
16 grow entrepreneurial commercialization outcomes.

17 (4) CONTRACTS. Before the investment committee makes a grant under this
18 section to a certified business development organization, the investment committee
19 shall contract with the certified business development organization, and, in addition
20 to any other terms required by the investment committee, that contract shall include
21 the following requirements:

22 (a) The certified business development organization commits to maintaining
23 a significant physical presence in this state, including locating an office in this state
24 that is staffed with at least one full-time employee of the certified business
25 development organization.

1 (b) The certified business development organization invests 100 percent of the
2 amount of the grant it receives from the investment committee under this section in
3 a business that meets all of the following conditions at the time the certified business
4 development organization first invests in the business under this paragraph:

5 1. The business is headquartered in this state.

6 2. The business employs at least 50 percent of its employees, including any
7 subsidiary or other affiliated entity, in this state.

8 3. The business agrees to use fund capital only for research and development,
9 the introduction of a new product in the market, the business's entry into a new
10 market, or other activities that are expected to grow the business and create jobs in
11 this state.

12 4. The business is not primarily engaged in real estate development or sales,
13 insurance, banking, lending, lobbying, or political consulting.

14 5. The business is participating in a business development program that is
15 approved by the investment committee and is operated or approved by the certified
16 business development organization, and the business receives the investment under
17 this paragraph as part of that program.

18 (c) 1. When a certified business development organization makes an
19 investment of grant moneys in a business, the certified business development
20 organization at least matches the amount of those grant moneys with an investment
21 of capital in the business that the certified business development organization has
22 raised from other sources.

23 2. If an investment of grant moneys subject to subd. 1 is made as part of an
24 existing equity investment portfolio that the certified business development
25 organization already manages and that portfolio has been funded from other sources,

1 the certified business development organization applies those moneys supplied from
2 those other sources for the purpose of satisfying the matching requirement under
3 subd. 1.

4 (d) The certified business development organization does not apply the amount
5 of the grant moneys it receives from the investment committee toward a tax credit
6 under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or 76.638.

7 **238.45 Reporting requirements. (1) ANNUAL REPORT.** Annually, the
8 investment committee shall submit to the chief clerk of each house of the legislature,
9 for distribution to the legislature under s. 13.172 (2), and to the governor, a report
10 that includes all of the following:

11 (a) An accounting of the financial status of the fund, including the opinion of
12 an independent certified public accountant.

13 (b) The investment committee's current investment policy for the fund.

14 (c) The investment committee's internal rate of return from its investments of
15 fund capital.

16 (d) For each certified venture capital fund in which the investment committee
17 held an investment of fund capital under s. 238.43 during the preceding year, all of
18 the following:

19 1. The name and address of the venture capital fund.

20 2. The amount of each investment and the amount contributed to the
21 investment by the certified venture capital fund.

22 3. The internal rate of return realized by the certified venture capital fund on
23 each investment.

1 4. An accounting of any fee the certified venture capital fund paid to itself or
2 any principal or manager of the certified venture capital fund during the preceding
3 year.

4 (e) For each business in which a certified venture capital fund held an
5 investment of fund capital during the preceding year, all of the following:

- 6 1. The name and address of the business.
- 7 2. A description of the nature of the business.
- 8 3. The amount of each investment of fund capital in the business.
- 9 4. An identification of the certified venture capital fund that made the
10 investment.

11 5. A statement of the number of employees the business employed when the
12 certified venture capital fund first invested in the business, the number of employees
13 the business employed on January 1 of the year preceding the year of the report, and
14 the number of employees the business employed on December 31 of the year
15 preceding the year of the report.

16 (f) For each investment of fund capital held by the investment committee in a
17 business under s. 238.435 during the preceding year, all of the following:

- 18 1. The name and address of the business.
- 19 2. A description of the nature of the business.
- 20 3. An identification of the angel investor network.
- 21 4. The amount of the investment and the amount contributed to the investment
22 by the angel investor network.

23 5. A statement of the number of employees the business employed when the
24 investment committee first invested in the business, the number of employees the
25 business employed on January 1 of the year preceding the year of the report, and the

1 number of employees the business employed on December 31 of the year preceding
2 the year of the report.

3 (g) With respect to grants under s. 238.437, all of the following:

4 1. An accounting of the total amount of fund capital the investment committee
5 granted to certified business development organizations during the preceding year.

6 2. For each certified business development organization that received a grant
7 from the investment committee during the preceding year, the name and address of
8 the certified business development organization and the amount of the grant.

9 3. For each business in which a certified business development organization
10 held an investment of grant moneys during the preceding year, the name and address
11 of the business and a description of the nature of the business and an identification
12 of the certified business development organization that made the investment; the
13 total amount of each investment in the business, including grant moneys and
14 moneys contributed by the certified business development organization or by other
15 funding sources; and a statement of the number of employees the business employed
16 when the certified business development organization first invested grant moneys
17 in the business, the number of employees the business employed on January 1 of the
18 year preceding the year of the report, and the number of employees the business
19 employed on December 31 of the year preceding the year of the report.

20 (2) PROGRESS REPORT. In January 2018, the investment committee shall submit
21 a report to the joint committee on finance that includes all of the following:

22 (a) A comprehensive assessment of the success to date of the programs
23 administered by the investment committee.

24 (b) Any recommendations the investment committee has for improvement of
25 the programs administered by the investment committee and the specific actions the

1 investment committee intends to take or proposes to be taken to implement those
2 recommendations.

3 (c) Any recommendations the investment board has for improvement of the
4 programs administered by the investment committee and the specific actions the
5 investment board proposes to be taken to implement those recommendations.

6 **238.49 Winding up of the investment committee's business. (1) END OF**
7 **BUSINESS.** The secretary of administration shall determine the date that the
8 investment committee satisfies the requirements under sub (2) and shall provide a
9 written notice that states that date to the legislative reference bureau for publication
10 in the Wisconsin Administrative Register. The investment committee may not
11 conduct business of any kind after that date.

12 (2) **TRANSFER OF ASSETS, PROPERTY, AND CONTRACTS.** In December 2031, the
13 investment committee shall do all of the following:

14 (a) Assign all of the investment committee's assets and any assets of the
15 corporation under this subchapter to the secretary of administration. The secretary
16 of administration shall deposit in the general fund any moneys transferred under
17 this paragraph or generated from contracts or investments assigned to the secretary
18 of administration under par. (c).

19 (b) Transfer any tangible personal property owned by the investment
20 committee or owned by the corporation under this subchapter, including records, to
21 the department of administration.

22 (c) Assign any contract entered into by the investment committee or entered
23 into by the corporation under this subchapter and any interest in an investment

1 subject to this subchapter that is owned by the investment committee or the
2 corporation to the secretary of administration.

3 (END)