



## 2009 ASSEMBLY BILL 641

December 28, 2009 - Introduced by Representatives MOLEPSKE JR., CULLEN, ZIGMUNT, SMITH, TURNER, BERCEAU, ZEPNICK, VRUWINK, DEXTER and SCHNEIDER, cosponsored by Senators LASSA, KREITLOW, SULLIVAN, LEHMAN, VINEHOUT, JAUCH, HANSEN, HOLPERIN, MILLER, ROBSON, ERPENBACH, RISSER, PLALE, DECKER, TAYLOR, WIRCH, CARPENTER and COGGS. Referred to Committee on Jobs, the Economy and Small Business.

1     **AN ACT** *to repeal* 20.285 (1) (eg) and 36.25 (54); *to amend* 20.143 (1) (c), 20.143  
2           (1) (d), 20.143 (1) (fi), 20.143 (1) (ie), 20.143 (1) (ig), 20.143 (1) (im), 20.143 (1)  
3           (io), 20.143 (1) (ir), 20.143 (1) (kj), 38.41 (3) (d), 71.05 (6) (a) 15., 71.21 (4), 71.26  
4           (2) (a) 4., 71.34 (1k) (g), 71.45 (2) (a) 10., 77.92 (4) and 560.205 (3) (d); and *to*  
5           **create** 20.285 (1) (cd), 20.285 (1) (eb), 20.285 (1) (eg), 36.25 (52), 36.25 (53),  
6           36.25 (54), 71.07 (5r), 71.10 (4) (cd), 71.28 (5r), 71.30 (3) (cd), 71.47 (5r), 71.49  
7           (1) (cd), 560.203, 560.27 (1) (c) and 560.276 of the statutes; **relating to:** a  
8           postsecondary education tax credit for businesses; increasing annual limits on  
9           angel investment tax credits; awarding grants to the WiSys Technology  
10          Foundation, Inc.; business plan competitions and an emerging technology  
11          center in the University of Wisconsin System; rural outsourcing grants;  
12          requiring the Department of Commerce to award grants to a high-technology  
13          business development corporation and grants for converting manufacturing  
14          facilities; increasing funding for certain economic development programs; a

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1 pilot program providing microloans for the creation of new businesses;  
2 increasing funding for certain technical college training program grants;  
3 providing an exemption from emergency rule procedures; granting  
4 rule-making authority; and making appropriations.

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***Analysis by the Legislative Reference Bureau***

This bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college, or technical college. Sole proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests. The credit is an amount equal to: 1) 25 percent of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction and is eligible for a grant from the Federal Pell Grant Program; and 2) 30 percent of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction that relates to a projected worker shortage in this state and is eligible for a grant from the Federal Pell Grant Program. The taxpayer claims the total amount of the tuition paid for the individual for the taxable year in which the individual graduates from the course of instruction. If the credit claimed by a business exceeds the business's tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

Under current law, an individual may claim an income tax credit in each taxable year for two years, beginning with the taxable year certified by the Department of Commerce (Commerce), in an amount equal to 12.5 percent of the individual's bona fide angel investment in a new business venture. The total amount of all bona fide angel investment credits that may be claimed in a calendar year beginning after 2007 but before 2011 is \$5,500,000 and the total amount that may be claimed in any calendar year beginning after 2010 is \$18,000,000. Under the bill, the total amount of all bona fide angel investment credits that may be claimed in 2010 is \$6,500,000, and the total amount that may be claimed in a calendar year beginning after 2010 is \$20,000,000.

Under current law, a taxpayer may claim an early stage seed investment tax credit for 25 percent of the amount that the taxpayer pays to a fund manager that the fund manager invests with certain businesses that are certified by Commerce to receive investments. The total amount of all early stage seed investment credits that may be claimed in a calendar year beginning after 2007 but before 2011 is \$6,000,000 and the total amount that may be claimed in any calendar year beginning after 2010 is \$18,500,000. Under the bill, the total amount of all early stage seed investment credits that may be claimed in 2010 is \$8,000,000, and the total amount that may be claimed in any calendar year beginning after 2010 is \$20,500,000.

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The bill directs the Board of Regents of the University of Wisconsin (UW) System to award to the WiSys Technology Foundation, Inc. (foundation), grants for the Wisconsin Small Company Advancement program to provide intellectual property management services to UW System two-year and four-year schools, other than the UW-Madison and the UW-Milwaukee. Each grant must be for \$250,000, but the Board of Regents may award a grant only if the foundation shows that it has secured matching funds for the program from sources other than the state. The bill provides for a maximum number of eight grants.

The bill appropriates \$125,000 annually to the Board of Regents of the UW System to support a business plan competition program existing on the effective date of bill at two-year and four-year schools, except for the UW-Madison, that makes entrepreneurial expertise available to students and that has ties to campus-based business plan contests and national organizations that foster student entrepreneurship. The bill also appropriates \$400,000 during the 2009-11 fiscal biennium to the Board of Regents to develop an emerging technology center at the UW-La Crosse. The bill prohibits the Board of Regents from spending moneys under either appropriation unless it receives matching funds from private contributions.

Beginning in the 2010-11 school year, the bill requires the Technical College System Board (system board) to award at least \$1,500,000 annually to technical college district boards for advanced manufacturing skills training. Under current law, the system board must award at least \$1,000,000 annually for such training, with the same priority. The bill authorizes Commerce to award grants in the 2009-11 fiscal biennium to businesses for outsourcing work to rural municipalities in this state. Grants under the bill are funded by repayments of grants and loans under a number of economic development programs. Under the bill, Commerce must require grantees to obtain funding from sources other than the state in an amount at least equal to the amount of the grant. The total amount of grants awarded under the bill may not exceed \$500,000.

Under current law, Commerce assists in maintaining a high-technology business development corporation, for promoting and supporting the creation, development, and retention of science-based and technology-based businesses in the state.

The bill requires Commerce to award to the corporation an annual grant of \$100,000 for employing a grant writer to assist businesses to apply for certain federal small business grants, beginning in fiscal year 2010-11. The bill also requires Commerce to award the corporation a one-time grant of \$100,000 in fiscal year 2010-11 for an economic modeling database for use by regional economic development entities. The bill increases a current appropriation of general purpose revenue to Commerce by \$200,000 in fiscal year 2010-11 to fund the grants.

The Wisconsin Development Fund (development fund) is a biennial appropriation of general purpose revenues to Commerce. Currently, the development fund provides moneys for grants to Center for Advanced Technology and Innovation; for technology commercialization grants and loans; for grants and loans to support capital financing, worker training, entrepreneurial development,

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and other economic development projects; and for reimbursements under the Wisconsin trade project program.

The bill increases the appropriation by \$3,000,000 for the 2009–11 fiscal biennium. The bill also requires Commerce to award grants from the development fund in fiscal year 2010–11 to businesses for converting existing unutilized or underutilized manufacturing facilities to the production of renewable energy or the manufacturing of equipment used in the production of renewable energy. The total amount of grants awarded may not exceed \$2,000,000.

This bill also establishes a technology transfer grant and loan program in Commerce. Under the program, Commerce may award a grant or loan of up to \$100,000 to a research institution to pay for research and development activities that will result in the creation or retention of jobs in this state or that will improve the competitive position of a business in this state by improving the innovativeness of the business. The bill defines a “research institution” as any of the following located in this state: an accredited college; university; school of medicine, dentistry, veterinary medicine, medicine and public health, public health, or health professionals; a center for health sciences; or a hospital in which research is conducted. Grants and loans under the program are funded from existing economic development programs, including the Forward Innovation Fund and the development fund.

The bill directs Commerce to establish a pilot program of making loans of not more than \$25,000 at nominal interest rates for the creation of new businesses. Under the bill, Commerce must designate two areas of the state, one urban and one rural, that are affected by high unemployment and must make the loans only to residents of the areas. Commerce must partner with federal, state, regional, and local economic development entities to provide business training for applicants and borrowers. The bill appropriates \$500,000 to Commerce in fiscal 2010–11 for the loans. Commerce may not make loans under the program after July 31, 2013.

Current law requires Commerce to award a \$70,000 grant to Pleasant Prairie Technology Incubator Center no later than July 31, 2011. The bill requires Commerce to award the grant no later than 30 days after the effective date of the bill.

In addition, the bill increases funding for Commerce by \$75,000 in fiscal 2010–11 in order to fund a position for Commerce’s Regulatory Ombudsman Center.

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

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

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

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1 **2009-10**      **2010-11**

2 **20.285 University of Wisconsin System**

3 (1) UNIVERSITY EDUCATION, RESEARCH AND PUBLIC  
4 SERVICE

|   |                                 |     |   |         |         |
|---|---------------------------------|-----|---|---------|---------|
| 5 | (eb) Business plan competition  | GPR | A | 125,000 | 125,000 |
| 6 | (eg) Emerging technology center | GPR | B | 400,000 | -0-     |

7 **SECTION 2.** 20.143 (1) (c) of the statutes, as affected by 2009 Wisconsin Act 28,  
8 is amended to read:

9        20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*  
10 *assistance.* Biennially, the amounts in the schedule for grants under s. 560.145; for  
11 grants and loans under s. ss. 560.275 (2) and 560.276 and under subch. V of ch. 560;  
12 for reimbursements under s. 560.167; for the costs specified in s. 560.607; for loans  
13 under s. 560.203 and the loan under 1999 Wisconsin Act 9, section 9110 (4); and for  
14 the grants under 1995 Wisconsin Act 27, section 9116 (7gg), 1995 Wisconsin Act 119,  
15 section 2 (1), 1997 Wisconsin Act 27, section 9110 (6g), 2003 Wisconsin Act 33, section  
16 9109 (1d) and (2q), 2007 Wisconsin Act 20, section 9108 (4u), (6c), (7c), (7f), (8c), (8i),  
17 (9i), and (10q), 2009 Wisconsin Act 2, section 9110 (2) and (3), and 2009 Wisconsin  
18 Act 28, section 9110 (17q).

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

20        20.143 (1) (d) *High-technology business development corporation.* The  
21 amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (c) and (3),  
22 and for the grant under 2009 Wisconsin Act ... (this act), section 36 (2).

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

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

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

6           20.143 (1) (ie) *Wisconsin development fund, repayments.* All moneys received  
7 in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., s. 560.10, 2005  
8 stats., s. 560.147, 2005 stats., s. 560.16, 1995 stats., s. 560.165, 1993 stats., s. 560.275  
9 (2), s. 560.62, 2005 stats., s. 560.63, 2005 stats., s. 560.66, 2005 stats., ss. 560.145,  
10 560.157, and 560.45, subch. V of ch. 560, 1989 Wisconsin Act 336, section 3015 (1m),  
11 1989 Wisconsin Act 336, section 3015 (2m), 1989 Wisconsin Act 336, section 3015  
12 (3gx), 1997 Wisconsin Act 27, section 9110 (7f), 1997 Wisconsin Act 310, section 2  
13 (2d), 1999 Wisconsin Act 9, section 9110 (4), and 2007 Wisconsin Act 20, section 9108  
14 (5x), not appropriated under par. (gv) to be used for grants and loans under s. ss.  
15 560.275 (2), s. 560.276, and 560.45, and subch. V of ch. 560, for the loan under 1999  
16 Wisconsin Act 9, section 9110 (4), for the grant under 2001 Wisconsin Act 16, section  
17 9110 (7g), for the grants under 2003 Wisconsin Act 33, section 9109 (1d) and (2q), for  
18 grants under 2009 Wisconsin Act ... (this act), section 36 (1), for the study under 2009  
19 Wisconsin Act 28, section 9110 (15u), and for reimbursements under s. 560.167.

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

22           20.143 (1) (ig) *Gaming economic development and diversification; repayments.*  
23 Biennially, the amounts in the schedule for grants and loans under s. 560.138, for  
24 grants under s. 2009 Wisconsin Act ... (this act), section 36 (1), and under ss. 560.276  
25 and 560.45, and for the study under 2009 Wisconsin Act 28, section 9110 (15u). All

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1 moneys received in repayment of loans under ss. 560.137 (2), 2005 stats., and 560.138  
2 shall be credited to this appropriation account.

3 **SECTION 7.** 20.143 (1) (im) of the statutes, as affected by 2009 Wisconsin Act  
4 28, is amended to read:

5 20.143 (1) (im) *Minority business projects; repayments.* All moneys received on  
6 or before June 30, 2009, in repayment of grants or loans under s. 560.82 (1m) (b), 2007  
7 stats., and s. 560.82 (1m) (c), 2007 stats., and loans under 1997 Wisconsin Act 9,  
8 section 3, to be used for grants and loans under s. 560.45 and subch. II of ch. 560, for  
9 grants under 2009 Wisconsin Act .... (this act), section 36 (1), and for the study under  
10 2009 Wisconsin Act 28, section 9110 (15u).

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

13 20.143 (1) (io) *Grant and loan repayments; forward innovation fund.* All  
14 moneys received in repayment of grants or loans under subch. II of ch. 560, grants  
15 or loans under s. 560.82 (1m) (b) and (c), 2007 stats., and loans under 1997 Wisconsin  
16 Act 9, section 3, to be used for grants and loans under s. 560.276 and under subch.  
17 II of ch. 560.

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

20 20.143 (1) (ir) *Rural economic development loan repayments.* All moneys  
21 received in repayment of loans under s. 560.17, to be used for grants and loans under  
22 ss. 560.17 and 560.45, for grants under 2009 Wisconsin Act .... (this act), section 36  
23 (1), and for the study under 2009 Wisconsin Act 28, section 9110 (15u).

24 **SECTION 10.** 20.143 (1) (kj) of the statutes, as affected by 2009 Wisconsin Act  
25 28, is amended to read:

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1           20.143 (1) (kj) *Gaming economic development and diversification; grants and*  
2 *loans.* Biennially, the amounts in the schedule for grants and loans under ~~s. ss.~~  
3 560.138 and 560.276, for the grants under s. 560.139 (1) (a), and for the grants under  
4 2001 Wisconsin Act 16, section 9110 (2k), (11pk), and (11zx), and 2009 Wisconsin Act  
5 28, section 9110 (16i). All moneys transferred from the appropriation account under  
6 s. 20.505 (8) (hm) 6j. shall be credited to this appropriation account.  
7 Notwithstanding s. 20.001 (3) (b), the unencumbered balance on June 30 of each  
8 odd-numbered year shall revert to the appropriation account under s. 20.505 (8)  
9 (hm).

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

11           20.285 (1) (cd) *WiSys Technology Foundation grants.* A sum sufficient not to  
12 exceed \$2,000,000 for grants to the WiSys Technology Foundation, Inc., under s.  
13 36.25 (52) (b).

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

15           20.285 (1) (eb) *Business plan competition.* The amounts in the schedule to  
16 support a business plan competition program under s. 36.25 (53).

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

18           20.285 (1) (eg) *Emerging technology center.* Biennially, the amounts in the  
19 schedule to develop a business plan for an emerging technology center under s. 36.25  
20 (54).

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

23           **SECTION 15.** 36.25 (52) of the statutes is created to read:

24           36.25 (52) **WiSYS TECHNOLOGY FOUNDATION GRANTS.** (a) In this subsection,  
25 “foundation” means the WiSys Technology Foundation, Inc.



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1 (b) From the appropriation under s. 20.285 (1) (cd), the board shall award  
2 grants to the foundation for the Wisconsin Small Company Advancement program  
3 to provide intellectual property management services to the extension and all  
4 institutions and college campuses other than the University of Wisconsin-Madison  
5 and the University of Wisconsin-Milwaukee. The amount of each grant shall be  
6 \$250,000. The board may not award a grant unless the foundation shows to the  
7 satisfaction of the board that the foundation has secured matching funds for the  
8 program from sources other than the state that are equal to the amount of the grant.

9 (c) The board shall submit progress reports to the legislature, in the manner  
10 provided under s. 13.172 (2), at least annually until the program funded by the  
11 grants under par. (b) is terminated.

12 **SECTION 16.** 36.25 (53) of the statutes is created to read:

13 36.25 (53) BUSINESS PLAN COMPETITION. The board shall use the moneys  
14 appropriated under s. 20.285 (1) (eb) to support a business plan competition program  
15 existing on the effective date of this subsection ... [LRB inserts date], at institutions  
16 and college campuses other than the University of Wisconsin-Madison that makes  
17 entrepreneurial expertise available to students and that has ties to campus-based  
18 business plan contests and national organizations that foster student  
19 entrepreneurship. The board may use the moneys only if the board receives matching  
20 funds for the same purpose from private contributions.

21 **SECTION 17.** 36.25 (54) of the statutes is created to read:

22 36.25 (54) EMERGING TECHNOLOGY CENTER. The board shall use the moneys  
23 appropriated under s. 20.285 (1) (eg) to develop an emerging technology center at the  
24 University of Wisconsin-La Crosse. The board may use the moneys only if the board  
25 receives matching funds for the same purpose from private contributions.

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1           **SECTION 18.** 36.25 (54) of the statutes, as created by 2009 Wisconsin Act .... (this  
2 act), is repealed.

3           **SECTION 19.** 38.41 (3) (d) of the statutes, as created by 2009 Wisconsin Act 2,  
4 is amended to read:

5           38.41 (3) (d) Beginning in the 2008–09 school year, the board shall award at  
6 least \$1,000,000 annually under sub. (1) for training in advanced manufacturing  
7 skills, ~~with priority given to welding~~ and beginning in the 2010–11 school year, the  
8 board shall award at least \$1,500,000 annually under sub. (1) for such training.

9           **SECTION 20.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act  
10 28, is amended to read:

11           71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
12 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),  
13 (3t), (3w), (5e), (5f), (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, company’s, or tax–option corporation’s income under s.  
16 71.21 (4) or 71.34 (1k) (g).

17           **SECTION 21.** 71.07 (5r) of the statutes is created to read:

18           71.07 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this  
19 subsection:

20           1. “Claimant” means a sole proprietor, a partner, a member of a limited liability  
21 company, or a shareholder of a tax–option corporation who files a claim under this  
22 subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16           3m. A claimant may not claim the credit under par. (b) for any tuition amounts  
17 that the claimant paid or incurred for an individual who is not a resident of this state.

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

22           5. Partnerships, limited liability companies, and tax-option corporations may  
23 not claim the credit under this subsection, but the eligibility for, and the amount of,  
24 the credit are based on their payment of tuition under par. (b). A partnership, limited  
25 liability company, or tax-option corporation shall compute the amount of credit that

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1 each of its partners, members, or shareholders may claim and shall provide that  
2 information to each of them. Partners, members of limited liability companies, and  
3 shareholders of tax-option corporations may claim the credit in proportion to their  
4 ownership interest.

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

7 **SECTION 22.** 71.10 (4) (cd) of the statutes is created to read:

8 71.10 (4) (cd) Postsecondary education credit under s. 71.07 (5r).

9 **SECTION 23.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
10 amended to read:

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
12 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
13 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and passed through to partners shall  
14 be added to the partnership's income.

15 **SECTION 24.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act  
16 28, is amended to read:

17 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
18 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
19 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a  
20 partnership, limited liability company, or tax-option corporation that has added that  
21 amount to the partnership's, limited liability company's, or tax-option corporation's  
22 income under s. 71.21 (4) or 71.34 (1k) (g).

23 **SECTION 25.** 71.28 (5r) of the statutes is created to read:

24 71.28 (5r) POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this  
25 subsection:

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1           1. “Claimant” means a corporation that files a claim under this subsection.

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

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

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

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

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

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

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

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

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

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

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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,

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

9 **SECTION 26.** 71.30 (3) (cd) of the statutes is created to read:

10 71.30 (3) (cd) Postsecondary education credit under s. 71.28 (5r).

11 **SECTION 27.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,  
12 is amended to read:

13 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
14 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
15 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),  
16 and (8r) and passed through to shareholders.

17 **SECTION 28.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act  
18 28, is amended to read:

19 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
20 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),  
21 (5g), (5h), (5i), (5j), (5k), (5r), and (8r) and not passed through by a partnership,  
22 limited liability company, or tax-option corporation that has added that amount to  
23 the partnership's, limited liability company's, or tax-option corporation's income  
24 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
25 (1), (3), (3t), (4), (4m), and (5).



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1           **SECTION 29.** 71.47 (5r) of the statutes is created to read:

2           71.47 **(5r)** POSTSECONDARY EDUCATION CREDIT. (a) *Definitions.* In this  
3 subsection:

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

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

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

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

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

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

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

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

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

21           1. Twenty-five 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 and eligible for  
24 a grant from the Federal Pell Grant Program.

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

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

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

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

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

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

22           3m. A claimant may not claim the credit under par. (b) for any tuition amounts  
23 that the claimant paid or incurred for an individual who is not a resident of this state.

24           4. The claimant shall claim the credit for the taxable year in which the  
25 individual graduates from a course of instruction in an amount equal to the total

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1 amount the claimant paid or incurred under par. (b) for all taxable years in which  
2 the claimant paid or incurred such amounts related to that individual.

3 5. Partnerships, limited liability companies, and tax-option corporations may  
4 not claim the credit under this subsection, but the eligibility for, and the amount of,  
5 the credit are based on their payment of tuition under par. (b). A partnership, limited  
6 liability company, or tax-option corporation shall compute the amount of credit that  
7 each of its partners, members, or shareholders may claim and shall provide that  
8 information to each of them. Partners, members of limited liability companies, and  
9 shareholders of tax-option corporations may claim the credit in proportion to their  
10 ownership interest.

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

13 **SECTION 30.** 71.49 (1) (cd) of the statutes is created to read:

14 71.49 (1) (cd) Postsecondary education credit under s. 71.47 (5r).

15 **SECTION 31.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
16 amended to read:

17 77.92 (4) “Net business income,” with respect to a partnership, means taxable  
18 income as calculated under section 703 of the Internal Revenue Code; plus the items  
19 of income and gain under section 702 of the Internal Revenue Code, including taxable  
20 state and municipal bond interest and excluding nontaxable interest income or  
21 dividend income from federal government obligations; minus the items of loss and  
22 deduction under section 702 of the Internal Revenue Code, except items that are not  
23 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
24 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
25 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),

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1 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), and (8r); and plus or minus, as  
2 appropriate, transitional adjustments, depreciation differences, and basis  
3 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
4 loss, and deductions from farming. “Net business income,” with respect to a natural  
5 person, estate, or trust, means profit from a trade or business for federal income tax  
6 purposes and includes net income derived as an employee as defined in section 3121  
7 (d) (3) of the Internal Revenue Code.

8 **SECTION 32.** 560.203 of the statutes is created to read:

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

19 **SECTION 33.** 560.205 (3) (d) of the statutes, as affected by 2009 Wisconsin Act  
20 2, is amended to read:

21 **560.205 (3) (d) Rules.** The department of commerce, in consultation with the  
22 department of revenue, shall promulgate rules to administer this section. The rules  
23 shall further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1.  
24 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may  
25 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per

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

21 **SECTION 34.** 560.27 (1) (c) of the statutes is created to read:

22 560.27 (1) (c) Annually, beginning in fiscal year 2010-11, the department shall  
23 award a grant of \$100,000 from the appropriation under s. 20.143 (1) (d) to the  
24 high-technology business development corporation. The department shall enter  
25 into an agreement with the high-technology business development corporation

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1 requiring the grant proceeds to be used for employing a grant writer to assist  
2 businesses to apply for federal small business innovation research grants. The  
3 department shall submit annually to the legislature under s. 13.172 (2) a report  
4 detailing the number of grant applications assisted by the grant writer, the number  
5 of applications assisted by the grant writer that won grants and the total amount of  
6 the grants, and the number of any jobs created as a result of the grant writer's  
7 activities.

8 **SECTION 35.** 560.276 of the statutes is created to read:

9 **560.276 Technology transfer grant and loan program. (1) DEFINITIONS.**

10 In this section:

11 (a) "Business" has the meaning given in s. 560.60 (2).

12 (b) "Research institution" means any of the following if located in this state:

13 1. An accredited college or university.

14 2. An accredited school of medicine, dentistry, veterinary medicine, medicine  
15 and public health, public health, or health professionals.

16 3. An accredited center for health sciences.

17 4. A hospital in which research is conducted. In this subdivision, "hospital" has  
18 the meaning given in s. 50.33 (2).

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

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

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

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

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

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

12 **SECTION 36. Nonstatutory provisions.**

13 (1) **RURAL OUTSOURCING GRANTS.** From the appropriations under section 20.143  
14 (1) (ie), (ig), (im), and (ir) of the statutes, as affected by this act, the department of  
15 commerce may award grants during the 2009-11 fiscal biennium to businesses for  
16 outsourcing work to rural municipalities, as defined under section 560.17 (1) (d) of  
17 the statutes. The department shall require grantees to obtain funding from sources  
18 other than the state in an amount at least equal to the amount of the grant. In  
19 determining whether a grantee has obtained sufficient funding from sources other  
20 than the state, the department shall credit the grantee's capital expenditures, family  
21 supporting wages, rent or other facility costs, electricity costs, equipment leases, and  
22 software expenditures. The total amount of grants awarded under this subsection  
23 may not exceed \$500,000. The department may promulgate rules necessary to  
24 administer this subsection as emergency rules under section 227.24 of the statutes.  
25 Notwithstanding section 227.24 (1) (a) and (3) of the statutes, the department is not

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1 required to provide evidence that promulgating a rule under this subsection as an  
2 emergency rule is necessary for the preservation of public peace, health, safety, or  
3 welfare and is not required to provide a finding of emergency for a rule promulgated  
4 under this subsection.

5 (2) HIGH-TECHNOLOGY BUSINESS DEVELOPMENT CORPORATION GRANT. In fiscal year  
6 2010-11, the department of commerce shall award to the high-technology business  
7 development corporation under section 560.27 of the statutes a grant of \$100,000  
8 from the appropriation account under section 20.143 (1) (d) of the statutes, for  
9 procuring an economic modeling database for the use of regional economic  
10 development entities.

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

24 (4) GRANT TO PLEASANT PRAIRIE TECHNOLOGY INCUBATOR CENTER.  
25 Notwithstanding 2009 Wisconsin Act 28, section 9110 (17q), the department of



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1 commerce shall award the grant required under 2009 Wisconsin Act 28, section 9110  
2 (17q), no later than than 30 days after the effective date of this subsection.

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

**SECTION 37. Fiscal changes.****(1) WISCONSIN DEVELOPMENT FUND.**

16 (a) In the schedule under section 20.005 (3) of the statutes for the appropriation  
17 to the department of commerce under section 20.143 (1) (c) of the statutes, as affected  
18 by the acts of 2009, the dollar amount is increased by \$500,000 for the first fiscal year  
19 of the fiscal biennium in which this subsection takes effect to increase funding for the  
20 purposes for which the appropriation is made. In the schedule under section 20.005  
21 (3) of the statutes for the appropriation to the department of commerce under section  
22 20.143 (1) (c) of the statutes, as affected by the acts of 2009, the dollar amount is  
23 increased by \$2,500,000 for the second fiscal year of the fiscal biennium in which this  
24 subsection takes effect to increase funding for the purposes for which the

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1 appropriation is made, and to provide funding for grants under SECTION 36 (3) of this  
2 act.

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

8 (2) HIGH-TECHNOLOGY BUSINESS DEVELOPMENT CORPORATION GRANTS. In the  
9 schedule under section 20.005 (3) of the statutes for the appropriation to the  
10 department of commerce under section 20.143 (1) (d) of the statutes, as affected by  
11 the acts of 2009, the dollar amount is increased by \$200,000 for the second fiscal year  
12 of the fiscal biennium in which this subsection takes effect to provide funding for the  
13 grant under section 560.27 (1) (c) of the statutes, as created by this act, and for the  
14 grant under SECTION 36 (2) of this act.

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

24 (4) TRAINING PROGRAM GRANTS. In the schedule under section 20.005 (3) of the  
25 statutes for the appropriation to the technical college system board under section

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1 20.292 (1) (eh) of the statutes, as affected by the acts of 2009, the dollar amount is  
2 increased by \$500,000 for the second fiscal year of the fiscal biennium in which this  
3 subsection takes effect to increase funding for the purpose for which the  
4 appropriation is made.

5 (5) REGULATORY OMBUDSMAN CENTER POSITION. In the schedule under section  
6 20.005 (3) of the statutes for the appropriation to the department of commerce under  
7 section 20.143 (1) (a) of the statutes, as affected by the acts of 2009, the dollar amount  
8 is increased by \$75,000 for the second fiscal year of the fiscal biennium in which this  
9 subsection takes effect to increase the authorized FTE positions for the regulatory  
10 ombudsman center by 1.0 GPR position.

**SECTION 38. Initial applicability.**

11  
12 (1) POSTSECONDARY EDUCATION TAX CREDITS. The treatment of sections 71.05 (6)  
13 (a) 15., 71.07 (5r), 71.10 (4) (cd), 71.21 (4), 71.26 (2) (a) 4., 71.28 (5r), 71.30 (3) (cd),  
14 71.34 (1k) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49 (1) (cd), and 77.92 (4) of the statutes  
15 first applies to taxable years beginning on January 1 of the year in which this  
16 subsection takes effect, except that if this subsection takes effect after July 31 this  
17 act first applies to taxable years beginning on January 1 of the year following the  
18 year in which this subsection takes effect.

**SECTION 39. Effective date.**

19  
20 (1) EMERGING TECHNOLOGY CENTER. The repeal of sections 20.285 (1) (eg) and  
21 36.25 (54) of the statutes takes effect on June 30, 2011.

22 (END)