



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBs0209/2
CTS/JK/MDK/TKK:all:rs

**SENATE SUBSTITUTE AMENDMENT 1,
TO 2009 SENATE BILL 409**

December 17, 2009 – Offered by COMMITTEE ON ECONOMIC DEVELOPMENT.

1 **AN ACT** *to repeal* 20.285 (1) (eg) and 36.25 (54); *to renumber and amend*
2 560.205 (3) (d); *to amend* 20.143 (1) (c), 20.143 (1) (d), 20.143 (1) (fi), 20.143 (1)
3 (ie), 20.143 (1) (ig), 20.143 (1) (im), 20.143 (1) (io), 20.143 (1) (ir), 20.143 (1) (kj),
4 38.41 (3) (d), 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45 (2)
5 (a) 10., 77.92 (4), 560.2055 (4) (c), 560.27 (3) (c) and 560.703 (1) (a); and *to create*
6 20.285 (1) (cd), 20.285 (1) (eb), 20.285 (1) (eg), 20.437 (2) (fr), 36.25 (52), 36.25
7 (53), 36.25 (54), 49.265 (3) (b) 11., 49.265 (4) (cm), 71.07 (5d) (c) 4., 71.07 (5r),
8 71.10 (4) (cd), 71.28 (5r), 71.30 (3) (cd), 71.47 (5r), 71.49 (1) (cd), 560.203,
9 560.205 (3) (d) 1., 560.205 (3) (d) 2., 560.27 (1) (c) and 560.276 of the statutes;
10 **relating to:** a postsecondary education tax credit for businesses; grants to
11 certain community action agencies for skills enhancement programs;
12 increasing annual limits on angel investment tax credits; awarding grants to
13 the WiSys Technology Foundation, Inc.; business plan competitions and an

1 emerging technology center in the University of Wisconsin System; rural
 2 outsourcing grants; requiring the Department of Commerce to award grants to
 3 a high-technology business development corporation and grants for converting
 4 manufacturing facilities; increasing funding for certain economic development
 5 programs; a pilot program providing microloans for the creation of new
 6 businesses; increasing funding for certain technical college training program
 7 grants; providing an exemption from emergency rule procedures; granting
 8 rule-making authority; and making appropriations.

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

9 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
 10 the following amounts for the purposes indicated:

				2009-10	2010-11
11					
12	20.285	University of Wisconsin System			
13	(1)	UNIVERSITY EDUCATION, RESEARCH AND PUBLIC			
14		SERVICE			
15	(eb)	Business plan competition	GPR A	125,000	125,000
16	(eg)	Emerging technology center	GPR B	400,000	-0-

17 **20.437 Children and families, department of**

18 (2) ECONOMIC SUPPORT

19	(fr)	Skills enhancement grants	GPR A	250,000	250,000
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20 **SECTION 2.** 20.143 (1) (c) of the statutes, as affected by 2009 Wisconsin Act 28,
 21 is amended to read:

1 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
2 *assistance*. Biennially, the amounts in the schedule for grants under s. 560.145; for
3 grants and loans under ~~s. ss.~~ ss. 560.275 (2) and 560.276 and under subch. V of ch. 560;
4 for reimbursements under s. 560.167; for the costs specified in s. 560.607; for loans
5 under s. 560.203 and the loan under 1999 Wisconsin Act 9, section 9110 (4); and for
6 the grants under 1995 Wisconsin Act 27, section 9116 (7gg), 1995 Wisconsin Act 119,
7 section 2 (1), 1997 Wisconsin Act 27, section 9110 (6g), 2003 Wisconsin Act 33, section
8 9109 (1d) and (2q), 2007 Wisconsin Act 20, section 9108 (4u), (6c), (7c), (7f), (8c), (8i),
9 (9i), and (10q), 2009 Wisconsin Act 2, section 9110 (2) and (3), and 2009 Wisconsin
10 Act 28, section 9110 (17q).

11 **SECTION 3.** 20.143 (1) (d) of the statutes is amended to read:

12 20.143 (1) (d) *High-technology business development corporation*. The
13 amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (c) and (3),
14 and for the grant under 2009 Wisconsin Act (this act), section 45 (2).

15 **SECTION 4.** 20.143 (1) (fi) of the statutes, as created by 2009 Wisconsin Act 28,
16 is amended to read:

17 20.143 (1) (fi) *Forward innovation fund; grants and loans*. Biennially, the
18 amounts in the schedule for grants and loans under s. 560.276 and under subch. II
19 of ch. 560.

20 **SECTION 5.** 20.143 (1) (ie) of the statutes, as affected by 2009 Wisconsin Act 28,
21 is amended to read:

22 20.143 (1) (ie) *Wisconsin development fund, repayments*. All moneys received
23 in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., s. 560.10, 2005
24 stats., s. 560.147, 2005 stats., s. 560.16, 1995 stats., s. 560.165, 1993 stats., s. 560.275
25 (2), s. 560.62, 2005 stats., s. 560.63, 2005 stats., s. 560.66, 2005 stats., ss. 560.145,

1 560.157, and 560.45, subch. V of ch. 560, 1989 Wisconsin Act 336, section 3015 (1m),
2 1989 Wisconsin Act 336, section 3015 (2m), 1989 Wisconsin Act 336, section 3015
3 (3gx), 1997 Wisconsin Act 27, section 9110 (7f), 1997 Wisconsin Act 310, section 2
4 (2d), 1999 Wisconsin Act 9, section 9110 (4), and 2007 Wisconsin Act 20, section 9108
5 (5x), not appropriated under par. (gv) to be used for grants and loans under ~~s. ss.~~
6 560.275 (2), ~~s. 560.276, and 560.45~~, and subch. V of ch. 560, for the loan under 1999
7 Wisconsin Act 9, section 9110 (4), for the grant under 2001 Wisconsin Act 16, section
8 9110 (7g), for the grants under 2003 Wisconsin Act 33, section 9109 (1d) and (2q), for
9 grants under 2009 Wisconsin Act (this act), section 45 (1), for the study under 2009
10 Wisconsin Act 28, section 9110 (15u), and for reimbursements under s. 560.167.

11 **SECTION 6.** 20.143 (1) (ig) of the statutes, as affected by 2009 Wisconsin Act 28,
12 is amended to read:

13 20.143 (1) (ig) *Gaming economic development and diversification; repayments.*
14 Biennially, the amounts in the schedule for grants and loans under s. 560.138, for
15 grants under ~~s. 2009 Wisconsin Act (this act), section 45 (1)~~, and under ~~ss. 560.276~~
16 ~~and 560.45~~, and for the study under 2009 Wisconsin Act 28, section 9110 (15u). All
17 moneys received in repayment of loans under ss. 560.137 (2), 2005 stats., and 560.138
18 shall be credited to this appropriation account.

19 **SECTION 7.** 20.143 (1) (im) of the statutes, as affected by 2009 Wisconsin Act
20 28, is amended to read:

21 20.143 (1) (im) *Minority business projects; repayments.* All moneys received on
22 or before June 30, 2009, in repayment of grants or loans under s. 560.82 (1m) (b), 2007
23 stats., and s. 560.82 (1m) (c), 2007 stats., and loans under 1997 Wisconsin Act 9,
24 section 3, to be used for grants and loans under s. 560.45 and subch. II of ch. 560, for

1 grants under 2009 Wisconsin Act (this act), section 45 (1), and for the study under
2 2009 Wisconsin Act 28, section 9110 (15u).

3 **SECTION 8.** 20.143 (1) (io) of the statutes, as created by 2009 Wisconsin Act 28,
4 is amended to read:

5 20.143 (1) (io) *Grant and loan repayments; forward innovation fund.* All
6 moneys received in repayment of grants or loans under subch. II of ch. 560, grants
7 or loans under s. 560.82 (1m) (b) and (c), 2007 stats., and loans under 1997 Wisconsin
8 Act 9, section 3, to be used for grants and loans under s. 560.276 and under subch.
9 II of ch. 560.

10 **SECTION 9.** 20.143 (1) (ir) of the statutes, as affected by 2009 Wisconsin Act 28,
11 is amended to read:

12 20.143 (1) (ir) *Rural economic development loan repayments.* All moneys
13 received in repayment of loans under s. 560.17, to be used for grants and loans under
14 ss. 560.17 and 560.45, for grants under 2009 Wisconsin Act (this act), section 45
15 (1), and for the study under 2009 Wisconsin Act 28, section 9110 (15u).

16 **SECTION 10.** 20.143 (1) (kj) of the statutes, as affected by 2009 Wisconsin Act
17 28, is amended to read:

18 20.143 (1) (kj) *Gaming economic development and diversification; grants and*
19 *loans.* Biennially, the amounts in the schedule for grants and loans under s. ss.
20 560.138 and 560.276, for the grants under s. 560.139 (1) (a), and for the grants under
21 2001 Wisconsin Act 16, section 9110 (2k), (11pk), and (11zx), and 2009 Wisconsin Act
22 28, section 9110 (16i). All moneys transferred from the appropriation account under
23 s. 20.505 (8) (hm) 6j. shall be credited to this appropriation account.
24 Notwithstanding s. 20.001 (3) (b), the unencumbered balance on June 30 of each

1 odd-numbered year shall revert to the appropriation account under s. 20.505 (8)
2 (hm).

3 **SECTION 11.** 20.285 (1) (cd) of the statutes is created to read:

4 20.285 (1) (cd) *WiSys Technology Foundation grants.* A sum sufficient not to
5 exceed \$2,000,000 for grants to the WiSys Technology Foundation, Inc., under s.
6 36.25 (52) (b).

7 **SECTION 12.** 20.285 (1) (eb) of the statutes is created to read:

8 20.285 (1) (eb) *Business plan competition.* The amounts in the schedule to
9 support a business plan competition program under s. 36.25 (53).

10 **SECTION 13.** 20.285 (1) (eg) of the statutes is created to read:

11 20.285 (1) (eg) *Emerging technology center.* Biennially, the amounts in the
12 schedule to develop a business plan for an emerging technology center under s. 36.25
13 (54).

14 **SECTION 14.** 20.285 (1) (eg) of the statutes, as created by 2009 Wisconsin Act
15 (this act), is repealed.

16 **SECTION 15.** 20.437 (2) (fr) of the statutes is created to read:

17 20.437 (2) (fr) *Skills enhancement grants.* The amounts in the schedule to
18 provide skills enhancement grants under s. 49.265 (4) (cm).

19 **SECTION 16.** 36.25 (52) of the statutes is created to read:

20 36.25 (52) **WiSYS TECHNOLOGY FOUNDATION GRANTS.** (a) In this subsection,
21 “foundation” means the WiSys Technology Foundation, Inc.

22 (b) From the appropriation under s. 20.285 (1) (cd), the board shall award
23 grants to the foundation for the Wisconsin Small Company Advancement program
24 to provide intellectual property management services to the extension and all
25 institutions and college campuses other than the University of Wisconsin–Madison

1 and the University of Wisconsin–Milwaukee and for the administrative costs of the
2 program. The amount of each grant shall be \$250,000. The foundation may use no
3 more than \$75,000 of the amount appropriated under s. 20.285 (1) (cd) for the
4 administrative costs of the program. The board may not award a grant unless the
5 foundation shows to the satisfaction of the board that the foundation has secured,
6 after January 1, 2010, matching funds for the program from sources other than the
7 state that are equal to the amount of the grant, except that the amounts used for
8 administrative costs of the program are exempt from the matching requirement.
9 In-kind contributions may be applied to meet the matching requirement.

10 (c) The board shall submit progress reports on the use of grants under par. (b)
11 to the joint committee on finance and the chief clerk of each house of the legislature
12 for distribution to the appropriate standing committees under s. 13.172 (3), at least
13 annually until the program funded by the grants under par. (b) is terminated.

14 **SECTION 17.** 36.25 (53) of the statutes is created to read:

15 36.25 (53) BUSINESS PLAN COMPETITION. The board shall use the moneys
16 appropriated under s. 20.285 (1) (eb) to support a business plan competition program
17 existing on the effective date of this subsection [LRB inserts date], at institutions
18 and college campuses other than the University of Wisconsin–Madison that makes
19 entrepreneurial expertise available to students and that has ties to campus–based
20 business plan contests and national organizations that foster student
21 entrepreneurship. The board may use the moneys only if the board receives matching
22 funds for the same purpose from private contributions.

23 **SECTION 18.** 36.25 (54) of the statutes is created to read:

24 36.25 (54) EMERGING TECHNOLOGY CENTER. The board shall use the moneys
25 appropriated under s. 20.285 (1) (eg) to develop an emerging technology center at the

1 University of Wisconsin–La Crosse. The board may use the moneys only if the board
2 receives matching funds for the same purpose from sources other than the state.
3 In-kind contributions may be applied to meet the matching requirement.

4 **SECTION 19.** 36.25 (54) of the statutes, as created by 2009 Wisconsin Act (this
5 act), is repealed.

6 **SECTION 20.** 38.41 (3) (d) of the statutes, as created by 2009 Wisconsin Act 2,
7 is amended to read:

8 38.41 (3) (d) Beginning in the 2008–09 school year, the board shall award at
9 least \$1,000,000 annually under sub. (1) for training in advanced manufacturing
10 skills, ~~with priority given to welding and beginning in the 2010–11 school year, the~~
11 board shall award at least \$2,000,000 annually under sub. (1) for such training.

12 **SECTION 21.** 49.265 (3) (b) 11. of the statutes is created to read:

13 49.265 (3) (b) 11. Provide, to individuals who work at least 20 hours per week
14 and whose earned income is at or below 150 percent of the poverty line, a program
15 of skills enhancement that shall include access to transportation, child care, career
16 counseling, job placement assistance, and financial support for education and
17 training.

18 **SECTION 22.** 49.265 (4) (cm) of the statutes is created to read:

19 49.265 (4) (cm) From the appropriation under s. 20.437 (2) (fr), the department
20 of children and families shall distribute grants to community action agencies to
21 provide the skills enhancement services specified under sub. (3) (b) 11.

22 **SECTION 23.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act
23 28, is amended to read:

24 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
25 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),

1 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a
2 partnership, limited liability company, or tax-option corporation that has added that
3 amount to the partnership's, company's, or tax-option corporation's income under s.
4 71.21 (4) or 71.34 (1k) (g).

5 **SECTION 24.** 71.07 (5d) (c) 4. of the statutes is created to read:

6 71.07 **(5d)** (c) 4. A claimant may claim the credit under this subsection for an
7 investment that was made in a business that was located outside of this state if the
8 investment was made no more than 60 days before the business relocated to this
9 state and the business was certified as a qualified new business venture no later than
10 180 days after relocating to this state.

11 **SECTION 25.** 71.07 (5r) of the statutes is created to read:

12 71.07 **(5r)** POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
13 subsection:

14 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability
15 company, or a shareholder of a tax-option corporation who files a claim under this
16 subsection.

17 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

18 3. "Family member" has the meaning given in s. 157.061 (7).

19 4. "Managing employee" means an individual who wholly or partially exercises
20 operational or managerial control over, or who directly or indirectly conducts, the
21 operation of the claimant's business.

22 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
23 an individual for the tuition that the individual paid or incurred.

24 6. "Qualified postsecondary institution" means all of the following:

1 a. A University of Wisconsin System institution, a technical college system
2 institution, or a regionally accredited 4-year nonprofit college or university having
3 its regional headquarters and principal place of business in this state.

4 b. A school approved under s. 38.50, if the delivery of education occurs in this
5 state.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
7 claimant may claim as a credit against the tax imposed under s. 71.02 an amount
8 equal to the following:

9 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
10 individual to participate in an education program of a qualified postsecondary
11 institution, if the individual was enrolled in a course of instruction and eligible for
12 a grant from the Federal Pell Grant Program.

13 2. Thirty percent of the tuition that the claimant paid or incurred for an
14 individual to participate in an education program of a qualified postsecondary
15 institution, if the individual was enrolled in a course of instruction that relates to a
16 projected worker shortage in this state, as determined by the local workforce
17 development boards established under 29 USC 2832, and if the individual was
18 eligible for a grant from the Federal Pell Grant Program.

19 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
20 certifies to the department of revenue that the claimant will not be reimbursed for
21 any amount of tuition for which the claimant claims a credit under par. (b).

22 2. A claimant may not claim the credit under par. (b) for any tuition amounts
23 that the individual described under par. (b) excluded under s. 71.05 (6) (b) 28. or
24 under section 127 of the Internal Revenue Code.

1 3. A claimant may not claim the credit under par. (b) for any tuition amounts
2 that the claimant paid or incurred for a family member of the claimant or for a family
3 member of a managing employee unless all of the following apply:

4 a. The family member was employed an average of at least 20 hours per week
5 as an employee of the claimant, or the claimant's business, during the one-year
6 period prior to commencing participation in the education program in connection
7 with which the claimant claims a credit under par. (b).

8 b. The family member is enrolled in a course of instruction that is substantially
9 related to the claimant's business.

10 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
11 that the claimant paid or incurred for an individual who is not a resident of this state.

12 4. The claimant shall claim the credit for the taxable year in which the
13 individual graduates from a course of instruction in an amount equal to the total
14 amount the claimant paid or incurred under par. (b) for all taxable years in which
15 the claimant paid or incurred such amounts related to that individual.

16 5. Partnerships, limited liability companies, and tax-option corporations may
17 not claim the credit under this subsection, but the eligibility for, and the amount of,
18 the credit are based on their payment of tuition under par. (b). A partnership, limited
19 liability company, or tax-option corporation shall compute the amount of credit that
20 each of its partners, members, or shareholders may claim and shall provide that
21 information to each of them. Partners, members of limited liability companies, and
22 shareholders of tax-option corporations may claim the credit in proportion to their
23 ownership interest.

24 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

1 **SECTION 26.** 71.10 (4) (cd) of the statutes is created to read:

2 71.10 (4) (cd) Postsecondary education credit under s. 71.07 (5r).

3 **SECTION 27.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is
4 amended to read:

5 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),
7 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and passed through to partners shall
8 be added to the partnership's income.

9 **SECTION 28.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act
10 28, is amended to read:

11 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
12 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a
14 partnership, limited liability company, or tax-option corporation that has added that
15 amount to the partnership's, limited liability company's, or tax-option corporation's
16 income under s. 71.21 (4) or 71.34 (1k) (g).

17 **SECTION 29.** 71.28 (5r) of the statutes is created to read:

18 71.28 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
19 subsection:

20 1. "Claimant" means a corporation that files a claim under this subsection.

21 2. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

22 3. "Family member" has the meaning given in s. 157.061 (7).

23 4. "Managing employee" means an individual who wholly or partially exercises
24 operational or managerial control over, or who directly or indirectly conducts, the
25 operation of the claimant's business.

1 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
2 an individual for the tuition that the individual paid or incurred.

3 6. "Qualified postsecondary institution" means all of the following:

4 a. A University of Wisconsin System institution, a technical college system
5 institution, or a regionally accredited 4-year nonprofit college or university having
6 its regional headquarters and principal place of business in this state.

7 b. A school approved under s. 38.50, if the delivery of education occurs in this
8 state.

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
10 claimant may claim as a credit against the tax imposed under s. 71.23 an amount
11 equal to the following:

12 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
13 individual to participate in an education program of a qualified postsecondary
14 institution, if the individual was enrolled in a course of instruction and eligible for
15 a grant from the Federal Pell Grant Program.

16 2. Thirty percent of the tuition that the claimant paid or incurred for an
17 individual to participate in an education program of a qualified postsecondary
18 institution, if the individual was enrolled in a course of instruction that relates to a
19 projected worker shortage in this state, as determined by the local workforce
20 development boards established under 29 USC 2832, and if the individual was
21 eligible for a grant from the Federal Pell Grant Program.

22 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
23 certifies to the department of revenue that the claimant will not be reimbursed for
24 any amount of tuition for which the claimant claims a credit under par. (b).

1 2. A claimant may not claim the credit under par. (b) for any tuition amounts
2 that the individual described under par. (b) excluded under section 127 of the
3 Internal Revenue Code.

4 3. A claimant may not claim the credit under par. (b) for any tuition amounts
5 that the claimant paid or incurred for a family member of a managing employee
6 unless all of the following apply:

7 a. The family member was employed an average of at least 20 hours per week
8 as an employee of the claimant, or the claimant's business, during the one-year
9 period prior to commencing participation in the education program in connection
10 with which the claimant claims a credit under par. (b).

11 b. The family member is enrolled in a course of instruction that is substantially
12 related to the claimant's business.

13 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
14 that the claimant paid or incurred for an individual who is not a resident of this state.

15 4. The claimant shall claim the credit for the taxable year in which the
16 individual graduates from a course of instruction in an amount equal to the total
17 amount the claimant paid or incurred under par. (b) for all taxable years in which
18 the claimant paid or incurred such amounts related to that individual.

19 5. Partnerships, limited liability companies, and tax-option corporations may
20 not claim the credit under this subsection, but the eligibility for, and the amount of,
21 the credit are based on their payment of tuition under par. (b). A partnership, limited
22 liability company, or tax-option corporation shall compute the amount of credit that
23 each of its partners, members, or shareholders may claim and shall provide that
24 information to each of them. Partners, members of limited liability companies, and

1 shareholders of tax-option corporations may claim the credit in proportion to their
2 ownership interest.

3 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
4 sub. (4), applies to the credit under this subsection.

5 **SECTION 30.** 71.30 (3) (cd) of the statutes is created to read:

6 71.30 (3) (cd) Postsecondary education credit under s. 71.28 (5r).

7 **SECTION 31.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,
8 is amended to read:

9 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
11 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
12 and (8r) and passed through to shareholders.

13 **SECTION 32.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act
14 28, is amended to read:

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
16 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),
17 (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a partnership,
18 limited liability company, or tax-option corporation that has added that amount to
19 the partnership's, limited liability company's, or tax-option corporation's income
20 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
21 (1), (3), (3t), (4), (4m), and (5).

22 **SECTION 33.** 71.47 (5r) of the statutes is created to read:

23 71.47 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this
24 subsection:

25 1. "Claimant" means a corporation that files a claim under this subsection.

1 2. “Course of instruction” has the meaning given in s. 38.50 (1) (c).

2 3. “Family member” has the meaning given in s. 157.061 (7).

3 4. “Managing employee” means an individual who wholly or partially exercises
4 operational or managerial control over, or who directly or indirectly conducts, the
5 operation of the claimant’s business.

6 5. “Paid or incurred” includes any amount paid by the claimant to reimburse
7 an individual for the tuition that the individual paid or incurred.

8 6. “Qualified postsecondary institution” means all of the following:

9 a. A University of Wisconsin System institution, a technical college system
10 institution, or a regionally accredited 4-year nonprofit college or university having
11 its regional headquarters and principal place of business in this state.

12 b. A school approved under s. 38.50, if the delivery of education occurs in this
13 state.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
15 claimant may claim as a credit against the tax imposed under s. 71.43 an amount
16 equal to the following:

17 1. Twenty-five percent of the tuition that the claimant paid or incurred for an
18 individual to participate in an education program of a qualified postsecondary
19 institution, if the individual was enrolled in a course of instruction and eligible for
20 a grant from the Federal Pell Grant Program.

21 2. Thirty percent of the tuition that the claimant paid or incurred for an
22 individual to participate in an education program of a qualified postsecondary
23 institution, if the individual was enrolled in a course of instruction that relates to a
24 projected worker shortage in this state, as determined by the local workforce

1 development boards established under 29 USC 2832, and if the individual was
2 eligible for a grant from the Federal Pell Grant Program.

3 (c) *Limitations.* 1. No credit may be allowed under par. (b) unless the claimant
4 certifies to the department of revenue that the claimant will not be reimbursed for
5 any amount of tuition for which the claimant claims a credit under par. (b).

6 2. A claimant may not claim the credit under par. (b) for any tuition amounts
7 that the individual described under par. (b) excluded under section 127 of the
8 Internal Revenue Code.

9 3. A claimant may not claim the credit under par. (b) for any tuition amounts
10 that the claimant paid or incurred for a family member of a managing employee
11 unless all of the following apply:

12 a. The family member was employed an average of at least 20 hours per week
13 as an employee of the claimant, or the claimant's business, during the one-year
14 period prior to commencing participation in the education program in connection
15 with which the claimant claims a credit under par. (b).

16 b. The family member is enrolled in a course of instruction that is substantially
17 related to the claimant's business.

18 3m. A claimant may not claim the credit under par. (b) for any tuition amounts
19 that the claimant paid or incurred for an individual who is not a resident of this state.

20 4. The claimant shall claim the credit for the taxable year in which the
21 individual graduates from a course of instruction in an amount equal to the total
22 amount the claimant paid or incurred under par. (b) for all taxable years in which
23 the claimant paid or incurred such amounts related to that individual.

24 5. Partnerships, limited liability companies, and tax-option corporations may
25 not claim the credit under this subsection, but the eligibility for, and the amount of,

1 the credit are based on their payment of tuition under par. (b). A partnership, limited
2 liability company, or tax-option corporation shall compute the amount of credit that
3 each of its partners, members, or shareholders may claim and shall provide that
4 information to each of them. Partners, members of limited liability companies, and
5 shareholders of tax-option corporations may claim the credit in proportion to their
6 ownership interest.

7 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
8 s. 71.28 (4), applies to the credit under this subsection.

9 **SECTION 34.** 71.49 (1) (cd) of the statutes is created to read:

10 71.49 (1) (cd) Postsecondary education credit under s. 71.47 (5r).

11 **SECTION 35.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is
12 amended to read:

13 77.92 (4) “Net business income,” with respect to a partnership, means taxable
14 income as calculated under section 703 of the Internal Revenue Code; plus the items
15 of income and gain under section 702 of the Internal Revenue Code, including taxable
16 state and municipal bond interest and excluding nontaxable interest income or
17 dividend income from federal government obligations; minus the items of loss and
18 deduction under section 702 of the Internal Revenue Code, except items that are not
19 deductible under s. 71.21; plus guaranteed payments to partners under section 707
20 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
21 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
22 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r); and plus or minus, as
23 appropriate, transitional adjustments, depreciation differences, and basis
24 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
25 loss, and deductions from farming. “Net business income,” with respect to a natural

1 person, estate, or trust, means profit from a trade or business for federal income tax
2 purposes and includes net income derived as an employee as defined in section 3121
3 (d) (3) of the Internal Revenue Code.

4 **SECTION 36.** 560.203 of the statutes is created to read:

5 **560.203 Targeted microloans.** The department shall create a pilot program
6 for making microloans from the appropriation under s. 20.143 (1) (c) at nominal
7 interest rates for the creation of new businesses. The department shall designate 2
8 areas of the state, one urban and one rural, that are affected by high unemployment.
9 Only residents of the areas designated by the department are eligible for loans under
10 this section, and the amount of a loan under this section may not exceed \$25,000.
11 The department shall, through a competitive process, select a Wisconsin nonprofit
12 finance corporation to administer the pilot program. The department shall partner
13 with federal, state, regional, and local economic development entities to provide
14 business training for applicants and borrowers under this section. The department
15 may not make a loan under this section after July 31, 2013.

16 **SECTION 37.** 560.205 (3) (d) of the statutes, as affected by 2009 Wisconsin Act
17 2, is renumbered 560.205 (3) (d) (intro.) and amended to read:

18 560.205 (3) (d) *Rules.* (intro.) The department of commerce, in consultation
19 with the department of revenue, shall promulgate rules to administer this section.
20 The rules shall further define “bona fide angel investment” for purposes of s. 71.07
21 (5d) (a) 1. The rules shall limit the aggregate amount of tax credits under s. 71.07
22 (5d) that may be claimed for investments in businesses certified under sub. (1) at
23 \$3,000,000 per calendar year for calendar years beginning after December 31, 2004,
24 and before January 1, 2008, \$5,500,000 per calendar year for calendar years
25 beginning after December 31, 2007, and before January 1, ~~2011~~ 2010, \$6,500,000 for

1 calendar year 2010, and ~~\$18,000,000~~ \$20,000,000 per calendar year for calendar
2 years beginning after December 31, 2010, plus, for taxable years beginning after
3 December 31, 2010, an additional \$250,000 for tax credits that may be claimed for
4 investments in nanotechnology businesses certified under sub. (1). The rules shall
5 also limit the aggregate amount of the tax credits under ss. 71.07 (5b), 71.28 (5b),
6 71.47 (5b), and 76.638 that may be claimed for investments paid to fund managers
7 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning
8 after December 31, 2004, and before January 1, 2008, \$6,000,000 per calendar year
9 for calendar years beginning after December 31, 2007, and before January 1, 2011
10 2010, \$8,000,000 for calendar year 2010, and ~~\$18,500,000~~ \$20,500,000 per calendar
11 year for calendar years beginning after December 31, 2010, plus, for taxable years
12 beginning after December 31, 2010, an additional \$250,000 for tax credits that may
13 be claimed for investments in nanotechnology businesses certified under sub. (1).
14 The rules shall also provide that, for calendar years beginning after December 31,
15 2007, no person may receive a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47
16 (5b), or 76.638 unless the person's investment is kept in a certified business, or with
17 a certified fund manager, for no less than 3 years. The rules shall permit the
18 department to reallocate credits under this section that are unused in any calendar
19 year to a person eligible for tax benefits, as defined under s. 560.2055 (1) (d) or
20 560.799 (1) (c), if all of the following apply:

21 **SECTION 38.** 560.205 (3) (d) 1. of the statutes is created to read:

22 560.205 (3) (d) 1. The department notifies the joint committee on finance in
23 writing of its proposed reallocation.

24 **SECTION 39.** 560.205 (3) (d) 2. of the statutes is created to read:

25 560.205 (3) (d) 2. One of the following is true:

1 a. The cochairpersons of the joint committee on finance fail to notify the
2 department, within 14 working days after the date of the department's notification
3 under subd. 1., that the committee has scheduled a meeting for the purpose of
4 reviewing the proposed reallocation.

5 b. The cochairpersons of the joint committee on finance notify the department
6 that the committee has approved the proposed reallocation.

7 **SECTION 40.** 560.2055 (4) (c) of the statutes, as created by 2009 Wisconsin Act
8 28, is amended to read:

9 560.2055 (4) (c) The Subject to a reallocation by the department pursuant to
10 rules promulgated under s. 560.205 (3) (d), the department may allocate up to
11 \$5,000,000 in tax benefits under this section in any calendar year.

12 **SECTION 41.** 560.27 (1) (c) of the statutes is created to read:

13 560.27 (1) (c) Annually, beginning in fiscal year 2010-11, the department shall
14 award a grant of \$100,000 from the appropriation under s. 20.143 (1) (d) to the
15 high-technology business development corporation. The department shall enter
16 into an agreement with the high-technology business development corporation
17 requiring the grant proceeds to be used for employing a grant writer to assist
18 businesses to apply for federal small business innovation research grants. The
19 department shall submit annually to the legislature under s. 13.172 (2) a report
20 detailing the number of grant applications assisted by the grant writer, the number
21 of applications assisted by the grant writer that won grants and the total amount of
22 the grants, and the number of any jobs created as a result of the grant writer's
23 activities.

24 **SECTION 42.** 560.27 (3) (c) of the statutes is amended to read:

1 560.27 (3) (c) The department may not make grants under this subsection that
2 exceed \$200,000 in total in fiscal year 2000–01, or that exceed ~~\$250,000~~ \$750,000 in
3 total in any fiscal year thereafter.

4 **SECTION 43.** 560.276 of the statutes is created to read:

5 **560.276 Technology transfer grant and loan program. (1) DEFINITIONS.**

6 In this section:

7 (a) “Business” has the meaning given in s. 560.60 (2).

8 (b) “Research institution” means any of the following if located in this state:

9 1. An accredited college or university.

10 2. An accredited school of medicine, dentistry, veterinary medicine, medicine
11 and public health, public health, or health professionals.

12 3. An accredited center for health sciences.

13 4. A hospital in which research is conducted. In this subdivision, “hospital” has
14 the meaning given in s. 50.33 (2).

15 **(2) GRANTS AND LOANS.** From the appropriations under s. 20.143 (1) (c), (fi), (ie),
16 (ig), (io), and (kj), the department may award a grant or loan to a research institution
17 to provide money for research and development activities related to the creation or
18 retention of jobs by a business, or to improving the competitive position of a business
19 by improving the innovativeness of the business. The department may award a
20 grant or loan under this section if the research institution applies for a grant or loan
21 on a form prepared by the department and all of the following are satisfied:

22 (a) The department determines that the research and development activities
23 are likely to result in an economic benefit to one or more specific businesses.

24 (b) The department determines that the research and development activities
25 will be conducted substantially in this state.

1 (c) The department considers the availability of matching funds from the
2 research institution, the business, and other sources.

3 (d) The department enters into a written agreement with the research
4 institution that specifies the conditions for use of the grant or loan proceeds,
5 including reporting and auditing requirements.

6 **(3) LIMITS.** No grant or loan awarded to a research institution under this
7 section may exceed \$100,000.

8 **SECTION 44.** 560.703 (1) (a) of the statutes, as created by 2009 Wisconsin Act
9 2, is amended to read:

10 560.703 (1) (a) Except as provided in par. (b), and subject to a reallocation by
11 the department pursuant to rules promulgated under s. 560.205 (3) (d), the total tax
12 benefits available to be allocated by the department under ss. 560.701 to 560.706
13 may not exceed the sum of the tax benefits remaining to be allocated under ss. 560.71
14 to 560.785, 560.797, 560.798, 560.7995, and 560.96 on March 6, 2009.

15 **SECTION 45. Nonstatutory provisions.**

16 (1) **RURAL OUTSOURCING GRANTS.** From the appropriations under section 20.143
17 (1) (ie), (ig), (im), and (ir) of the statutes, as affected by this act, the department of
18 commerce may award grants during the 2009-11 fiscal biennium to businesses for
19 outsourcing work to rural municipalities, as defined under section 560.17 (1) (d) of
20 the statutes. The department shall require grantees to obtain funding from sources
21 other than the state in an amount at least equal to the amount of the grant. In
22 determining whether a grantee has obtained sufficient funding from sources other
23 than the state, the department shall credit the grantee's capital expenditures, family
24 supporting wages, rent or other facility costs, electricity costs, equipment leases, and
25 software expenditures. The total amount of grants awarded under this subsection

1 may not exceed \$500,000. The department may promulgate rules necessary to
2 administer this subsection as emergency rules under section 227.24 of the statutes.
3 Notwithstanding section 227.24 (1) (a) and (3) of the statutes, the department is not
4 required to provide evidence that promulgating a rule under this subsection as an
5 emergency rule is necessary for the preservation of public peace, health, safety, or
6 welfare and is not required to provide a finding of emergency for a rule promulgated
7 under this subsection.

8 (2) HIGH-TECHNOLOGY BUSINESS DEVELOPMENT CORPORATION GRANT. In fiscal year
9 2010–11, the department of commerce shall award to the high–technology business
10 development corporation under section 560.27 of the statutes a grant of \$100,000
11 from the appropriation account under section 20.143 (1) (d) of the statutes, for
12 procuring an economic modeling database for the use of regional economic
13 development entities.

14 (3) MANUFACTURING FACILITY CONVERSION GRANTS. In fiscal year 2010–11, the
15 department of commerce shall award grants from the appropriation account under
16 section 20.143 (1) (c) of the statutes to provide incentives to companies for converting
17 existing manufacturing facilities to the production of renewable energy or the
18 manufacturing of equipment used in the production of renewable energy. The total
19 amount of grants awarded under this subsection may not exceed \$2,000,000. The
20 department of commerce may promulgate rules necessary to implement this
21 subsection as emergency rules under section 227.24 of the statutes.
22 Notwithstanding section 227.24 (1) (a) and (3) of the statutes, the department is not
23 required to provide evidence that promulgating a rule under this subsection as an
24 emergency rule is necessary for the preservation of public peace, health, safety, or

1 welfare and is not required to provide a finding of emergency for a rule promulgated
2 under this subsection.

3 (4) GRANT TO PLEASANT PRAIRIE TECHNOLOGY INCUBATOR CENTER.
4 Notwithstanding 2009 Wisconsin Act 28, section 9110 (17q), the department of
5 commerce shall award the grant required under 2009 Wisconsin Act 28, section 9110
6 (17q), no later than than 30 days after the effective date of this subsection.

7 (5) TARGETED MICROLOANS; RULES. The department of commerce may
8 promulgate emergency rules under section 227.24 of the statutes for the
9 establishment and administration of section 560.203 of the statutes, as created by
10 this act, for the period before the effective date of any permanent rules promulgated
11 under section 560.203 of the statutes, as created by this act, but not to exceed the
12 period authorized under section 227.24 (1) (c) and (2) of the statutes.
13 Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department
14 is not required to provide evidence that promulgating a rule under this subsection
15 as an emergency rule is necessary for the preservation of the public peace, health,
16 safety, or welfare and is not required to provide a finding of emergency for a rule
17 promulgated under this subsection.

18 **SECTION 46. Fiscal changes.**

19 (1) WISCONSIN DEVELOPMENT FUND.

20 (a) In the schedule under section 20.005 (3) of the statutes for the appropriation
21 to the department of commerce under section 20.143 (1) (c) of the statutes, as affected
22 by the acts of 2009, the dollar amount is increased by \$500,000 for the first fiscal year
23 of the fiscal biennium in which this subsection takes effect to increase funding for the
24 purposes for which the appropriation is made. In the schedule under section 20.005
25 (3) of the statutes for the appropriation to the department of commerce under section

1 20.143 (1) (c) of the statutes, as affected by the acts of 2009, the dollar amount is
2 increased by \$2,500,000 for the second fiscal year of the fiscal biennium in which this
3 subsection takes effect to increase funding for the purposes for which the
4 appropriation is made, and to provide funding for grants under SECTION 45 (3) of this
5 act.

6 (b) In the schedule under section 20.005 (3) of the statutes for the appropriation
7 to the department of commerce under section 20.143 (1) (c) of the statutes, as affected
8 by the acts of 2009, the dollar amount is increased by \$500,000 for the second fiscal
9 year of the fiscal biennium in which this subsection takes effect to provide funding
10 for loans under section 560.203 of the statutes, as created by this act.

11 (2) HIGH-TECHNOLOGY BUSINESS DEVELOPMENT CORPORATION GRANTS. In the
12 schedule under section 20.005 (3) of the statutes for the appropriation to the
13 department of commerce under section 20.143 (1) (d) of the statutes, as affected by
14 the acts of 2009, the dollar amount is increased by \$200,000 for the second fiscal year
15 of the fiscal biennium in which this subsection takes effect to provide funding for the
16 grant under section 560.27 (1) (c) of the statutes, as created by this act, and for the
17 grant under SECTION 45 (2) of this act.

18 (3) RURAL OUTSOURCING GRANTS. In the schedule under section 20.005 (3) of the
19 statutes for the appropriation to the department of commerce under section 20.143
20 (1) (im) of the statutes, as affected by the acts of 2009, the dollar amount is increased
21 by \$250,000 for the first fiscal year of the fiscal biennium in which this subsection
22 takes effect to provide funding for rural outsourcing grants. In the schedule under
23 section 20.005 (3) of the statutes for the appropriation to the department of commerce
24 under section 20.143 (1) (im) of the statutes, as affected by the acts of 2009, the dollar

1 amount is increased by \$250,000 for the second fiscal year of the fiscal biennium in
2 which this subsection takes effect to provide funding for rural outsourcing grants.

3 (4) TRAINING PROGRAM GRANTS. In the schedule under section 20.005 (3) of the
4 statutes for the appropriation to the technical college system board under section
5 20.292 (1) (eh) of the statutes, as affected by the acts of 2009, the dollar amount is
6 increased by \$1,000,000 for the second fiscal year of the fiscal biennium in which this
7 subsection takes effect to increase funding for the purpose for which the
8 appropriation is made.

9 (5) REGULATORY OMBUDSMAN CENTER POSITION. In the schedule under section
10 20.005 (3) of the statutes for the appropriation to the department of commerce under
11 section 20.143 (1) (a) of the statutes, as affected by the acts of 2009, the dollar amount
12 is increased by \$75,000 for the second fiscal year of the fiscal biennium in which this
13 subsection takes effect to increase the authorized FTE positions for the regulatory
14 ombudsman center by 1.0 GPR position.

15 **SECTION 47. Initial applicability.**

16 (1) POSTSECONDARY EDUCATION TAX CREDITS. The treatment of sections 71.05 (6)
17 (a) 15., 71.07 (5r), 71.10 (4) (cd), 71.21 (4), 71.26 (2) (a) 4., 71.28 (5r), 71.30 (3) (cd),
18 71.34 (1k) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49 (1) (cd), and 77.92 (4) of the statutes
19 first applies to taxable years beginning on January 1 of the year in which this
20 subsection takes effect, except that if this subsection takes effect after July 31 this
21 act first applies to taxable years beginning on January 1 of the year following the
22 year in which this subsection takes effect.

23 **SECTION 48. Effective date.**

1 (1) EMERGING TECHNOLOGY CENTER. The repeal of sections 20.285 (1) (eg) and
2 36.25 (54) of the statutes takes effect on June 30, 2011.

3 (END)