

2013 DRAFTING REQUEST

Bill

Received: **5/29/2013** Received By: **mgallagh**
Wanted: **As time permits** Same as LRB:
For: **Julie Lassa (608) 266-3123** By/Representing: **Mark K.**
May Contact: Drafter: **mgallagh**
Subject: **Econ. Development - misc.** Addl. Drafters:
State Govt - miscellaneous Extra Copies: **FFK**

Submit via email: **YES**
Requester's email: **Sen.Lassa@legis.wisconsin.gov**
Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Investment program to be administered by a venture capital authority

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>
/?	mgallagh 5/29/2013	wjackson 5/30/2013		_____			
/1			rschluet 5/30/2013	_____	sbasford 5/30/2013	rose 6/10/2013	State

FE Sent For:

↳ At
Intro.

<END>

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/?	mgallagh	1 WLJ 5/30	1 WLJ 5/30	_____	_____	_____	_____
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FE Sent For:


 5/30/13 JM
 <END>

Gallagher, Michael

From: Knickelbine, Mark
Sent: Wednesday, May 29, 2013 9:44 AM
To: Gallagher, Michael
Subject: RE: please email Michael Gallagher of LRB to give authority for the VC sub

Mike –

Sorry for the delay – we have a few last tweaks to make. Please make these changes to the board appointments and terms in the stand-alone draft. If I could get this tomorrow, that would be great!

Board consists of

1 Chairman, appointed by Governor, who shall have a minimum of 10 years of experience in equity investing. Exclude anyone who is currently a principal or officer at an equity investment firm. Senate confirmation, serves at the pleasure of the governor.

The Secretary/CEO of WEDC, or his designee

6 members, appointed by the executive director of SWIB, with the same qualifications as the Chairman, but serving overlapping 6 year terms. Confirmed by the Senate.

1 member, appointed in the same manner as the above, with a minimum of 10 years' experience in angel and/or early stage investing.

2 senators, both parties
2 Reps, both parties

All board members are subject to Act 125 ethics provisions and reporting requirements. Board is responsible for hiring and overseeing fund manager and for ensuring that all reporting requirements under the bill are met.

DOA to provide administrative support to the board.

Mark Knickelbine

Policy Analyst
Office of State Senator Julie Lassa
24th Senate District
P.O. Box 7882
Madison, WI 53707-7882
(608) 266-3123

From: Gallagher, Michael
Sent: Tuesday, May 28, 2013 8:55 AM
To: Knickelbine, Mark; Friedl, Cathy
Subject: RE: please email Michael Gallagher of LRB to give authority for the VC sub

This went out on Thursday. Mark, let me know if you want that stand alone bill now, or if there are changes that need to be made to the sub first.

Thanks.

Mike

Mike Gallagher
Attorney
Wisconsin Legislative Reference Bureau
(608) 267-7511

From: Knickelbine, Mark
Sent: Tuesday, May 21, 2013 9:57 AM
To: Gallagher, Michael
Cc: Friedl, Cathy
Subject: RE: please email Michael Gallagher of LRB to give authority for the VC sub

Mike –

Can you let me know if you had the chance to work on this substitute amendment for Barca's office? Cathy Friedl tells me they did not receive a draft, and it is our wish to have an identical stand-alone bill (13-1244/4, probably) drafted based on the same instructions. Please let me know the status of the sub. Thanks!

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To: Knickelbine, Mark
Cc: Friedl, Cathy; Egerer, Matt
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608.266.5504
cathy.friedl@legis.wi.gov

Gallagher, Michael

From: Knickelbine, Mark
Sent: Wednesday, May 29, 2013 1:11 PM
To: Gallagher, Michael
Subject: RE: please email Michael Gallagher of LRB to give authority for the VC sub

That's correct. The same ones WEDC board members are subject to.

mjk

From: Gallagher, Michael
Sent: Wednesday, May 29, 2013 11:58 AM
To: Knickelbine, Mark
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As a follow-up, specifically, do you mean the ethics and financial disclosure requirements for public officials? I am putting that in the draft.

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From: Gallagher, Michael
Sent: Wednesday, May 29, 2013 10:02 AM
To: Knickelbine, Mark
Subject: RE: please email Michael Gallagher of LRB to give authority for the VC sub

What do you mean when you say all board members subject to Act 125 ethics provisions and reporting requirements?

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608.266.5504

cathy.friedl@legis.wi.gov

Jackson, Wendy

From: Gallagher, Michael
Sent: Thursday, May 30, 2013 9:30 AM
To: Jackson, Wendy
Subject: RE: One Last Tweak

Yes.

From: Jackson, Wendy
Sent: Thursday, May 30, 2013 9:29 AM
To: Gallagher, Michael
Subject: RE: One Last Tweak

Should I add this e-mail to the file?

From: Gallagher, Michael
Sent: Thursday, May 30, 2013 9:19 AM
To: Jackson, Wendy
Subject: FW: One Last Tweak

Wendy: I see you have the Lassa venture capital draft. Can you right in this name change for me (change "badger" to "Wisconsin forward' jobs fund)?

From: Knickelbine, Mark
Sent: Thursday, May 30, 2013 9:14 AM
To: Gallagher, Michael
Subject: One Last Tweak

Mike –

My Boss would like to change the name of the fund from the Badger Jobs Fund to the Wisconsin Forward Jobs Fund.
Thanks!

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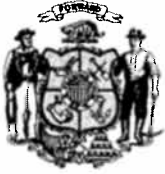
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By Tuesday, 5/30 TRACES.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB0055/PD
MPG:wj:wj

stays

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY SUBSTITUTE AMENDMENT,
TO ASSEMBLY BILL 181

-2463/1

LPS I globally searched and replaced "badger" with Wisconsin forward and "substitute amendment" with "bill." But I did not mark.

insert

Regen

1 **AN ACT to repeal** 71.07 (5d) (c) 1.; **to amend** 1.12 (1) (b), 13.172 (1), 13.48 (13)
2 (a), 13.62 (2), 13.94 (4) (a) 1., 13.95 (intro.), 16.002 (2), 16.004 (4), 16.004 (5),
3 16.004 (12) (a), 16.045 (1) (a), 16.15 (1) (ab), 16.41 (4), 16.417 (1) (b), 16.52 (7),
4 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.765 (1), 16.765 (2), 16.765 (5), 16.765
5 (6), 16.765 (7) (intro.), 16.765 (7) (d), 16.765 (8), 16.85 (2), 16.865 (8), 25.14 (1)
6 (a) (intro.), 73.03 (63), 77.54 (9a) (a), 100.45 (1) (dm) and 230.03 (3); **to repeal**
7 **and recreate** 230.03 (3); and **to create** 13.94 (1) (dx), 13.94 (1s) (c) 9., 16.5195,
8 19.42 (10) (t), 19.42 (13) (p), 20.195, 25.90, 40.02 (54) (n), 70.11 (38v) and chapter
9 239 of the statutes; **relating to:** the angel investment tax credit, creation of the

Wisconsin forward

- 1 Wisconsin Venture Capital Authority, creation of the badger jobs fund to be
- 2 administered by that authority, and making an appropriation.

Analysis by the Legislative Reference Bureau
WISCONSIN VENTURE CAPITAL AUTHORITY

This substitute amendment creates the Wisconsin Venture Capital Authority (authority).

COMPOSITION AND GENERAL OPERATION

Board of directors

Under the substitute amendment, the authority is governed by a seven-member board of directors (board) that consists of the chief executive officer of the Wisconsin Economic Development Corporation; four 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 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. The substitute amendment requires that the governor, the speaker of the assembly, and the senate majority leader attempt to appoint the initial members of the board within 60 days after the effective date of the substitute amendment.

The substitute amendment 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 substitute amendment, the authority is a participating employer in the Wisconsin Retirement System. The board may hire an executive director. The members of the board ^{nominated by} appointed by the speaker of the assembly and the senate majority leader, the executive director, if any, and the ^{fund} manager of the badger jobs fund administered by the authority are subject to state ethics laws.

Wisconsin forward **BADGER JOBS FUND**

The substitute amendment establishes the badger jobs fund, which is a separate nonlapsible trust fund. Under the substitute amendment, in each fiscal year, beginning in fiscal year 2013-14, and ending in fiscal year 2018-19, the secretary of administration must transfer moneys to the badger jobs fund from the general fund totaling \$208,000,000. Under the substitute amendment, the authority, based upon the recommendation of a selection committee appointed by the executive director of the State of Wisconsin Investment Board (SWIB), must hire a qualified fund manager to manage the badger jobs fund. The substitute amendment directs the authority to delegate powers to the fund manager necessary for the fund manager's administration of the badger jobs fund and the investment programs created in the substitute amendment.

Insert Analysis

bill

bill

Executive Director of SWIB

Wisconsin forward

24 out of 24

bill

bill

Qualified investment capital funds

Under the substitute amendment, the authority may approve a qualified investment capital fund to receive fund capital. Under the substitute amendment, fund capital consists of moneys in or received from the badger jobs fund. In determining whether to approve an applicant as a qualified investment capital fund, the authority must consider the applicant's investment experience, the past performance of investments managed by the applicant, the applicant's commitment to investing in businesses located in Wisconsin, and the applicant's commitment to making investments that are diverse with respect to a business's geographic location in this state and industry classification.

Under the substitute amendment, the authority may invest fund capital in qualified investment capital funds. The authority may not commit more than \$15,000,000 to a single qualified investment capital fund. The authority must ensure that an amount equal to 100 percent of the fund capital it invests in qualified investment capital funds, or at least \$180,000,000 over the life of the badger jobs fund, is invested by those investment capital funds in businesses that are headquartered in this state and that at least \$170,000,000 in fund capital is invested in businesses that meet the following additional conditions:

1. Employ at least half of their full-time employees in Wisconsin.
2. Employ fewer than 150 full-time employees in total.
3. Agree to use fund capital only for research and development, the introduction of a new product in the market, entry into a new market, or other activities that are expected to grow the businesses and create jobs in Wisconsin.
4. Are not primarily engaged in real estate development or sales, insurance, banking, lending, lobbying, political consulting, professional services, or retail sales, other than the direct sales of products a business itself manufactures.

The substitute amendment provides that a qualified investment capital fund must contract with the authority before receiving any fund capital. In the contract, the qualified investment capital fund must agree to a number of conditions, including the following:

1. The qualified investment capital fund must commit to maintaining a significant physical presence in Wisconsin, including an office that is staffed by at least one full-time employee.
2. Within four years after the qualified investment capital fund receives a commitment of fund capital from the authority, the qualified investment capital fund must have an amount equal to 100 percent of that fund capital either invested in or held in reserve for follow-on investments in businesses that are approved by the authority.
3. Unless the qualified investment capital fund is a Wisconsin-based qualified investment capital fund, as determined by the authority, the qualified investment capital fund may not receive fund capital that exceeds 20 percent of the total capital the investment capital fund has raised from all sources. A Wisconsin-based qualified investment capital fund may not receive fund capital that exceeds 50 percent of the total amount of capital the Wisconsin-based qualified investment capital fund has received from all sources.

4. The authority's profit-sharing agreement with a qualified investment capital fund must be on terms that are substantially equivalent to the terms enjoyed for similar investments by other funding sources of the qualified investment capital fund.

5. From any investment of fund capital by a qualified investment capital fund, the qualified investment capital fund may not pay a fee to itself or to any principal or manager of the qualified investment capital fund that is greater than the average fee the investment capital fund earns on its other investments or equals more than 2.5 percent of the total amount of fund capital contributed to that investment by the authority.

6. The qualified investment capital fund must disclose to the authority any interest that it holds in a business in which the qualified investment capital fund invests or intends to invest fund capital.

Angel investor networks

Additionally, the substitute amendment authorizes the authority to invest fund capital directly in a Wisconsin business if that investment is proposed to the authority by an angel investor or angel group of angel investors (angel investor network). The authority may commit up to a total of \$20,000,000 in fund capital to such investments if the business in which the investment is made is a Wisconsin business, the angel investor network agrees to invest at least \$2 for every \$1 in fund capital that the authority commits to the investment, and the authority's profit-sharing agreement with the angel investor network is comparable to the terms enjoyed by other persons in the angel investor network with respect to the investment. Under the substitute amendment, the authority must attempt to ensure that its investments in businesses suggested by angel investors or networks are made in businesses that operate in economically distressed areas.

Qualified business development organizations

Under the substitute amendment, the authority may commit up to \$8,000,000 in fund capital to qualified business development organizations. The authority may approve a person as a qualified business development organization if the authority determines that the person operates a nonprofit or for-profit business incubator, regional economic development partnership, local economic development organization, or non-profit or for-profit entrepreneurial service agency that directly provides certain business support and other services to start-up businesses.

Under the substitute amendment, a qualified business development organization is subject to contract requirements similar to those applicable for qualified investment capital funds. Among other contract requirements, the qualified business development organization must invest fund capital in a business the qualified business development organization itself serves through its business development programs. Also, a qualified business development organization must at least match the amount of moneys it receives from the badger jobs fund with an investment of capital in the business that the qualified business development organization has raised from other sources. The authority must attempt to ensure that qualified business development organizations invest fund capital in businesses that operate in economically distressed areas.

Reporting requirements

Under the substitute amendment, the authority must submit an annual report to the legislature and the governor that contains all of the following information:

1. An accounting of the financial status of the badger jobs fund, including the opinion of an independent certified public accountant.
2. The current investment policy of the badger jobs fund.
3. The authority's internal rate of return from its investments of fund capital.
4. For each qualified investment capital fund in which the authority held an investment of fund capital during the preceding year, the name and address of the investment capital fund; the amount of fund capital invested with each qualified investment capital fund; the internal rate of return realized by the qualified investment capital fund on each investment; and an accounting of any fee the qualified investment capital fund paid to itself or any principal or manager of the qualified investment capital fund during the preceding year.
5. For each business in which a qualified investment capital fund held an investment of fund capital during the preceding year, the name and address of the business; a description of the nature of the business; the amount of each investment of fund capital in the business and the amount contributed to that investment by the qualified investment capital fund; an identification of the qualified investment capital fund that made the investment; and a statement of the number of employees the business employed when the qualified investment capital fund first invested fund capital in the business, the number of employees the business employed on January 1 of the preceding year, and the number of employees the business employed on December 31 of the preceding year.
6. For each investment held by the authority with an angel investor network in a business during the preceding year, the name and address of the business; a description of the nature of the business; an identification of the angel investor network; the amount of the investment and the amount contributed to the investment by the angel investor network; and a statement of the number of employees the business employed when the authority first invested fund capital in the business, the number of employees the business employed on January 1 of the preceding year, and the number of employees the business employed on December 31 of the preceding year.
7. With respect to grants to qualified business development organizations, an accounting of the total amount of moneys the authority granted to qualified business development organizations during the preceding year and the name and address of each qualified business development organization and the amount of each grant. For each business in which a qualified business development organization held an investment of grant moneys during the preceding year, the name and address of the business; a description of the nature of the business; an identification of the qualified business development organization that made the investment; the total amount of each investment in the business and the amount contributed to that investment by the qualified business development organization or by other funding sources; and a statement of the number of employees the business employed when the qualified business development organization first invested grant moneys in the business, the

bill

number of employees the business employed on January 1 of the preceding year, and the number of employees the business employed on December 31 of the preceding year.

The substitute amendment also requires the authority to submit a report to the Joint Committee on Finance in January 2018 that includes all of the following:

1. A comprehensive assessment of the performance to date of the badger jobs fund and the programs administered by the authority concerning the badger jobs fund.

2. Any recommendations the authority has for improvement of the programs administered by the authority concerning the badger jobs fund and the specific actions the authority intends to take or proposes to be taken to implement those recommendations.

3. Any recommendations SWIB has for improvement of the programs administered by the authority concerning the badger jobs fund and the specific actions SWIB proposes to be taken to implement those recommendations.

Winding up of the investment programs

In December 2031, the authority must liquidate all of its assets, including its remaining investments, related to the badger jobs fund and pay the proceeds of that liquidation to the secretary of administration for deposit into the general fund, except that the authority must use 25 percent of the amount of that liquidation that exceeds \$208,000,000 for an economic development program that serves economically distressed areas in Wisconsin. After the authority liquidates those assets, makes that payment, transfers any tangible personal property to the Department of Administration, and assigns any contracts to the secretary of administration, the authority may not conduct any more business concerning the badger jobs fund.

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

1 SECTION 1. 1.12 (1) (b) of the statutes is amended to read:

2 1.12 (1) (b) "State agency" means an office, department, agency, institution of
3 higher education, the legislature, a legislative service agency, the courts, a judicial
4 branch agency, an association, society, or other body in state government that is
5 created or authorized to be created by the constitution or by law, for which
6 appropriations are made by law, excluding the Health Insurance Risk-Sharing Plan
7 Authority and, the Wisconsin Economic Development Corporation, and the
8 Wisconsin Venture Capital Authority.

1 **SECTION 2.** 13.172 (1) of the statutes is amended to read:

2 13.172 (1) In this section, “agency” means an office, department, agency,
3 institution of higher education, association, society, or other body in state
4 government created or authorized to be created by the constitution or any law, that
5 is entitled to expend moneys appropriated by law, including the legislature and the
6 courts, and any authority created in subch. II of ch. 114 or subch. III of ch. 149 or in
7 ch. 231, 233, 234, 238, 239, or 279.

8 **SECTION 3.** 13.48 (13) (a) of the statutes is amended to read:

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

22 **SECTION 4.** 13.62 (2) of the statutes is amended to read:

23 13.62 (2) “Agency” means any board, commission, department, office, society,
24 institution of higher education, council, or committee in the state government, or any
25 authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232, 233,

1 234, 237, 238, 239, or 279, except that the term does not include a council or
2 committee of the legislature.

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

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

9 **SECTION 6.** 13.94 (1s) (c) 9. of the statutes is created to read:

10 13.94 (1s) (c) 9. The Wisconsin Venture Capital Authority for the cost of the
11 audit required to be performed under sub. (1) (dx).

12 **SECTION 7.** 13.94 (4) (a) 1. of the statutes is amended to read:

13 13.94 (4) (a) 1. Every state department, board, examining board, affiliated
14 credentialing board, commission, independent agency, council or office in the
15 executive branch of state government; all bodies created by the legislature in the
16 legislative or judicial branch of state government; any public body corporate and
17 politic created by the legislature including specifically the Fox River Navigational
18 System Authority, the Lower Fox River Remediation Authority, the Wisconsin
19 Aerospace Authority, ~~and~~ the Wisconsin Economic Development Corporation, and
20 the Wisconsin Venture Capital Authority, a professional baseball park district, a
21 local professional football stadium district, a local cultural arts district, and a
22 long-term care district under s. 46.2895; every Wisconsin works agency under subch.
23 III of ch. 49; every provider of medical assistance under subch. IV of ch. 49; technical
24 college district boards; every county department under s. 51.42 or 51.437; every
25 nonprofit corporation or cooperative or unincorporated cooperative association to

1 which moneys are specifically appropriated by state law; and every corporation,
2 institution, association or other organization which receives more than 50% of its
3 annual budget from appropriations made by state law, including subgrantee or
4 subcontractor recipients of such funds.

5 **SECTION 8.** 13.95 (intro.) of the statutes is amended to read:

6 **13.95 Legislative fiscal bureau.** (intro.) There is created a bureau to be
7 known as the “Legislative Fiscal Bureau” headed by a director. The fiscal bureau
8 shall be strictly nonpartisan and shall at all times observe the confidential nature
9 of the research requests received by it; however, with the prior approval of the
10 requester in each instance, the bureau may duplicate the results of its research for
11 distribution. Subject to s. 230.35 (4) (a) and (f), the director or the director’s
12 designated employees shall at all times, with or without notice, have access to all
13 state agencies, the University of Wisconsin Hospitals and Clinics Authority, the
14 Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority,
15 the Lower Fox River Remediation Authority, the Wisconsin Economic Development
16 Corporation, the Wisconsin Venture Capital Authority, and the Fox River
17 Navigational System Authority, and to any books, records, or other documents
18 maintained by such agencies or authorities and relating to their expenditures,
19 revenues, operations, and structure.

20 **SECTION 9.** 16.002 (2) of the statutes is amended to read:

21 16.002 (2) “Departments” means constitutional offices, departments, and
22 independent agencies and includes all societies, associations, and other agencies of
23 state government for which appropriations are made by law, but not including
24 authorities created in subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 232,
25 233, 234, 237, 238, 239, or 279.

1 **SECTION 10.** 16.004 (4) of the statutes is amended to read:

2 16.004 (4) **FREEDOM OF ACCESS.** The secretary and such employees of the
3 department as the secretary designates may enter into the offices of state agencies
4 and authorities created under subch. II of ch. 114 and subch. III of ch. 149 and under
5 chs. 231, 233, 234, 237, 238, 239, and 279, and may examine their books and accounts
6 and any other matter that in the secretary’s judgment should be examined and may
7 interrogate the agency’s employees publicly or privately relative thereto.

8 **SECTION 11.** 16.004 (5) of the statutes is amended to read:

9 16.004 (5) **AGENCIES AND EMPLOYEES TO COOPERATE.** All state agencies and
10 authorities created under subch. II of ch. 114 and subch. III of ch. 149 and under chs.
11 231, 233, 234, 237, 238, 239, and 279, and their officers and employees, shall
12 cooperate with the secretary and shall comply with every request of the secretary
13 relating to his or her functions.

14 **SECTION 12.** 16.004 (12) (a) of the statutes is amended to read:

15 16.004 (12) (a) In this subsection, “state agency” means an association,
16 authority, board, department, commission, independent agency, institution, office,
17 society, or other body in state government created or authorized to be created by the
18 constitution or any law, including the legislature, the office of the governor, and the
19 courts, but excluding the University of Wisconsin Hospitals and Clinics Authority,
20 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan
21 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
22 Development Corporation, the Wisconsin Venture Capital Authority, and the Fox
23 River Navigational System Authority.

24 **SECTION 13.** 16.045 (1) (a) of the statutes is amended to read:

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1 16.045 (1) (a) “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, that
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, 232, 233, 234, 237, 238, 239, or 279.

7 **SECTION 14.** 16.15 (1) (ab) of the statutes is amended to read:

8 16.15 (1) (ab) “Authority” has the meaning given under s. 16.70 (2), but
9 excludes the University of Wisconsin Hospitals and Clinics Authority, the Lower Fox
10 River Remediation Authority, the Wisconsin Economic Development Corporation,
11 the Wisconsin Venture Capital Authority, and the Health Insurance Risk-Sharing
12 Plan Authority.

13 **SECTION 15.** 16.41 (4) of the statutes is amended to read:

14 16.41 (4) In this section, “authority” means a body created under subch. II of
15 ch. 114 or subch. III of ch. 149 or under ch. 231, 233, 234, 237, 238, 239, or 279.

16 **SECTION 16.** 16.417 (1) (b) of the statutes is amended to read:

17 16.417 (1) (b) “Authority” means a body created under subch. II of ch. 114 or
18 ch. 231, 232, 233, 234, 237, 238, 239, or 279.

19 **SECTION 17.** 16.5195 of the statutes is created to read:

20 **16.5195 Transfers to the badger jobs fund.** The secretary shall transfer the
21 following amounts from the general fund to the badger jobs fund:

- 22 (1) In fiscal year 2013–14, \$25,000,000.
23 (2) In fiscal year 2014–15, \$43,000,000.
24 (3) In fiscal year 2015–16, \$50,000,000.
25 (4) In fiscal year 2016–17, \$50,000,000.

1 (5) In fiscal year 2017–18, \$20,000,000.

2 (6) In fiscal year 2018–19, \$20,000,000.

3 **SECTION 18.** 16.52 (7) of the statutes is amended to read:

4 16.52 (7) **PETTY CASH ACCOUNT.** With the approval of the secretary, each agency
5 that is authorized to maintain a contingent fund under s. 20.920 may establish a
6 petty cash account from its contingent fund. The procedure for operation and
7 maintenance of petty cash accounts and the character of expenditures therefrom
8 shall be prescribed by the secretary. In this subsection, “agency” means an office,
9 department, independent agency, institution of higher education, association,
10 society, or other body in state government created or authorized to be created by the
11 constitution or any law, that is entitled to expend moneys appropriated by law,
12 including the legislature and the courts, but not including an authority created in
13 subch. II of ch. 114 or subch. III of ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or
14 279.

15 **SECTION 19.** 16.528 (1) (a) of the statutes is amended to read:

16 16.528 (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, 233, 234, 237, 238, 239, or 279.

22 **SECTION 20.** 16.53 (2) of the statutes is amended to read:

23 16.53 (2) **IMPROPER INVOICES.** If an agency receives an improperly completed
24 invoice, the agency shall notify the sender of the invoice within 10 working days after
25 it receives the invoice of the reason it is improperly completed. In this subsection,

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

7 **SECTION 21.** 16.54 (9) (a) 1. of the statutes is amended to read:

8 16.54 (9) (a) 1. “Agency” means an office, department, independent agency,
9 institution of higher education, association, society or other body in state
10 government created or authorized to be created by the constitution or any law, which
11 is entitled to expend moneys appropriated by law, including the legislature and the
12 courts, but not including an authority created in subch. II of ch. 114 or subch. III of
13 ch. 149 or in ch. 231, 233, 234, 237, 238, 239, or 279.

14 **SECTION 22.** 16.765 (1) of the statutes is amended to read:

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

1 to sexual orientation, obligating the contractor to take affirmative action to ensure
2 equal employment opportunities.

3 **SECTION 23.** 16.765 (2) of the statutes is amended to read:

4 16.765 (2) Contracting agencies, the University of Wisconsin Hospitals and
5 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
6 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
7 Fox River Remediation Authority, the Wisconsin Economic Development
8 Corporation, the Wisconsin Venture Capital Authority, and the Bradley Center
9 Sports and Entertainment Corporation shall include the following provision in every
10 contract executed by them: "In connection with the performance of work under this
11 contract, the contractor agrees not to discriminate against any employee or applicant
12 for employment because of age, race, religion, color, handicap, sex, physical
13 condition, developmental disability as defined in s. 51.01 (5), sexual orientation or
14 national origin. This provision shall include, but not be limited to, the following:
15 employment, upgrading, demotion or transfer; recruitment or recruitment
16 advertising; layoff or termination; rates of pay or other forms of compensation; and
17 selection for training, including apprenticeship. Except with respect to sexual
18 orientation, the contractor further agrees to take affirmative action to ensure equal
19 employment opportunities. The contractor agrees to post in conspicuous places,
20 available for employees and applicants for employment, notices to be provided by the
21 contracting officer setting forth the provisions of the nondiscrimination clause".

22 **SECTION 24.** 16.765 (5) of the statutes is amended to read:

23 16.765 (5) The head of each contracting agency and the boards of directors of
24 the University of Wisconsin Hospitals and Clinics Authority, the Fox River
25 Navigational System Authority, the Wisconsin Aerospace Authority, the Health

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

16 **SECTION 25.** 16.765 (6) of the statutes is amended to read:

17 16.765 (6) The department may receive complaints of alleged violations of the
18 nondiscrimination provisions of such contracts. The department shall investigate
19 and determine whether a violation of this section has occurred. The department may
20 delegate this authority to the contracting agency, the University of Wisconsin
21 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
22 Wisconsin Aerospace Authority, the Health Insurance Risk–Sharing Plan Authority,
23 the Lower Fox River Remediation Authority, the Wisconsin Economic Development
24 Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports

1 and Entertainment Corporation for processing in accordance with the department's
2 procedures.

3 **SECTION 26.** 16.765 (7) (intro.) of the statutes is amended to read:

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

16 **SECTION 27.** 16.765 (7) (d) of the statutes is amended to read:

17 16.765 (7) (d) Direct the violating party to take immediate steps to prevent
18 further violations of this section and to report its corrective action to the contracting
19 agency, 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 Economic Development Corporation, the Wisconsin
23 Venture Capital Authority, or the Bradley Center Sports and Entertainment
24 Corporation.

25 **SECTION 28.** 16.765 (8) of the statutes 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 Economic
5 Development Corporation, the Wisconsin Venture Capital Authority, or the Bradley
6 Center Sports and Entertainment Corporation may permit the violating party to
7 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 Economic Development
11 Corporation, the Wisconsin Venture Capital Authority, or the Bradley Center Sports
12 and Entertainment Corporation shall request the department to place the name of
13 the party on the ineligible list for state contracts, or the contracting agency, the Fox
14 River Navigational System Authority, the Wisconsin Aerospace Authority, the
15 Health Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
16 Authority, the Wisconsin Economic Development Corporation, the Wisconsin
17 Venture Capital Authority, 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 29.** 16.85 (2) of the statutes is amended to read:

22 16.85 (2) To furnish engineering, architectural, project management, and other
23 building construction services whenever requisitions therefor are presented to the
24 department by any agency. The department may deposit moneys received from the
25 provision of these services in the account under s. 20.505 (1) (kc) or in the general

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

8 **SECTION 30.** 16.865 (8) of the statutes is amended to read:

9 16.865 (8) Annually in each fiscal year, allocate as a charge to each agency a
10 proportionate share of the estimated costs attributable to programs administered by
11 the agency to be paid from the appropriation under s. 20.505 (2) (k). The department
12 may charge premiums to agencies to finance costs under this subsection and pay the
13 costs from the appropriation on an actual basis. The department shall deposit all
14 collections under this subsection in the appropriation account under s. 20.505 (2) (k).
15 Costs assessed under this subsection may include judgments, investigative and
16 adjustment fees, data processing and staff support costs, program administration
17 costs, litigation costs, and the cost of insurance contracts under sub. (5). In this
18 subsection, “agency” means an office, department, independent agency, institution
19 of higher education, association, society, or other body in state government created
20 or authorized to be created by the constitution or any law, that is entitled to expend
21 moneys appropriated by law, including the legislature and the courts, but not
22 including an authority created in subch. II of ch. 114 or subch. III of ch. 149 or in ch.
23 231, 232, 233, 234, 237, 238, 239, or 279.

24 **SECTION 31.** 19.42 (10) (t) of the statutes is created to read:

1 *executive director of the investment board*
 2 19.42 (10) (t) The executive director of the Wisconsin Venture Capital
 3 Authority, the members of the authority's board of directors who are appointed by the
 4 speaker of the assembly and the majority leader of the senate, and the investment
 5 manager of the badger jobs fund hired under s. 239.41. *fund*

5 SECTION 32. 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, the members of the authority's board of directors who are appointed by the
 8 speaker of the assembly and the majority leader of the senate, and the investment
 9 manager of the badger jobs fund hired under s. 239.41. *fund*

10 SECTION 33. 20.195 of the statutes is created to read:

11 **20.195 Wisconsin Venture Capital Authority.** There is appropriated to the
 12 Wisconsin Venture Capital Authority for the following programs:

13 (1) VENTURE CAPITAL INVESTMENT PROGRAMS. (q) *Badger jobs fund.* From the
 14 badger jobs fund, all moneys received under s. 16.5195 for the investments and
 15 grants under subch. II of ch. 239.

16 SECTION 34. 25.14 (1) (a) (intro.) of the statutes is amended to read:

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

22 SECTION 35. 25.90 of the statutes is created to read:

23 **25.90 Badger jobs fund.** There is established a separate nonlapsible trust
 24 fund designated as the badger jobs fund. The fund shall consist of all moneys
 25 transferred to the fund under s. 16.5195, together with all donations, gifts, or

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

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.** 71.07 (5d) (c) 1. of the statutes is repealed.

10 **SECTION 39.** 73.03 (63) of the statutes is amended to read:

11 73.03 (63) Notwithstanding the amount limitations specified under ~~s. 71.07~~
12 ~~(5d)(c) 1.~~ and s. 238.15 (3) (d) or s. 560.205 (3) (d), 2009 stats., in consultation with
13 the department of commerce or the Wisconsin Economic Development Corporation,
14 to carry forward to subsequent taxable years unclaimed credit amounts of the early
15 stage seed investment credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638
16 and the angel investment credit under s. 71.07 (5d). Annually, no later than July 1,
17 the department of commerce or the Wisconsin Economic Development Corporation
18 shall submit to the department of revenue its recommendations for the carry forward
19 of credit amounts as provided under this subsection.

20 **SECTION 40.** 77.54 (9a) (a) of the statutes is amended to read:

21 77.54 (9a) (a) This state or any agency thereof, the University of Wisconsin
22 Hospitals and Clinics Authority, the Wisconsin Aerospace Authority, the Health
23 Insurance Risk-Sharing Plan Authority, the Wisconsin Economic Development
24 Corporation, the Wisconsin Venture Capital Authority, and the Fox River
25 Navigational System Authority.

1 **SECTION 41.** 100.45 (1) (dm) of the statutes is amended to read:

2 100.45 (1) (dm) "State agency" means any office, department, agency,
3 institution of higher education, association, society, or other body in state
4 government created or authorized to be created by the constitution or any law which
5 is entitled to expend moneys appropriated by law, including the legislature and the
6 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
7 Center Sports and Entertainment Corporation, the University of Wisconsin
8 Hospitals and Clinics Authority, the Wisconsin Health and Educational Facilities
9 Authority, the Wisconsin Aerospace Authority, the Wisconsin Economic
10 Development Corporation, the Wisconsin Venture Capital Authority, and the Fox
11 River Navigational System Authority.

12 **SECTION 42.** 230.03 (3) of the statutes is amended to read:

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

23 **SECTION 43.** 230.03 (3) of the statutes, as affected by 2011 Wisconsin Act 32 and
24 2013 Wisconsin Act (this act), is repealed and recreated to read:

1 (b) Four persons from the private sector, at least 3 of whom shall have venture
2 capital, investment banking, or substantial entrepreneurial experience, nominated
3 by the governor, and with the advice and consent of the senate appointed, for 3-year
4 terms.

5 (c) One member appointed by the speaker of the assembly for a 3-year term
6 who shall have venture capital, investment banking, or substantial entrepreneurial
7 experience.

8 (d) One member appointed by the senate majority leader for a 3-year term who
9 shall have venture capital, investment banking, or substantial entrepreneurial
10 experience.

11 (2) A majority of the members of the board constitutes a quorum for the purpose
12 of conducting its business and exercising its powers and for all other purposes,
13 notwithstanding the existence of any vacancies. Action may be taken by the board
14 upon a vote of a majority of a quorum.

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

17 (4) A member of the board may not be compensated for the member's services
18 but shall be reimbursed for actual and necessary expenses, including travel
19 expenses, incurred in the performance of the member's duties.

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

24 (6) Annually, the governor shall appoint one member as chairperson of the
25 board.

(B) (6)
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1 (7) The board may hire an executive director. The board may delegate to the
2 executive director or any other employee of the authority any powers or duties the
3 board considers proper. All powers and duties assigned to the authority under this
4 chapter shall be exercised or carried out by the board, unless the board delegates the
5 power or duty to an employee of the authority.

6 **239.03 Powers of authority.** The authority shall have all the powers
7 necessary or convenient to carry out the purposes and provisions of this chapter. In
8 addition to all other powers granted the authority under this chapter, the authority
9 may specifically:

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

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

13 (3) Maintain an office.

14 (4) Sue and be sued.

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

17 (6) Establish the annual budget of the authority and monitor its fiscal
18 management.

19 (7) Execute contracts and other instruments required for the operation of the
20 authority, including any contract with the investment board under s. 25.17 (72) or
21 (73).

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

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

25 (10) Make loans.

1 **(2)** The authority shall delegate to the fund manager the powers necessary or
2 convenient for the fund manager to carry out the authority's duties under this
3 subchapter.

4 **(3)** (a) The executive director of the investment board shall appoint a
5 committee that consists of 3 members who shall select a candidate for fund manager.
6 The executive director shall appoint the members of the selection committee based
7 on a member's experience and leadership in capital investment. Members of the
8 selection committee shall serve without compensation, but may be reimbursed for
9 their actual and necessary expenses incurred in the performance of their duties.

10 (b) 1. The selection committee appointed under par. (a) shall select a candidate
11 for fund manager to recommend to the authority. In choosing that candidate, the
12 selection committee shall consider an applicant's experience evaluating start-up
13 companies, relationships with regional and national investment capital funds that
14 may make investments in this state, experience managing publicly funded
15 investment funds, performance managing existing portfolio funds and syndication
16 partnerships, and experience gathering and making reports concerning investment
17 fund performance data.

18 2. The authority may reject a candidate for fund manager that the selection
19 committee recommends under subd. 1.

20 3. If the authority rejects a candidate for fund manager under subd. 2., the
21 selection committee shall make another recommendation to the authority, subject to
22 the requirements under subd. 1.

23 (c) The authority shall staff the selection committee and pay the selection
24 committee's administrative or other costs.

1 **239.42 Qualified capital funds.** (1) APPLICATION. Any person may apply to
2 the authority on a form prescribed by the authority for approval under this section.
3 The application shall include the name, address, and tax identification number of the
4 applicant and any other information the authority requires.

5 (2) APPROVAL FOR INVESTMENTS. The authority may approve an applicant under
6 sub. (1) to receive fund capital. In determining whether to approve an applicant, the
7 authority shall consider all of the following:

8 (a) The applicant's investment experience.

9 (b) The past performance of any investment managed by the applicant.

10 (c) The applicant's commitment to investing in businesses within this state and
11 maintaining an office in this state.

12 (d) The applicant's commitment to making investments that are diverse with
13 respect to the geographic location within this state and industry classification of the
14 businesses in which the applicant invests.

15 **239.43 Investments of fund capital in qualified investment capital**
16 **funds; requirements.** (1) FUND INVESTMENTS. (a) From the appropriation under
17 s. 20.195 (1) (q), the authority shall invest a total of at least \$180,000,000 in qualified
18 investment capital funds over the life of the fund.

19 (b) The authority shall ensure that an amount equal to 100 percent of the fund
20 capital it invests under this section is invested in businesses that are headquartered
21 in this state and that at least \$170,000,000 of that fund capital is invested in
22 businesses that meet all of the following additional conditions at the time a qualified
23 investment capital fund first invests in the business under this section:

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

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

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

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

10 (c) The authority may not invest more than \$15,000,000 of fund capital in a
11 single qualified investment capital fund.

12 **(2) CONTRACTS.** Before the authority invests any fund capital in a qualified
13 investment capital fund, the authority shall contract with the qualified investment
14 capital fund. In addition to any other terms required or negotiated by the authority,
15 that contract shall include the following requirements:

16 (a) The qualified investment capital fund shall commit to maintaining a
17 significant physical presence in this state, including locating an office in this state
18 that is staffed with at least one full-time employee of the qualified investment
19 capital fund whose compensation is paid only by the qualified investment capital
20 fund.

21 (b) Within 4 years after the qualified investment capital fund receives a
22 commitment of fund capital from the authority, the qualified investment capital fund
23 shall have made initial investments and maintain reserves for follow-on
24 investments of at least 100 percent of that fund capital in businesses approved by the
25 authority during the life of the fund.

1 (c) The qualified investment capital fund may not invest less than \$250,000 in
2 fund capital in any one business.

3 (d) The qualified investment capital fund may not receive fund capital that
4 exceeds 20 percent of the total moneys for investment, including any outstanding
5 commitment, that the qualified investment capital fund has raised from all sources,
6 except that a Wisconsin-based qualified investment capital fund, as determined by
7 the authority, may not receive fund capital that exceeds 50 percent of the total
8 moneys for investment, including any outstanding commitment, that the qualified
9 investment capital fund has raised from all sources.

10 (e) The authority's profit-sharing agreement with any qualified investment
11 capital fund shall be on terms that are substantially equivalent to the terms
12 applicable for other funding sources of the qualified investment capital fund for
13 similar investments.

14 (f) From any investment of fund capital by a qualified investment capital fund
15 under this section, the qualified investment capital fund may not pay a fee to itself
16 or to any principal or manager of the qualified investment capital fund that is higher
17 than the average fee it earns on other investments, and the fee may not exceed 2.5
18 percent of the total amount of fund capital contributed to that investment by the
19 authority.

20 (g) The qualified investment capital fund shall disclose to the authority any
21 interest that it or an owner, stockholder, partner, officer, director, member, employee,
22 or agent of the qualified investment capital fund holds in a business in which the
23 qualified investment capital fund invests or intends to invest fund capital.

1 (h) The amount of fund capital the qualified investment capital fund receives
2 may not be applied toward a tax credit under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47
3 (5b), or 76.638.

4 (i) The qualified investment capital fund shall maintain liability insurance in
5 the amounts and for the coverages determined by the authority.

6 (j) The qualified investment capital fund shall agree that the authority and the
7 state may refer to the qualified investment capital fund's name in public
8 announcements or other documents or communications relating to the fund.

9 **(3) REPAYMENT OF FUND CAPITAL.** In addition to any other legal remedies
10 available to the authority, if a qualified investment capital fund fails to satisfy any
11 of the requirements under sub. (2), the authority is entitled to payment from the
12 qualified investment capital fund equal to 100 percent of the amount of fund capital
13 the qualified investment capital fund received from the authority.

14 **239.435 Angel investor networks.** (1) From the appropriation under s.
15 20.195 (1) (q), and subject to sub. (2), the authority may commit up to a total of
16 \$20,000,000 to investments proposed to the authority by angel investor networks.

17 **(2)** The authority may commit fund capital to an investment in a business
18 under this section only if all of the following requirements are satisfied:

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

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

22 (c) The authority's profit-sharing agreement with the angel investor network
23 is on terms that are substantially equivalent to the terms applicable for other
24 members of the angel investor network with respect to the investment.

1 **239.437 Grants to qualified business development organizations. (1)**

2 BADGER JOBS FUND GRANTS. From the appropriation under s. 20.195 (1) (q), the
3 authority shall make grants to qualified business development organizations that
4 total \$8,000,000 over the life of the fund for investment in start-up businesses.

5 (2) APPLICATION. Any person may apply to the authority, on a form prescribed
6 by the authority, for approval under sub. (3). The application shall include the name,
7 address, and tax identification number of the person and any other information the
8 authority requires.

9 (3) APPROVAL. The authority may approve an applicant under sub. (2) to receive
10 a grant under this section if the authority determines that the applicant operates a
11 nonprofit or for-profit business incubator, regional economic development
12 partnership, local economic development organization, or non-profit or for-profit
13 entrepreneurial service agency that directly provides one or more of the following
14 services to start-up businesses:

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

19 (b) As determined by the authority, high quality business support that is visible
20 and easily accessible to entrepreneurs and small companies; that offers substantial
21 management services or similar services to portfolio companies; and that integrates
22 sources of deal flow, entrepreneurial support, and capital to effectively grow
23 entrepreneurial commercialization outcomes.

24 (4) CONTRACTS. Before the authority makes a grant under this section to a
25 qualified business development organization, the authority shall contract with the

1 qualified business development organization. In addition to any other terms
2 required by the authority, that contract shall include the following requirements:

3 (a) The qualified business development organization shall commit to
4 maintaining a significant physical presence in this state, including locating an office
5 in this state that is staffed with at least one full-time employee of the qualified
6 business development organization.

7 (b) The qualified business development organization shall invest 100 percent
8 of the amount of the grant it receives from the authority under this section in a
9 business that meets all of the following conditions at the time the qualified business
10 development organization first invests in the business under this paragraph:

11 1. The business is headquartered in this state.

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

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

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

20 5. The business is participating in a business development program that is
21 approved by the authority and is operated or approved by the qualified business
22 development organization, and the business receives the investment under this
23 paragraph as part of that program.

24 (c) 1. When a qualified business development organization makes an
25 investment of grant moneys in a business, the qualified business development

1 organization shall at least match the amount of those grant moneys with an
2 investment of capital in the business that the qualified business development
3 organization has raised from other sources.

4 2. If an investment of grant moneys subject to subd. 1. is made as part of an
5 existing equity investment portfolio that the qualified business development
6 organization already manages and that portfolio has been funded from other sources,
7 the qualified business development organization shall apply those moneys supplied
8 from those other sources for the purpose of satisfying the matching requirement
9 under subd. 1.

10 (d) The qualified business development organization may not apply the amount
11 of the grant moneys it receives from the authority toward a tax credit under s. 71.07
12 (5b) or (5d), 71.28 (5b), 71.47 (5b), or 76.638.

13 **239.44 Businesses that operate in economically distressed areas. (1)**

14 In this section, "distressed community" means an economically distressed area, as
15 designated by the Wisconsin Economic Development Corporation under s. 238.304
16 (1).

17 (2) (a) To the extent feasible, the authority shall attempt to ensure that the
18 moneys it invests under s. 239.435 are invested in businesses that operate in a
19 distressed community.

20 (b) To the extent feasible, the authority shall attempt to ensure that the moneys
21 it grants under s. 239.437 are invested by qualified business development
22 organizations in businesses that operate in a distressed community.

23 (3) Upon its liquidation of assets under s. 239.49 (2) (a), the authority shall use
24 25 percent of the amount of those liquidated assets that exceeds \$208,000,000 for an
25 economic development program that serves distressed communities.

1 **239.45 Reporting requirements.** (1) ANNUAL REPORT. Annually, the
2 authority shall submit to the chief clerk of each house of the legislature, for
3 distribution to the legislature under s. 13.172 (2), and to the governor, a report that
4 includes all of the following:

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

7 (b) The authority's current investment policy for the fund.

8 (c) The authority's internal rate of return from its investments of fund capital.

9 (d) For each qualified investment capital fund in which the authority held an
10 investment of fund capital under s. 239.43 during the preceding year, all of the
11 following:

12 1. The name and address of the qualified investment capital fund.

13 2. The amount of each investment and the amount contributed to the
14 investment by the qualified investment capital fund.

15 3. The internal rate of return realized by the qualified investment capital fund
16 on each investment.

17 4. An accounting of any fee the qualified investment capital fund paid to itself
18 or any principal or manager of the qualified investment capital fund during the
19 preceding year.

20 (e) For each business in which a qualified investment capital fund held an
21 investment of fund capital during the preceding year, all of the following:

22 1. The name and address of the business.

23 2. A description of the nature of the business.

24 3. The amount of each investment of fund capital in the business and the
25 amount contributed to that investment by the qualified investment capital fund.

1 4. An identification of the qualified investment capital fund that made the
2 investment.

3 5. A statement of the number of employees the business employed when the
4 qualified investment capital fund first invested in the business, the number of
5 employees the business employed on January 1 of the year preceding the year of the
6 report, and the number of employees the business employed on December 31 of the
7 year preceding the year of the report.

8 (f) For each investment of fund capital held by the authority in a business under
9 s. 239.435 during the preceding year, all of the following:

- 10 1. The name and address of the business.
- 11 2. A description of the nature of the business.
- 12 3. An identification of the angel investor network.
- 13 4. The amount of the investment and the amount contributed to the investment
14 by the angel investor network.

15 5. A statement of the number of employees the business employed when the
16 authority first invested in the business, the number of employees the business
17 employed on January 1 of the year preceding the year of the report, and the number
18 of employees the business employed on December 31 of the year preceding the year
19 of the report.

20 (g) With respect to grants under s. 239.437, all of the following:

- 21 1. An accounting of the total amount of moneys the authority granted to
22 qualified business development organizations during the preceding year.
- 23 2. For each qualified business development organization that received a grant
24 from the authority during the preceding year, the name and address of the qualified
25 business development organization and the amount of the grant.

1 3. For each business in which a qualified business development organization
 2 held an investment of grant moneys during the preceding year, the name and address
 3 of the business, a description of the nature of the business, and an identification of
 4 the qualified business development organization that made the investment; the total
 5 amount of each investment in the business, including grant moneys and moneys
 6 contributed by the qualified business development organization or by other funding
 7 sources; and a statement of the number of employees the business employed when
 8 the qualified business development organization first invested grant moneys in the
 9 business, the number of employees the business employed on January 1 of the year
 10 preceding the year of the report, and the number of employees the business employed
 11 on December 31 of the year preceding the year of the report.

12 (2) PROGRESS REPORT. In January 2020, the authority shall submit a report to
 13 the joint committee on finance that includes all of the following:

14 (a) A comprehensive assessment of the success to date of the programs
 15 administered by the authority under this subchapter.

16 (b) Any recommendations the authority has for improvement of the programs
 17 administered by the authority under this subchapter and the specific actions the
 18 authority intends to take or proposes to be taken to implement those
 19 recommendations.

20 (c) Any recommendations the investment board has for improvement of the
 21 programs administered by the authority under this subchapter and the specific
 22 actions the investment board proposes to be taken to implement those
 23 recommendations.

24 **239.49 Winding up of the badger jobs fund.** (1) END OF BUSINESS. The
 25 secretary of administration shall determine the date that the authority satisfies the

Handwritten notes: Board responsibility. The board shall ensure that the reports under subs. (1) and (2) are complete and submitted in a timely manner.

Insert 38-13

1 the member and until a successor is chosen and qualifies. A provisional ^{appointee} ~~appointee~~ ^{STET}
2 may exercise all the powers and duties of board membership to which the person is
3 ^{STET} ~~appointed~~ ^{appointed} during the time in which the ^{appointee} ~~appointee~~ qualifies. ^{STET}

4 ^{STET} (b) A provisional ^{appointment} ~~appointment~~ made under paragraph (a) that is withdrawn by
5 the ^{executive director of the investment board} ~~governor~~ shall, upon withdrawal, lapse and create a vacancy for provisional
6 ^{appointment} ~~appointment~~ of another initial member of the board of directors ^{or chairperson of the}
7 ^{board} ~~board~~ of the authority. Any provisional ^{nomination} ~~appointment~~ made under paragraph (a) that ^{STET}
8 is rejected by the senate shall upon rejection lapse and create a vacancy for
9 nomination and appointment of another initial board member ^{or chairperson of the}
10 ^{board} ~~board~~ under paragraph (a).

11 (c) Notwithstanding the lengths of terms specified in section 239.02 (1) of the
12 statutes, as created by this act, the initial members of the board of directors of the
13 authority shall be appointed for the following terms:

- 14 1. One member appointed by the governor for a term expiring on July 1, 2015.
- 15 2. One member appointed by the governor for a term expiring on July 1, 2016.
- 16 3. One member appointed by the governor, and the member appointed by the
17 speaker of the assembly, for terms expiring on July 1, 2017.
- 18 4. One member appointed by the governor, and the member appointed by the
19 majority leader of the senate, for terms expiring on July 1, 2018.

20 (d) The governor, the speaker of the assembly, and the senate majority leader
21 shall attempt to appoint the initial members of the board under section 239.02 (1) ^(b)
22 ^{to (d)} of the statutes, as created by this act, within 60 days after the effective date
23 of this paragraph.

24 **SECTION 46. Effective dates.** This act takes effect on the day after publication,
25 except as follows:

the executive director of the investment board;

1 ANALYSIS INSERT

13

Under the bill, the authority is governed by a 12-member board of directors (board) that consists of a chairperson nominated by the governor who serves at the pleasure of the governor; the chief executive officer of the Wisconsin Economic Development Corporation or his or her designee; seven members with substantial equity investment or angel or early stage investment experience, nominated by the executive director of the State of Wisconsin Investment Board (SWIB) and appointed with the advice and consent of the senate; two members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly; and two members appointed by the senate majority leader, consisting of one majority and one minority party senator. Each of the members of the board nominated by the executive director of SWIB serves a staggered six-year term and may not be an officer, director, or other principal in an equity investment firm. 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. The bill requires that the governor, the executive director of SWIB, the speaker of the assembly, and the senate majority leader attempt to appoint the initial members of the board within 60 days after the effective date of the bill.

governs
the authority
The board

STB

STB

2 END ANALYSIS INSERT

3 INSERT 10-23

4 SECTION 16.015 of the statutes is created to read:

Wisconsin Venture Capital Authority

5 **16.015 Administrative support.** ADMINISTRATIVE SUPPORT. The department

6 shall provide administrative support services to the Wisconsin Venture Capital
7 Authority.

8 END INSERT 10-23

9 INSERT 22-22

10 (a) A chairperson, nominated by the governor, and with the advice and consent
11 of the senate appointed, to serve at the pleasure of the governor. The chairperson
12 shall have at least 10 years of experience in equity investing at the time of
13 appointment. The chairperson may not be an officer, director, or other principal of
14 an equity investment firm.

1 (b) The chief executive officer of the Wisconsin Economic Development
2 Corporation or his or her designee.

3 (c) Seven persons nominated by the executive director of the investment board,
4 and with the advice and consent of the senate appointed, for 6-year terms. Six
5 members appointed under this paragraph shall have at least 10 years of experience
6 in equity investing at the time of appointment, and one member appointed under this
7 paragraph shall have at least 10 years of experience in angel or early stage ^{seed} investing
8 at the time of appointment. No member appointed under this paragraph may be an
9 officer, director, or other principal of an equity investment firm.

10 (d) Two members appointed by the speaker of the assembly, consisting of one
11 majority and one minority party representative to the assembly, appointed as are the
12 members of standing committees in the assembly.

13 (e) Two members appointed by the senate majority leader, consisting of one
14 majority and one minority party senator, appointed as are members of standing
15 committees in the senate.

16 END INSERT 22-22

17 INSERT 38-13

18 1. Two members ^{nominated} ~~appointed~~ by the executive director of the investment board
19 for terms expiring on July 1, 2017.

20 2. Two members ^{nominated} ~~appointed~~ by the executive director of the investment board
21 for terms expiring on July 1, 2018.

22 3. Two members ^{nominated} ~~appointed~~ by the executive director of the investment board
23 for terms expiring on July 1, 2019.

24 4. One member ^{nominated} ~~appointed~~ by the executive director of the investment board
25 for a term expiring on July 1, 2020.

1

END INSERT 38-13

Rose, Stefanie

From: Knickelbine, Mark
Sent: Monday, June 10, 2013 9:33 AM
To: LRB.Legal
Subject: Draft Review: LRB -2463/1 Topic: Investment program to be administered by a venture capital authority

Please Jacket LRB -2463/1 for the SENATE.