



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1084/1
JK&MPG:wlj

2017 ASSEMBLY BILL 166

March 20, 2017 - Introduced by Representatives KOLSTE, BARCA, SPREITZER, GOYKE, SARGENT, OHNSTAD, POPE, BERCEAU, MEYERS, CROWLEY, VRUWINK, SUBECK, GENRICH, WACHS, CONSIDINE, SINICKI and ZAMARRIPA, cosponsored by Senators RINGHAND and L. TAYLOR. Referred to Committee on Jobs and the Economy.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to create** 238.165 of the statutes; **relating to:** entrepreneurial tax credit
2 access grants.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Economic Development Corporation may certify a person to receive, or a person may otherwise qualify for, income and franchise tax credits based on the person's expenditures in this state related to the person's business. This bill directs WEDC to establish a grant program under which WEDC may award a grant to a person who wishes to secure financing to make expenditures that would qualify for such tax credits. A person is eligible to receive a grant if the expenditures are made for a business located in this state that has fewer than 25 employees in this state or less than \$5,000,000 in gross receipts. No person may receive a grant unless the person has submitted business and financing plans to a commercial lending institution and submitted copies of the plans to WEDC. Before awarding a grant, WEDC must verify that the lender has approved the person's plans and will underwrite a loan for expenditures, contingent on the person receiving a grant. Under the bill, a person who receives a grant to secure financing for making an expenditure that would qualify for a tax credit may not claim a credit for that expenditure.

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

ASSEMBLY BILL 166**SECTION 1**

1 **SECTION 1.** 238.165 of the statutes is created to read:

2 **238.165 Entrepreneurial tax credit access grants.** (1) The corporation
3 shall establish and administer a program to make grants under this section. The
4 corporation may award a grant under the program to a person who intends to use the
5 grant to secure financing for making expenditures that would qualify for a credit
6 under s. 71.07 (2dy) or (3g) (a) 2., 71.28 (1dy) or (3g) (a) 2., or 71.47 (1dy) or (3g) (a)
7 2., if the expenditures are made for a business located in this state that has fewer
8 than 25 employees in this state or less than \$5,000,000 in gross receipts for the
9 taxable year in which the person applies for a grant under this section.

10 (2) Any person who wishes to receive a grant under this section shall complete
11 and submit an application to the corporation and enter into an agreement with the
12 corporation to use the grant to secure financing for making expenditures described
13 under sub. (1) and to repay any or all of the grant proceeds to the corporation if the
14 person fails to comply with the agreement. An agreement under this subsection may
15 provide that repayment shall be obtained through full or partial repayment of the
16 principal amount of the grant plus interest, through receipt of a share of future
17 profits from or an interest in a product or process, or through any other appropriate
18 means.

19 (3) (a) No person may receive a grant under this section unless the person has
20 submitted business and financing plans to a commercial lending institution and
21 submitted copies of the plans to the corporation. Before awarding a grant, the
22 corporation shall verify that the lender has approved the person's plans and will
23 underwrite a loan for expenditures described under sub. (1), contingent on the
24 person receiving a grant under this section.

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1 (b) The amount of any grant awarded under this section is the amount equal
2 to 95 percent of the tax credit that the recipient could otherwise receive for making
3 expenditures described under sub. (1), except that the amount of the grant may not
4 exceed an amount equal to 20 percent of the cost of the project that is being financed.

5 (c) The corporation shall require, as a condition of the grant, that the recipient
6 contribute to a project an amount that is not less than the amount the recipient
7 receives as a grant under this section.

8 (4) A person who receives a grant under this section to secure financing for
9 making an expenditure described under sub. (1) may not claim a credit under s. 71.07
10 (2dy) or (3g) (a) 2., 71.28 (1dy) or (3g) (a) 2., or 71.47 (1dy) or (3g) (a) 2. for that
11 expenditure.

12 (5) (a) The corporation shall pay grants under this section from the
13 appropriation under s. 20.192 (1) (r). The total amount that the corporation may
14 award under this section in a fiscal year is \$8,000,000.

15 (b) The corporation shall establish policies and procedures to administer this
16 section.

17 (c) The corporation may not award grants under this section after January 1,
18 2019.

19 (END)