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# JAMES W. EDMING

STATE REPRESENTATIVE • 87<sup>TH</sup> ASSEMBLY DISTRICT

**Testimony in Support of Senate Bill 404**  
*Senate Committee on Revenue, Financial Institutions and Rural Issues*  
December 12, 2017

Mr. Chairman and committee members, thank you for holding a public hearing on Senate Bill (SB) 404. My apologies that I was not able to testify in-favor of this bill in person. I would like to thank Senator Testin for working with me on this important legislation.

Over the past several years, Wisconsin's business climate has improved significantly. However, one area where we continue to struggle is in the area of small business startups. Earlier this year, the Milwaukee Journal Sentinel reported that Wisconsin ranked last in business startup activity for the third year in a row, according to a report from the Ewing Marion Kauffman Foundation. Small, homegrown businesses are vital to the economy of our state. For the economic health of our state to remain strong, it is essential that we find new ways to attract and retain young entrepreneurs. All too often, young entrepreneurs who graduate from our state's colleges and universities leave Wisconsin once they graduate for better opportunities. SB 404 seeks to change that by removing a barrier to entrepreneurship and incentivizing student entrepreneurs to start a business right here in Wisconsin.

SB 404 exempts students enrolled in a post-secondary institution in Wisconsin from paying the initial \$130 filing fee for forming a limited liability company (LLC). To qualify for this exemption, all members of the LLC must be enrolled in a post-secondary institution in Wisconsin and the LLC being formed must be a business startup.

Starting a business requires capital which students often lack. The filing fee exemption provided by this legislation would free up these funds for investment in the LLC itself thus providing more resources for these young entrepreneurs to get their small business off the ground. While this exemption is not a game changer, it is a strong step in the right direction to improving entrepreneurship in our state.

I ask for your support of SB 404. Please do not hesitate to reach out to me or my office with any questions you may have.

## **Senate Bill 404 Testimony: Jacob Smith, UW-Madison**

Chairman Marklein and Members of the Senate Committee on Revenue, Financial Institutions & Rural Issues,

Thank you for the opportunity to submit testimony today in support of Senate Bill 404. My name is Jake Smith and I am an MBA candidate at the University of Wisconsin-Madison. I am originally from Nashotah, WI. I graduated from UW-Madison with an undergraduate degree in biochemistry, specializing in Global Health. I have two years of experience in the financial industry, working as a mortgage banker and at gener8tor, a local startup accelerator. Currently, I am a second year MBA student, pursuing my MBA in corporate finance, investment banking, and completing a fellowship in entrepreneurship. I am also co-president of the Entrepreneurship Association here on campus. We are a club built around encouraging and nurturing entrepreneurial ideas and spirit. We learn from each other, local and national entrepreneurs, and create connections with other entrepreneurial and technical clubs on campus. Our goal is to engage and empower students, allowing them to get exposure and get involved in Madison's entrepreneurial community.

Senate Bill 404 would exempt student entrepreneurs like me from the initial filing fee for the articles of organization to form an LLC. While this may seem like a small change, the initial filing fee can be another financial challenge or hurdle toward successfully establishing an LLC, especially for students. I've seen this first hand as President of the Entrepreneurship Association and at my role at gener8tor. On top of balancing tuition payments and other financial obligations, student entrepreneurs are often investing in their LLCs to get them off the ground. Exempting students from the filing fee could eliminate another item in their budget that could be used towards the operation of the LLC. It is great to see that legislators want to have a conversation about what the state can do to help student entrepreneurs grow their businesses in Wisconsin.

I would like to thank Senator Testin and Representative Edming for introducing this legislation that will make a difference across the state for students like me. If members have questions regarding the testimony that I have submitted, please feel free to reach out using the contact information that I have provided. Thank you again for your consideration of my testimony.

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# PATRICK TESTIN

## STATE SENATOR

**DATE:** December 12, 2017

**RE:** Testimony on 2017 Senate Bill 404

**TO:** The Senate Committee on Revenue, Financial Institutions, and Rural Issues

**FROM:** Senator Patrick Testin

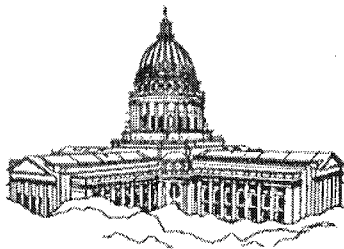
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Thank you to Chairman Marklein and the members of the committee for giving me this chance to present testimony on Senate Bill 404 (SB 404). This bill incentivizes young entrepreneurs by eliminating their initial filing fee for incorporating a Limited Liability Company (LLC).

Wisconsin has come a long way in the last seven years. Taxes are down, unemployment is down, and CEOs from across the country call Wisconsin one of the top ten states in which to do business. However, Wisconsin has room for improvement when it comes to fostering startups. By passing this legislation and removing a barrier to entry, we send a message that Wisconsin is a place that values young entrepreneurs.

This bill is based on a similar piece of legislation that Representative Edming worked on last session. That version limited qualifying LLCs to those that pertained to the STEM field, while the bill we're testifying about today makes all student formed LLCs eligible. Last session's version passed the Assembly on a voice vote, but failed to gain traction in the Senate due to a lack of a Senate lead. This year, I'm proud to say that the bill has bi-partisan support in both houses.

Please join me in supporting this piece of legislation.



# LENA C. TAYLOR

Wisconsin State Senator • 4th District

HERE TO SERVE YOU!

**Testimony of State Senator Lena C. Taylor**  
**Senate Committee on Revenue, Financial Institutions, and Rural Issues**  
**Senate Bill 404**  
**December 12, 2017**

Good morning, Chairman Marklein and committee members. I would like to thank the committee for giving me the opportunity to submit written testimony regarding Senate Bill 404, relating to exempting student entrepreneurs from an initial filing fee.

Helping entrepreneurs succeed is crucial toward driving small business and startup growth. As we all know, small and startup businesses are the backbone of our economy. According to the U.S. Small Business Administration, small businesses employed over 1.2 million Wisconsinites in 2014 – over half our state’s private workforce. In the same year, data from the agency showed that Wisconsin had 440,763 small businesses, which accounted for 97.7 percent of all Wisconsin businesses.

Despite the importance of small businesses, Wisconsin lags behind the nation in business startup activity. In fact, 2017 represented the third straight year that Wisconsin ranked dead last in the nation for startup activity under rankings by the Ewing Marion Kauffman Foundation. That is unacceptable, and it hurts our state’s ability to attract and inspire entrepreneurs.

Senate Bill 404, will not only provide needed assistance for our student entrepreneurs, but it will help Wisconsin attract and retain a workforce that is young, educated, and ambitious. Governor Scott Walker recently announced that he would like to spend \$6.8 million on a marketing campaign to attract millennial workers. In the midst of that campaign, I hope Governor Walker considers some of the proposals that my Democratic colleagues and I have previously shared, such as plans to expand access to affordable higher education and prioritizing our transportation systems by properly funding public mass transit and our roads.

With Senate Bill 404, we are encouraging entrepreneurial activity by removing a barrier for our students, who may have otherwise been discouraged by the fee as \$130 means more to low-income and working-class students that it may mean for individuals who have started their careers and earn a professional salary. This bill is a step towards helping new businesses, students, and ultimately – our state economy. I ask for your support of Senate Bill 404. Thank you for your time and consideration.

Senator Lena C. Taylor  
4<sup>th</sup> Senate District