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## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

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**2005 Wisconsin Act 417**  
[2005 Senate Bill 338]

**UW Contracts with Research  
Companies**

Section 946.13 (1), Stats., prohibits a public officer or employee from making or performing a contract in his or her official capacity if he or she has a private pecuniary interest in the contract and if his or her official involvement in the contract requires the exercise of discretion. For this offense, a person may be fined not more than \$10,000, sentenced to a term of confinement and extended supervision that together may not exceed three and one-half years, or both fined and sentenced.

**2005 Wisconsin Act 417** creates a temporary exemption to the prohibition in s. 946.13 (1) for certain contracts between the University of Wisconsin (UW) System, or any institution or college campus within the system, and a research company. “Research company” is defined as an entity engaged in commercial activity that is related to research conducted by an employee or officer of the UW System or to a product of such research. The exemption created in the Act sunsets on June 3, 2011.

**Act 417** specifies that, until June 3, 2011, s. 946.13 (1), Stats., does not apply to a contract between a research company and the UW System, a UW institution, or UW college campus for purchase of goods or services if the contract is approved by a UW System employee or officer responsible for evaluating and managing potential conflicts of interest, and either of the following apply:

1. The contract, together with all other contracts between the same parties, require less than \$75,000 in payments over a 24-month period.
2. The UW System submits the contract to the attorney general for review, and the attorney general does not notify the UW System that the contract would violate s. 946.13 (1), Stats.

The attorney general review described under item 2., above, is a “passive review.” Act 417 requires the attorney general to review any contract submitted by the UW System to determine whether it would constitute a violation of s. 946.13 (1), Stats. If the attorney general determines that entering into the contract would constitute a violation, the attorney general must notify the UW System of this determination within 30 days after the contract is submitted for review. The attorney general may

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

extend the review period by an additional 30 days with written notice to the UW System. If the UW System does not receive notification from the attorney general within the designated review period, s. 946.13 (1), Stats., does not apply to that contract.

The provisions of the bill apply regardless of the date on which a contract was entered into.

***Effective Date:*** June 3, 2006

***Prepared by:*** Mary Matthias, Senior Staff Attorney

June 15, 2006

MM:jal