



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-0365/P2  
MPG:wlj:jf

DOA:.....Quinn, BB0127 - Qualified new business venture technical changes  
**FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION**

**AN ACT** ...; **relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**  
**ECONOMIC DEVELOPMENT**

Under current law, angel investors may receive tax credits for certain investments in businesses certified by WEDC. WEDC may certify a business for purposes of the angel investment tax credit only if the business satisfies specific statutory requirements, including the following:

1. The business is headquartered in Wisconsin.
2. At least 51 percent of the business's employees are employed in Wisconsin.
3. The business has fewer than 100 employees when initially certified by WEDC.
4. The business agrees that it will not relocate outside of Wisconsin during the three years after it receives an eligible angel investment or it must pay a penalty equalling up to 100 percent of the tax credits claimed for that angel investment. Under current law, a business relocates outside of Wisconsin for purposes of the angel investment tax credit if it locates more than 51 percent of its employees, total payroll, or headquarters outside of Wisconsin.

This bill permits WEDC to waive one or more of the above requirements based on standards that must be approved by WEDC's board. The bill also provides that the requirements under item 4, above, do not apply to a business that WEDC certified for purposes of the angel investment tax credit before April 20, 2012, and that executed a convertible note or bond in reliance on that certification.

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

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

**SECTION 1.** 238.15 (1) (intro.) of the statutes is amended to read:

238.15 (1) ANGEL INVESTMENT TAX CREDITS. (intro.) The corporation shall implement a program to certify businesses for purposes of s. 71.07 (5d). A business desiring certification shall submit an application to the corporation in each taxable year for which the business desires certification. The business shall specify in its application the investment amount it wishes to raise and the corporation may certify the business and determine the amount that qualifies for purposes of s. 71.07 (5d). The Except as provided in policies and procedures under sub. (3) (dm), the corporation may certify or recertify a business for purposes of s. 71.07 (5d) only if the business satisfies all of the following conditions:

\*\*\*\*NOTE: This is reconciled s. 238.15 (1) (intro.). This SECTION has been affected by drafts with the following LRB numbers:-0365/P1 and -0996/P2.

**SECTION 2.** 238.15 (1) (m) 1. (intro.) of the statutes is amended to read:

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

\*\*\*\*NOTE: This is reconciled s. 238.15 (1) (m) 1. (intro.). This SECTION has been affected by drafts with the following LRB numbers:-0365/P1 and -0996/P2.

**SECTION 3.** 238.15 (1) (m) 3. of the statutes is created to read:

238.15 (1) (m) 3. Subdivision 1. does not apply to a business that the corporation certified for purposes of s. 71.07 (5d) before April 20, 2012, and that, in reliance on that certification, executed a note or bond that is convertible to an equity interest.

**SECTION 4.** 238.15 (3) (dm) of the statutes is created to read:

238.15 (3) (dm) The corporation's policies and procedures under this subsection shall permit the corporation to waive one or more of the requirements under sub. (1) (a), (b), (h), and (m) 1. based on standards the corporation establishes in the policies and procedures. The corporation may not waive a requirement under sub. (1) (a), (b), (h), or (m) 1. unless the board approves the standards in the policies and procedures and the waiver complies with those standards.

(END)