



State of Wisconsin
2011 - 2012 LEGISLATURE



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**ASSEMBLY SUBSTITUTE AMENDMENT 2,
TO 2011 SENATE BILL 463**

March 15, 2012 – Offered by Representatives BARCA, PASCH, MASON, MOLEPSKE JR
and SEIDEL.

1 **AN ACT** *to repeal* 71.07 (5d) (c) 1.; *to amend* 25.14 (1) (a) (intro.), 71.07 (5b) (d)
2 3., 71.07 (5d) (d) 1., 71.28 (5b) (d) 3., 71.47 (5b) (d) 3., 73.03 (63), 238.15 (1)
3 (intro.), 238.15 (1) (h), 238.15 (1) (j), 238.15 (1) (km) and 238.15 (3) (d) (intro.);
4 and *to create* 16.5195, 19.42 (10) (t), 19.42 (13) (p), 20.192 (1) (q), 25.90, 238.15
5 (1) (m), 238.155 and subchapter III of chapter 238 [precedes 238.40] of the
6 statutes; **relating to:** grants to certified seed incubator funds, the angel
7 investment and early stage seed investment tax credit programs, creation of a
8 badger jobs fund to be administered by an investment committee appointed by
9 and existing under the Wisconsin Economic Development Corporation,
10 granting rule-making authority, and making appropriations.

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

11 **SECTION 1.** 16.5195 of the statutes is created to read:

1 **16.5195 Transfers to the badger jobs fund.** (1) Beginning after June 30,
2 2013, at the beginning of each fiscal year, the secretary shall transfer \$25,000,000
3 from the general fund to the badger jobs fund.

4 (2) No moneys may be transferred under sub. (1) after June 30, 2016.

5 **SECTION 2.** 19.42 (10) (t) of the statutes is created to read:

6 19.42 (10) (t) The members of the badger jobs fund investment committee
7 appointed under s. 238.41.

8 **SECTION 3.** 19.42 (13) (p) of the statutes is created to read:

9 19.42 (13) (p) The members of the badger jobs fund investment committee
10 appointed under s. 238.41.

11 **SECTION 4.** 20.192 (1) (q) of the statutes is created to read:

12 20.192 (1) (q) *Badger jobs fund.* From the badger jobs fund, all moneys received
13 under s. 16.5195 for investments and grants under subch. III of ch. 238.

14 **SECTION 5.** 25.14 (1) (a) (intro.) of the statutes is amended to read:

15 25.14 (1) (a) (intro.) There is created a state investment fund under the
16 jurisdiction and management of the board to be operated as an investment trust for
17 the purpose of managing the securities of all funds that are required by law to be
18 invested in the state investment fund, the badger jobs fund, and all of the state's
19 funds specified in s. 25.17 (1), except all of the following:

20 **SECTION 6.** 25.90 of the statutes is created to read:

21 **25.90 Badger jobs fund.** There is established a separate nonlapsible trust
22 fund designated as the badger jobs fund. The fund shall consist of all moneys
23 deposited in the fund under s. 16.5195, together with all donations, gifts, or bequests
24 made to the fund, all moneys transferred to the fund from other funds, and all income
25 or interest earned by the fund.

1 **SECTION 7.** 71.07 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act
2 32, is amended to read:

3 71.07 **(5b)** (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
4 investments made after December 31, 2007, if an investment for which a claimant
5 claims a credit under par. (b) is held by the claimant for less than 3 years, the
6 claimant shall pay to the department, in the manner prescribed by the department,
7 the amount of the credit that the claimant received related to the investment.

8 **SECTION 8.** 71.07 (5d) (c) 1. of the statutes is repealed.

9 **SECTION 9.** 71.07 (5d) (d) 1. of the statutes, as affected by 2011 Wisconsin Act
10 32, is amended to read:

11 71.07 **(5d)** (d) 1. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
12 investments made after December 31, 2007, if an investment for which a claimant
13 claims a credit under par. (b) is held by the claimant for less than 3 years, the
14 claimant shall pay to the department, in the manner prescribed by the department,
15 the amount of the credit that the claimant received related to the investment.

16 **SECTION 10.** 71.28 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act
17 32, is amended to read:

18 71.28 **(5b)** (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
19 investments made after December 31, 2007, if an investment for which a claimant
20 claims a credit under par. (b) is held by the claimant for less than 3 years, the
21 claimant shall pay to the department, in the manner prescribed by the department,
22 the amount of the credit that the claimant received related to the investment.

23 **SECTION 11.** 71.47 (5b) (d) 3. of the statutes, as affected by 2011 Wisconsin Act
24 32, is amended to read:

1 71.47 (5b) (d) 3. ~~For~~ Except as provided under s. 238.15 (3) (d) (intro.), for
2 investments made after December 31, 2007, if an investment for which a claimant
3 claims a credit under par. (b) is held by the claimant for less than 3 years, the
4 claimant shall pay to the department, in the manner prescribed by the department,
5 the amount of the credit that the claimant received related to the investment.

6 **SECTION 12.** 73.03 (63) of the statutes, as affected by 2011 Wisconsin Act 32,
7 is amended to read:

8 73.03 (63) Notwithstanding the amount limitations specified under s. ~~71.07~~
9 ~~(5d) (e) 1.~~ and s. 238.15 (3) (d) or s. 560.205 (3) (d), 2009 stats., in consultation with
10 the department of commerce or the Wisconsin Economic Development Corporation,
11 to carry forward to subsequent taxable years unclaimed credit amounts of the early
12 stage seed investment credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638
13 and the angel investment credit under s. 71.07 (5d). Annually, no later than July 1,
14 the department of commerce or the Wisconsin Economic Development Corporation
15 shall submit to the department of revenue its recommendations for the carry forward
16 of credit amounts as provided under this subsection.

17 **SECTION 13.** 238.15 (1) (intro.) of the statutes, as affected by 2011 Wisconsin
18 Act 32, is amended to read:

19 238.15 (1) ANGEL INVESTMENT TAX CREDITS. (intro.) The corporation shall
20 implement a program to certify businesses for purposes of s. 71.07 (5d). A business
21 desiring certification shall submit an application to the corporation in each taxable
22 year for which the business desires certification. The business shall specify in its
23 application the investment amount it wishes to raise and the corporation may certify
24 the business and determine the amount that qualifies for purposes of s. 71.07 (5d).
25 ~~A business may be certified under this subsection, and may maintain such~~

1 ~~certification,~~ The corporation may certify or recertify a business for purposes of s.
2 71.07 (5d) only if the business satisfies all of the following conditions:

3 **SECTION 14.** 238.15 (1) (h) of the statutes, as affected by 2011 Wisconsin Act 32,
4 is amended to read:

5 238.15 (1) (h) ~~It~~ At the time it is initially certified under this subsection, it has
6 less than 100 employees.

7 **SECTION 15.** 238.15 (1) (j) of the statutes, as affected by 2011 Wisconsin Act 32,
8 is amended to read:

9 238.15 (1) (j) ~~It~~ At the time it is initially certified under this subsection, it has
10 been in operation in this state for not more than 10 consecutive years.

11 **SECTION 16.** 238.15 (1) (km) of the statutes, as affected by 2011 Wisconsin Act
12 32, is amended to read:

13 238.15 (1) (km) It has not received aggregate private equity investment in cash
14 of more than \$10,000,000 ~~prior to being~~ before it is initially certified under this
15 subsection.

16 **SECTION 17.** 238.15 (1) (m) of the statutes is created to read:

17 238.15 (1) (m) 1. It agrees that it will not relocate outside of this state during
18 the 3 years after it receives an investment for which a person may claim a tax credit
19 under s. 71.07 (5d) and agrees to pay the corporation a penalty, in an amount
20 determined under subd. 2., if the business relocates outside of this state during that
21 3-year period. For the purposes of this paragraph, a business relocates outside of
22 this state when the business locates more than 51 percent of any of the following
23 outside of this state:

24 a. The business's employees.

25 b. The business's total payroll.

1 c. The activities of the business's headquarters, as determined by the
2 corporation.

3 2. The amount of a penalty payment under subd. 1. is any of the following:

4 a. If the relocation occurs less than 12 months after the investment, 100 percent
5 of the tax credit that was claimed under s. 71.07 (5d) as the result of the investment.

6 b. If the relocation occurs 12 months or more after the investment but less than
7 24 months after the investment, 80 percent of the tax credit that was claimed under
8 s. 71.07 (5d) as the result of the investment.

9 c. If the relocation occurs occurs 24 months or more after the investment but
10 less than 36 months after the investment, 60 percent of the tax credit that was
11 claimed under s. 71.07 (5d) as the result of the investment.

12 **SECTION 18.** 238.15 (3) (d) (intro.) of the statutes, as affected by 2011 Wisconsin
13 Act 32, is amended to read:

14 238.15 (3) (d) *Rules.* (intro.) The corporation, in consultation with the
15 department of revenue, shall adopt rules to administer this section. The rules shall
16 further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1. The
17 rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may be
18 claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
19 calendar year for calendar years beginning after December 31, 2004, and before
20 January 1, 2008, \$5,500,000 per calendar year for calendar years beginning after
21 December 31, 2007, and before January 1, 2010, \$6,500,000 for calendar year 2010,
22 and \$20,000,000 per calendar year for calendar years beginning after December 31,
23 2010, plus, for taxable years beginning after December 31, 2010, an additional
24 \$250,000 for tax credits that may be claimed for investments in nanotechnology
25 businesses certified under sub. (1). The rules shall also limit the aggregate amount

1 of the tax credits under ss. 71.07 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be
2 claimed for investments paid to fund managers certified under sub. (2) at \$3,500,000
3 per calendar year for calendar years beginning after December 31, 2004, and before
4 January 1, 2008, \$6,000,000 per calendar year for calendar years beginning after
5 December 31, 2007, and before January 1, 2010, \$8,000,000 for calendar year 2010,
6 and \$20,500,000 per calendar year for calendar years beginning after December 31,
7 2010, plus, for taxable years beginning after December 31, 2010, an additional
8 \$250,000 for tax credits that may be claimed for investments in nanotechnology
9 businesses certified under sub. (1). The rules shall also provide that, for calendar
10 years beginning after December 31, 2007, ~~no a person may receive~~ who receives a
11 credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), or 76.638 ~~unless the~~
12 ~~person's~~ must keep the investment is kept in a certified business, or with a certified
13 fund manager, for no less than 3 years, unless the person's investment becomes
14 worthless, as determined by the corporation, during the 3-year period or the person
15 has kept the investment for no less than 12 months and a bona fide liquidity event,
16 as determined by the corporation, occurs during the 3-year period. The rules shall
17 permit the corporation to reallocate credits under this section that are unused in any
18 calendar year to a person eligible for tax benefits, as defined under s. 238.16 (1) (d),
19 if all of the following apply:

20 **SECTION 19.** 238.155 of the statutes is created to read:

21 **238.155 Grants to certified seed incubator funds.** (1) DEFINITION. In this
22 section, "certified seed incubator fund" means a person certified by the corporation
23 under sub. (4).

24 **(2) ESTABLISHMENT OF GRANT PROGRAM.** (a) The corporation shall establish an
25 economic development program to make grants under this section.

1 (b) From the appropriation under s. 20.192 (1) (a), the corporation shall make
2 grants to certified seed incubator funds that total at least \$3,000,000 annually for
3 investment in start-up businesses, as determined by the corporation.

4 **(3) APPLICATION.** Any person may apply to the corporation, on a form prescribed
5 by the corporation, for certification under sub. (4). The application shall include the
6 name, address, and tax identification number of the person and any other
7 information the corporation requires.

8 **(4) CERTIFICATION.** The corporation may certify an applicant who submits an
9 application under sub. (3) to receive a grant under this section if the corporation
10 determines that the applicant meets all of the following requirements:

11 (a) The applicant operates a business incubator program in this state that is
12 privately funded and that directly provides at least 2 of the following services to a
13 start-up business that are designed to grow that business:

14 1. A facility that offers rent of the facility at a rate lower than the market rate
15 in the community and provides shared administrative services or other assistance
16 designed to reduce the costs and encourage the growth of a start-up business the
17 facility serves.

18 2. Business management, technical, or marketing assistance.

19 3. Development of a feasibility study, business plan, or financial plan.

20 (b) The applicant owns at least \$3,000,000 in cash or cash equivalents, or the
21 applicant demonstrates to the satisfaction of the corporation that the applicant has
22 obtained commitments from other funding sources sufficient to enable the applicant
23 to invest at least \$3,000,000 in start-up businesses within the 5 years after the
24 corporation certifies the applicant under this subsection.

1 **(5) CONTRACTS.** Before the corporation makes a grant under this section to a
2 certified seed incubator fund, the corporation shall contract with the certified seed
3 incubator fund and, in addition to any other terms required by the corporation, that
4 contract shall include the following requirements:

5 (a) The certified seed incubator fund shall be headquartered in this state and
6 employ at least 50 percent of its employees in this state.

7 (b) The certified seed incubator fund shall invest 100 percent of the amount of
8 any grant it receives from the corporation under this section in a business that is
9 participating in a business incubator program that is operated by the certified seed
10 incubator fund and that receives the investment under this paragraph as part of that
11 program.

12 (c) When the certified seed incubator fund makes an investment of grant
13 moneys in a business, the certified seed incubator fund shall at least match the
14 amount of those grant moneys with an investment of capital in the business that the
15 certified seed incubator fund has raised from other sources.

16 (d) The certified seed incubator fund may not apply the amount of the grant
17 moneys it receives from the corporation toward a tax credit under s. 71.07 (5b) or (5d),
18 71.28 (5b), 71.47 (5b), or 76.638.

19 **(6) REPORTING REQUIREMENTS.** (a) By January 31 of each year, a certified seed
20 incubator fund that receives a grant under this section shall submit a report to the
21 corporation that includes, for each business in which the certified seed incubator
22 fund held an investment of grant moneys from corporation, a description of the
23 business and a description of the business's participation in the certified seed
24 incubator fund's seed incubator program.

1 (b) The corporation shall submit the information it receives under par. (a) with
2 its annual report under s. 238.07 (2).

3 **SECTION 20.** Subchapter III of chapter 238 [precedes 238.40] of the statutes is
4 created to read:

5 **CHAPTER 238**

6 **SUBCHAPTER III**

7 **BADGER JOBS FUND**

8 **238.40 Definitions.** In this subchapter:

9 (1) “Angel investor network” means a group of persons that reviews new
10 businesses or proposed new businesses for the potential investment in those
11 businesses of moneys owned by those persons.

12 (2) “Certified business development organization” means a person certified
13 under s. 238.437.

14 (3) “Certified venture capital fund” means a venture capital fund certified
15 under s. 238.42 (2).

16 (5) “Fund” means the badger jobs fund established under s. 25.90.

17 (6) “Fund capital” means moneys in or received from the fund.

18 (7) “Investment committee” means the investment committee of the fund
19 appointed by the board under s. 238.41.

20 **238.41 Badger jobs fund.** (1) The fund shall be administered by a
21 10-member investment committee.

22 (2) (a) The board shall appoint the members of the investment committee on
23 the basis of the members’ expertise, experience, leadership, or advocacy in venture
24 capital, investment banking, or entrepreneurship. The members shall serve 3-year
25 terms. The board shall stagger the terms.

1 (b) The corporation shall staff the investment committee and cover any
2 administrative or operational costs of the investment committee.

3 (3) The investment committee shall have all the powers necessary or
4 convenient to carry out the purposes and provisions of this subchapter, including the
5 power to execute contracts and other instruments required for the operation of the
6 investment committee.

7 **238.42 Venture capital fund certification.** (1) APPLICATION. Any venture
8 capital fund may apply to the investment committee on a form prescribed by the
9 investment committee for certification under this section. The application shall
10 include the name, address, and tax identification number of the applicant and any
11 other information the investment committee requires.

12 (2) CERTIFICATION. The investment committee may certify a venture capital
13 fund that submits an application under sub. (1) to receive fund capital. In
14 determining whether to certify a venture capital fund, the investment committee
15 shall consider all of the following:

16 (a) The investment experience of the venture capital fund's manager.

17 (b) The past performance of any investment managed by the venture capital
18 fund or the venture capital fund's manager.

19 (c) The venture capital fund's commitment to investing in businesses within
20 this state and maintaining an office in this state.

21 (d) The venture capital fund's commitment to making investments that are
22 diverse with respect to the geographic location within this state and industry
23 classification of the businesses in which the applicant invests.

1 **(3) APPLICATION FEE.** A venture capital fund that applies for certification under
2 sub. (1) shall pay to the investment committee a fee in the amount determined by the
3 investment committee.

4 **238.43 Investments of fund capital in certified venture capital funds;**
5 **requirements. (1) FUND INVESTMENTS.** (a) From the appropriation under s. 20.192
6 (1) (q), the investment committee shall invest a total of at least \$65,000,000 in
7 certified venture capital funds over the life of the fund.

8 (b) The investment committee shall ensure that 100 percent of the fund capital
9 it invests under this section is invested in businesses that are headquartered in this
10 state and that at least \$60,000,000 of that fund capital is invested in businesses that
11 meet all of the following additional conditions at the time a certified venture capital
12 fund first invests in the business under this section:

13 1. The business employs at least 50 percent of its full-time employees,
14 including any subsidiary or other affiliated entity, in this state.

15 2. The business employs less than 150 full-time employees in total, including
16 any subsidiary or other affiliated entity.

17 3. The business agrees to use fund capital only for research and development,
18 the introduction of a new product in the market, the business's entry into a new
19 market, or other activities that are expected to grow the business and create jobs in
20 this state.

21 4. The business is not primarily engaged in real estate development or sales,
22 insurance, banking, lending, lobbying, political consulting, professional services, or
23 retail sales, other than direct sales of products the business itself manufactures.

24 (c) The investment committee may not invest more than \$15,000,000 of fund
25 capital in a single certified venture capital fund.

1 **(2) CONTRACTS.** Before the investment committee invests any fund capital in
2 a certified venture capital fund, the investment committee shall contract with the
3 certified venture capital fund and, in addition to any other terms required or
4 negotiated by the investment committee, that contract shall include the following
5 requirements:

6 (a) The certified venture capital fund commits to maintaining a significant
7 physical presence in this state, including locating an office in this state that is staffed
8 with at least one full-time employee of the certified venture capital fund whose
9 compensation is paid only by the certified venture capital fund.

10 (b) Within 4 years after the certified venture capital fund receives a
11 commitment of fund capital from the investment committee, the certified venture
12 capital fund commits 100 percent of that fund capital to businesses approved by the
13 investment committee.

14 (c) The certified venture capital fund does not invest less than \$250,000 in fund
15 capital in any one business.

16 (d) The certified venture capital fund does not receive fund capital that exceeds
17 20 percent of the total moneys for investment, including any outstanding
18 commitment, that the certified venture capital fund has raised from all sources,
19 except that a Wisconsin-based certified venture capital fund, as determined by the
20 investment committee, may not receive fund capital that exceeds 50 percent of the
21 total moneys for investment, including any outstanding commitment, that the
22 certified venture capital fund has raised from all sources.

23 (e) The investment committee's investment of fund capital with any certified
24 venture capital fund is on terms that are substantially equivalent to the terms

1 applicable for other funding sources of the certified venture capital fund for similar
2 investments.

3 (f) From any distribution from a certified venture capital fund's investment in
4 a business under this section that includes amounts contributed from the fund, the
5 certified venture capital fund pays to the investment committee an amount equal to
6 100 percent of the principal amount of fund capital that was contributed from the
7 fund to that investment before the certified venture capital fund makes any payment
8 to a funding source for that investment that is not the fund.

9 (g) From any investment of fund capital by a certified venture capital fund
10 under this section, the certified venture capital fund does not pay a fee to itself or to
11 any principal or manager of the certified venture capital fund that equals more than
12 2 percent of the total amount of fund capital contributed to that investment by the
13 investment committee.

14 (h) The certified venture capital fund discloses to the investment committee
15 any interest that it or an owner, stockholder, partner, officer, director, member,
16 employee, or agent of the certified venture capital fund holds in a business in which
17 the certified venture capital fund invests or intends to invest fund capital.

18 (i) The certified venture capital fund does not apply the amount of fund capital
19 it receives toward a tax credit under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or
20 76.638.

21 (j) The certified venture capital fund maintains liability insurance in the
22 amounts and for the coverages determined by the investment committee.

23 (k) The certified venture capital fund agrees that the investment committee,
24 the corporation, and the state may refer to the certified venture capital fund's name

1 in public announcements or other documents or communications relating to the
2 fund.

3 (3) REPAYMENT OF FUND CAPITAL. In addition to any other legal remedies
4 available to the investment committee, if a certified venture capital fund fails to
5 satisfy any of the requirements under sub. (2), the investment committee is entitled
6 to payment from the certified venture capital fund equal to 100 percent of the amount
7 of fund capital the certified venture capital fund received from the investment
8 committee.

9 **238.435 Angel investor networks.** (1) From the appropriation under s.
10 20.192 (1) (q), and subject to sub. (2), the investment committee may commit up to
11 a total of \$5,000,000 to investments proposed to the investment committee by angel
12 investor networks.

13 (2) The investment committee may commit fund capital to an investment in a
14 business under this section only if all of the following requirements are satisfied:

15 (a) The business is or will be headquartered in this state.

16 (b) The angel investor network agrees to invest \$2 for every \$1 in fund capital
17 that the investment committee commits to the investment.

18 (c) The investment committee's profit-sharing agreement with the angel
19 investor network is on terms that are substantially equivalent to the terms
20 applicable for other persons in the angel investor network with respect to the
21 investment.

22 **238.437 Grants to certified business development organizations.** (1)
23 BADGER JOBS FUND GRANTS. From the appropriation under s. 20.192 (1) (q), the
24 investment committee shall make grants to certified business development

1 organizations that total \$5,000,000 over the life of the fund for investment in
2 start-up businesses.

3 (2) APPLICATION. Any person may apply to the investment committee, on a form
4 prescribed by the investment committee, for certification under sub. (3). The
5 application shall include the name, address, and tax identification number of the
6 person and any other information the investment committee requires.

7 (3) CERTIFICATION. The investment committee may certify an applicant who
8 submits an application under sub. (2) to receive a grant under this section if the
9 investment committee determines that the applicant operates a nonprofit or
10 for-profit business incubator, regional economic development partnership, local
11 economic development organization, or non-profit or for-profit entrepreneurial
12 service agency that directly provides one or more of the following services to start-up
13 businesses:

14 (a) A facility that offers rent of the facility at a rate lower than the market rate
15 in the community and provides shared administrative services or other assistance
16 designed to reduce the costs and encourage the growth of a start-up business the
17 facility serves.

18 (b) As determined by the investment committee, high quality business support
19 that is visible and easily accessible to entrepreneurs and small companies; that offers
20 substantial management services or similar services to portfolio companies; and that
21 integrates sources of deal flow, entrepreneurial support, and capital to effectively
22 grow entrepreneurial commercialization outcomes.

23 (4) CONTRACTS. Before the investment committee makes a grant under this
24 section to a certified business development organization, the investment committee
25 shall contract with the certified business development organization, and, in addition

1 to any other terms required by the investment committee, that contract shall include
2 the following requirements:

3 (a) The certified business development organization commits to maintaining
4 a significant physical presence in this state, including locating an office in this state
5 that is staffed with at least one full-time employee of the certified business
6 development organization.

7 (b) The certified business development organization invests 100 percent of the
8 amount of the grant it receives from the investment committee under this section in
9 a business that meets all of the following conditions at the time the certified business
10 development organization first invests in the business under this paragraph:

11 1. The business is headquartered in this state.

12 2. The business employs at least 50 percent of its employees, including any
13 subsidiary or other affiliated entity, in this state.

14 3. The business agrees to use fund capital only for research and development,
15 the introduction of a new product in the market, the business's entry into a new
16 market, or other activities that are expected to grow the business and create jobs in
17 this state.

18 4. The business is not primarily engaged in real estate development or sales,
19 insurance, banking, lending, lobbying, or political consulting.

20 5. The business is participating in a business development program that is
21 approved by the investment committee and is operated or approved by the certified
22 business development organization, and the business receives the investment under
23 this paragraph as part of that program.

24 (c) 1. When a certified business development organization makes an
25 investment of grant moneys in a business, the certified business development

1 organization at least matches the amount of those grant moneys with an investment
2 of capital in the business that the certified business development organization has
3 raised from other sources.

4 2. If an investment of grant moneys subject to subd. 1 is made as part of an
5 existing equity investment portfolio that the certified business development
6 organization already manages and that portfolio has been funded from other sources,
7 the certified business development organization applies those moneys supplied from
8 those other sources for the purpose of satisfying the matching requirement under
9 subd. 1.

10 (d) The certified business development organization does not apply the amount
11 of the grant moneys it receives from the investment committee toward a tax credit
12 under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or 76.638.

13 **238.45 Reporting requirements. (1) ANNUAL REPORT.** Annually, the
14 investment committee shall submit to the chief clerk of each house of the legislature,
15 for distribution to the legislature under s. 13.172 (2), and to the governor, a report
16 that includes all of the following:

17 (a) An accounting of the financial status of the fund, including the opinion of
18 an independent certified public accountant.

19 (b) The investment committee's current investment policy for the fund.

20 (c) The investment committee's internal rate of return from its investments of
21 fund capital.

22 (d) For each certified venture capital fund in which the investment committee
23 held an investment of fund capital under s. 238.43 during the preceding year, all of
24 the following:

25 1. The name and address of the venture capital fund.

1 2. The amount of each investment and the amount contributed to the
2 investment by the certified venture capital fund.

3 3. The internal rate of return realized by the certified venture capital fund on
4 each investment.

5 4. An accounting of any fee the certified venture capital fund paid to itself or
6 any principal or manager of the certified venture capital fund during the preceding
7 year.

8 (e) For each business in which a certified venture capital fund held an
9 investment of fund capital during the preceding year, all of the following:

10 1. The name and address of the business.

11 2. A description of the nature of the business.

12 3. The amount of each investment of fund capital in the business.

13 4. An identification of the certified venture capital fund that made the
14 investment.

15 5. A statement of the number of employees the business employed when the
16 certified venture capital fund first invested in the business, the number of employees
17 the business employed on January 1 of the year preceding the year of the report, and
18 the number of employees the business employed on December 31 of the year
19 preceding the year of the report.

20 (f) For each investment of fund capital held by the investment committee in a
21 business under s. 238.435 during the preceding year, all of the following:

22 1. The name and address of the business.

23 2. A description of the nature of the business.

24 3. An identification of the angel investor network.

1 4. The amount of the investment and the amount contributed to the investment
2 by the angel investor network.

3 5. A statement of the number of employees the business employed when the
4 investment committee first invested in the business, the number of employees the
5 business employed on January 1 of the year preceding the year of the report, and the
6 number of employees the business employed on December 31 of the year preceding
7 the year of the report.

8 (g) With respect to grants under s. 238.437, all of the following:

9 1. An accounting of the total amount of fund capital the investment committee
10 granted to certified business development organizations during the preceding year.

11 2. For each certified business development organization that received a grant
12 from the investment committee during the preceding year, the name and address of
13 the certified business development organization and the amount of the grant.

14 3. For each business in which a certified business development organization
15 held an investment of grant moneys during the preceding year, the name and address
16 of the business and a description of the nature of the business and an identification
17 of the certified business development organization that made the investment; the
18 total amount of each investment in the business, including grant moneys and
19 moneys contributed by the certified business development organization or by other
20 funding sources; and a statement of the number of employees the business employed
21 when the certified business development organization first invested grant moneys
22 in the business, the number of employees the business employed on January 1 of the
23 year preceding the year of the report, and the number of employees the business
24 employed on December 31 of the year preceding the year of the report.

1 **(2) PROGRESS REPORT.** In January 2018, the investment committee shall submit
2 a report to the joint committee on finance that includes all of the following:

3 (a) A comprehensive assessment of the success to date of the programs
4 administered by the investment committee.

5 (b) Any recommendations the investment committee has for improvement of
6 the programs administered by the investment committee and the specific actions the
7 investment committee intends to take or proposes to be taken to implement those
8 recommendations.

9 (c) Any recommendations the investment board has for improvement of the
10 programs administered by the investment committee and the specific actions the
11 investment board proposes to be taken to implement those recommendations.

12 **238.49 Winding up of the investment committee's business. (1) END OF**
13 **BUSINESS.** The secretary of administration shall determine the date that the
14 investment committee satisfies the requirements under sub (2) and shall provide a
15 written notice that states that date to the legislative reference bureau for publication
16 in the Wisconsin Administrative Register. The investment committee may not
17 conduct business of any kind after that date.

18 **(2) TRANSFER OF ASSETS, PROPERTY, AND CONTRACTS.** In December 2031, the
19 investment committee shall do all of the following:

20 (a) Assign all of the investment committee's assets and any assets of the
21 corporation under this subchapter to the secretary of administration. The secretary
22 of administration shall deposit in the general fund any moneys transferred under
23 this paragraph or generated from contracts or investments assigned to the secretary
24 of administration under par. (c).

