



Adam Neylon

State Representative • 98th Assembly District

December 15th, 2015

Testimony in Support of Seeds for Growth, Senate Bill 404

Thank you Chairman and thank you to the committee members for having this hearing today on SB 404, Sen. Darling's and my "Seeds for Growth Bill." Last session we created the Badger Fund of Funds program to help foster a more robust and statewide venture capital scene in Wisconsin with the aim at having increased capital investment in new and small businesses in this state. The Badger Fund is a joint private-state venture that oversees and partners with smaller first time venture capital funds located across Wisconsin.

The upside of the Badger Fund of Funds is two-fold. It increases investment in small businesses and start-ups located in every corner of the state, and it helps create a new group of first time venture capital funds and fund managers. These are benefits that can positively impact the Wisconsin economy long after the state is no longer involved.

Currently, the Badger Fund of Funds is about \$20 million away from their private fundraising goal. The Seeds for Growth Bill will help them reach their goal by the June 2016 deadline by freeing up some unused Act 255 tax credits that can be allocated for institutional investors. As I understand it, most of the investment in venture capital funds comes from institutional investors, but here in Wisconsin we severely trail the rest of the nation in that department.

The Seeds for Growth Bill is aimed at helping connect those vital institutional investors with the new first time funds located all over the state. Wisconsin has emerging entrepreneurs with great ideas across the state. It is important that we help support an environment where those entrepreneurs have access to the capital and guidance they need to grow and flourish. The Seeds for Growth Bill is another step forward in moving Wisconsin to the front of the nation as a state where new ideas and new businesses can come to grow.



Alberta Darling
Wisconsin State Senator
Co-Chair, Joint Committee on Finance

Badger Fund of Funds

Testimony on Senate Bill 404

Senate Committee on Revenue, Financial Institutions, and Rural Issues

December 15, 2015

Thank you Chair Marklein and members of the Senate Committee on Revenue, Financial Institutions, and Rural Issues for hearing this important bill. We have improved the climate for creating jobs in Wisconsin. One of the successes I am most proud of is creating the Badger Fund of Funds. This private-public partnership's sole purpose is increasing investment in Wisconsin startups. The fund has had a successful start and will continue to raise more capital from the private sector until June of 2016.

The bill before you today helps bring in that additional private capital. Funding startups is not for the faint of heart and the vast majority of money for venture capital funds comes from institutional investors. This bill would allow the money in the Fund of Funds to be eligible for Act 255 credits, which would attract more institutional investors so the fund can achieve our goals.

I strongly believe that venture capital is one path we can take to increase opportunities for Wisconsinites. Entrepreneurs need access to capital to get their ideas from infancy to market. The complex system of rules and regulations placed on the financial system make it more difficult for capital to fund the best and brightest ideas. The Badger Fund of Funds is an antidote to those regulations because it provides funds for Wisconsin entrepreneurs while also safeguarding investments Wisconsin taxpayers make.

We do not know where the next idea will take us. Whether it's an app that makes our lives easier, a solution to a problem that vexes our society, or a product that saves lives. Anything is possible when we believe and invest in Wisconsinites. This legislature should do everything we can to ensure that the Badger Fund of Funds is a resounding success!

Again, thank you for taking the time to hear this bill and I urge you to consider supporting it.



Dec. 15, 2015

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

FROM: Tom Still, president, Wisconsin Technology Council

RE: Senate Bill 404, relating to allowing taxpayers to claim early stage seed investment credits for Badger Fund of Funds investments

Chairman Marklein and committee members:

Thank you for the chance to speak with you today. My name is Tom Still and I am president of the Wisconsin Technology Council, which is an independent, bipartisan organization that serves a number of functions related to the high-growth, early stage economy in Wisconsin. One of those roles since our inception in 2001 has been to advise policymakers such as yourself on key issues related to the growth of the tech-based economy in Wisconsin.

The Wisconsin Legislature has an impressive body of work surrounding the growth of early stage capital in our state. One of the first successful efforts to grow the supply of angel and venture capital in Wisconsin was the passage of angel and venture tax credits, often called the Act 255 tax credits, which took effect at the start of 2005.

That happened just after the Tech Council launched its Wisconsin Angel Network with the purpose of creating more chances for investors to meet, learn about best practices, exchange information, get connected with young companies and co-invest in deals.

As it was enacted, Act 41 did not allow for the private investors in the fund to fully capture the benefits of the state tax credits. This bill would allow that to happen in a way that would prove more attractive to institutional investors in Wisconsin, who are most likely to invest in a fund that has Wisconsin start-ups as a target group.

I can tell you that while the Badger Fund of Funds is still in its fundraising mode, it has already had an effect on Wisconsin's investment climate. The mere fact that the governor and Legislature stepped forward to invest, side-by-side, in our startup economy sent a powerful signal to investors in Wisconsin and well beyond. We just completed a conference in Madison where about 65 of those investors were present, and there was a great deal of buzz about Wisconsin deals.

Thank you for your attention and I would be happy to answer questions.

###