



## 2011 ASSEMBLY BILL 651

March 2, 2012 – Introduced by Representatives MOLEPSKE JR, C. TAYLOR, ZEPNICK, SPANBAUER, HEBL, HULSEY, POPE-ROBERTS, YOUNG, SINICKI, E. COGGS, ROYS, BERCEAU and VRUWINK. Referred to Committee on Jobs, Economy and Small Business.

- 1     **AN ACT** *to create* 20.192 (1) (g), 73.16 and 238.14 of the statutes; **relating to:**  
2             clean technology grants and making an appropriation.

---

### *Analysis by the Legislative Reference Bureau*

Under this bill, a portion of withholding taxes collected from certain “qualifying companies” is used to pay for clean technology grants. Under the bill, a qualifying company is identified by the company’s principal business activity code under the North American Industry Classification System. The bill directs the Department of Revenue (DOR) to determine in July 2012 the total amount of withholding taxes due and payable from qualifying companies for the period beginning on July 1, 2011 and ending on June 30, 2012. Then, in each fiscal year, beginning with the fiscal year that begins on July 1, 2012, DOR must credit to the appropriation for clean technology grants an amount equal to 50 percent of the withholding taxes due and payable from qualifying companies that exceeds the total amount for the period beginning on July 1, 2011 and ending on June 30, 2012. DOR may not credit any amounts to that appropriation after December 31, 2022.

Under the bill, the Wisconsin Economic Development Corporation (WEDC) is required to establish a clean technology grant program under which WEDC uses taxes collected from “qualifying companies” to provide grants to certified clean technology companies, research institutions, and organizations affiliated with research institutions that arrange for the sale or licensure of clean technology research projects (technology transfer organizations). Under the bill, WEDC may certify a clean technology company if WEDC determines that the company meets all of the following conditions:

**ASSEMBLY BILL 651**

1. The company is a qualifying company.
2. The company's headquarters and principal business operations are located in Wisconsin.
3. The company, including any affiliate, employs at least 75 percent of its employees in this state.
4. The company is in need of capital.
5. The company is developing clean technology or clean technology research methods, as determined by WEDC, and demonstrates to WEDC that the company has the potential to generate high levels of successful investment performance and increase employment in this state.
6. Any other condition established by WEDC.

Before making a clean technology grant to a certified clean technology company, WEDC must enter into a contract with the company that includes the following requirements:

1. The company must use the grant for research and development related to clean technology or clean technology research methods.
2. During the term of the contract, the certified clean technology company may not relocate its headquarters outside of Wisconsin without the WEDC's approval.

The bill requires WEDC to establish criteria for awarding clean technology grants to research institutions and technology transfer organizations.

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

---

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

1           **SECTION 1.** 20.192 (1) (g) of the statutes is created to read:

2           20.192 (1) (g) *Clean technology grants.* All moneys received under ss. 73.16 (2)  
3 (b) and 238.14 (2) (c), for the grant program under s. 238.14.

4           **SECTION 2.** 73.16 of the statutes is created to read:

5           **73.16 Clean technologies.** (1) In this section, "qualifying company" means  
6 a person whose principal business activity code in the North American Industry  
7 Classification System, 2007 edition, published by the federal office of management  
8 and budget, is one of the following: 221111, hydroelectric power generation; 221119,  
9 other electric power generation; 221330, steam and air-conditioning supply; 237110,  
10 water and sewer line and related structures construction; 237130, power and

**ASSEMBLY BILL 651**

1 communication line and related structures construction; 238220, plumbing, heating,  
2 and air-conditioning contractors; 311221, wet corn milling; 311222, soybean  
3 processing; 311223, other oilseed processing; 325188, all other basic inorganic  
4 chemical manufacturing; 325193, ethyl alcohol manufacturing; 325199, all other  
5 basic organic chemical manufacturing; 325221, cellulosic organic fiber  
6 manufacturing; 325311, nitrogenous fertilizer manufacturing; 325312, phosphatic  
7 fertilizer manufacturing; 325314, fertilizer (mixing only) manufacturing; 325320,  
8 pesticide and other agricultural chemical manufacturing; 325411, medicinal and  
9 botanical manufacturing; 325412, pharmaceutical preparation manufacturing;  
10 325413, in-vitro diagnostic substance manufacturing; 325414, biological product  
11 (except diagnostic) manufacturing; 333414, heating equipment (except warm air  
12 furnaces) manufacturing; 333611, turbine and turbine generator set units  
13 manufacturing; 334413, semiconductor and related device manufacturing; 334510,  
14 electromedical and electrotherapeutic apparatus manufacturing; 334512, automatic  
15 environmental control manufacturing for residential, commercial, and appliance  
16 use; 334516, analytical laboratory instrument manufacturing; 334517, irradiation  
17 apparatus manufacturing; 335312, motor and generator manufacturing; 335911,  
18 storage battery manufacturing; 335999, all other miscellaneous electrical  
19 equipment and component manufacturing; 336111, automobile manufacturing;  
20 339112, surgical and medical instrument manufacturing; 339113, surgical appliance  
21 and supplies manufacturing; 339114, dental equipment and supplies  
22 manufacturing; 339115, ophthalmic goods manufacturing; 339116, dental  
23 laboratories; 423720, plumbing and heating equipment and supplies (hydronics)  
24 merchant wholesalers; 541380, testing laboratories; 541620, environmental  
25 consulting services; 541690, other scientific and technical consulting services;

**ASSEMBLY BILL 651**

1 541712, research and development in the physical engineering and life sciences  
2 (except biotechnology); 621511, medical laboratories; or 621512, diagnostic imaging  
3 centers.

4 (2) (a) In July 2012, the department of revenue shall determine the total  
5 amount of withholding taxes due and payable under subch. X of ch. 71 from  
6 qualifying companies during the period beginning on July 1, 2011, and ending on  
7 June 30, 2012.

8 (b) Subject to par. (d), in each fiscal year, beginning with the fiscal year that  
9 begins on July 1, 2012, the department of revenue shall credit to the appropriation  
10 account under s. 20.192 (1) (g) an amount equal to 50 percent of the amount of  
11 withholding taxes due and payable under subch. X of ch. 71 from qualifying  
12 companies in that fiscal year that exceeds the amount determined under par. (a). The  
13 department may credit such amounts on a quarterly basis based on the department's  
14 estimate of the withholding taxes due and payable by qualifying companies.

15 (c) A person who is subject to withholding taxes under subch. X of ch. 71 shall  
16 indicate to the department of revenue whether it is a qualifying company for  
17 purposes of this section in the manner determined by the department.

18 (d) The department of revenue may not credit amounts under this section on  
19 or after December 31, 2022.

20 **SECTION 3.** 238.14 of the statutes is created to read:

21 **238.14 Clean technology grants. (1) DEFINITIONS.** In this section:

22 (a) "Certified clean technology company" means a person certified by the  
23 corporation under sub. (3).

24 (b) "Qualifying company" has the meaning given in s. 73.16 (1).

**ASSEMBLY BILL 651**

1 (c) "Research institution" means an entity located and operating in this state  
2 that is any of the following:

- 3 1. A nonprofit, accredited institution of higher education.
- 4 2. A nonprofit teaching hospital.
- 5 3. A private, nonprofit medical and research center.

6 (d) "Technology transfer organization" means an entity located and operating  
7 in this state that is affiliated with a research institution that arranges for the sale  
8 or licensure of a clean technology research project to a third-party entity, which is  
9 commonly a commercial enterprise, and to which the research institution has  
10 delegated the responsibility for technology transfer.

11 **(2) GRANTS.** (a) The corporation shall develop and implement a program to  
12 award clean technology grants to certified clean technology companies, research  
13 institutions, and technology transfer organizations from the appropriation under s.  
14 20.192 (1) (g) for the purpose of developing clean technologies with the intent of  
15 accelerating the development of new products and services.

16 (b) Before awarding a grant to a certified clean technology company under the  
17 program established under par. (a), the corporation shall enter into a contract with  
18 the certified clean technology company. In addition to any other terms required or  
19 negotiated by the corporation, the contract shall include all of the following  
20 conditions:

- 21 1. The certified clean technology company shall use the grant for research and  
22 development related to clean technology or clean technology research methods, as  
23 determined by the corporation.

**ASSEMBLY BILL 651****SECTION 3**

1           2. Unless approved by the corporation, the certified clean technology company  
2 may not relocate its headquarters outside of this state during the term of the contract  
3 under this paragraph.

4           (c) The corporation may charge a fee to a research institution or technology  
5 transfer organization that applies for a grant under the program established under  
6 par. (a) or to an applicant for certification under sub. (3). Fees collected under this  
7 paragraph shall be credited to the appropriation account under s. 20.192 (1) (g).

8           **(3) CERTIFIED CLEAN TECHNOLOGY COMPANIES.** (a) *Application.* A person may  
9 apply to the corporation on a form prescribed by the corporation for certification  
10 under this subsection. The application shall include all of the following:

11           1. The name, address, and tax identification number of the person.

12           2. A description of the principal business activities of the person and the  
13 locations at which those activities are conducted.

14           3. The person's principal business activity code under the North American  
15 Industry Classification System, 2007 edition, published by the federal office of  
16 management and budget.

17           4. Any other information the corporation requires.

18           (b) *Certification.* The corporation may certify a person that submits an  
19 application under par. (a) to be eligible to receive a grant under this section if the  
20 corporation determines that the person meets all of the following conditions:

21           1. The person is a qualifying company.

22           2. The person is headquartered in, and has its principal business operations  
23 located in, this state.

24           3. The person, including any affiliate, employees at least 75 percent of its  
25 employees in this state.

