



**JIM DOYLE**  
**GOVERNOR**  
**STATE OF WISCONSIN**

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November 13, 2003

To: Members of the Wisconsin Legislature  
From: Governor Jim Doyle

Re: Venture Capital and Job Creation

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Wisconsin needs venture capital in order to grow new businesses and create high-paying jobs and our State has traditionally attracted less of this capital than other states. It is for this reason I proposed a venture capital authority in my Grow Wisconsin plan. Members of the Legislature also introduced proposals to address this issue.

My Administration, under the leadership of Secretaries Cory Nettles, Marc Marotta and Michael Morgan, have been working with legislators from both parties, including Senators Kanavas, Moore and Plale and Representatives Ward, Richards, Schooff and Hebl to fashion a plan that meets the following principles:

First, the plan must be affordable. Second, the plan must target resources on seed and early stage companies, as this is where we have the most significant need. Third, the plan must be focused on creating jobs at the high end – the kind of jobs that pay high wages, support families, and grow the economy. Fourth, the money needs to go to capital markets and job creation, not administration and overhead. And fifth, given our limited resources, any plan should leverage additional resources from the private sector.

The plan put forward before the State Senate in amended versions of SB 261/AB 538 and SB 249/AB 531 meets those goals. This proposal does the following at a cost of \$185 million over twelve years:

- 1.) Creates a Tech Commercialization Grant Program – This program will assist entrepreneurs with commercializing the great research conducted in Wisconsin. Under this program, Commerce will partner with the UW System to establish centers to provide business advice to entrepreneurs. The services will include referrals to private sector service providers to assist with protection of intellectual property; conduct independent reviews of business plans; and direct entrepreneurs to venture capital investors and federal funding sources. It will cost \$4.5 million each year for ten years. **(\$45 million total)**
- 2.) SB 261/AB 538 – Investments in "Qualified New Business Ventures" by angel investors are eligible to receive tax credits. These business ventures must involve research and development that will result in the development of new products or business processes. This part of the package will also require a study of new Wisconsin businesses, facilitating the development of certain investor networks. **(\$30 million total)**
- 3.) Creates an Early Stage Fund – Commerce will certify fund managers through an RFP process and certify businesses that are eligible to receive these funds. This proposal will direct dollars to start-up companies in the earliest stages of commercializing products for the market. **(\$35 million total)**

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4.) SB 249/AB 531 – The Wisconsin Capital Companies Program – This program makes major reforms to the existing Capco program. This new proposal opens the program up to any business that pays corporate franchise, income, or a premium tax in Wisconsin. The state will get 30% of the returns from the investments – under Capco the State saw no return – unless the program manager leverages up to 10% of private side-by-side investments, in which case the State would receive 20% of the gains. This will also have an incremental tax credit scale of fewer credits in the first few years and more credits in the outer years. (**\$75 million total**)

This proposal is a great example of what can be accomplished when the Legislature works with the Administration and focuses on the economic development issues of great importance to our State's citizens and businesses.