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Bill would boost tax credits for angel investors

By [Kathleen Gallagher](#) of the Journal Sentinel

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Democratic state legislators plan to hold hearings, possibly as soon as next week, on a proposed \$15 million economic growth package that would bulk up Wisconsin's angel investing tax credits, better connect businesses with university research, and include other measures to rebuild the state's economy.

The package, called the Wisconsin C.O.R.E. Jobs Act - for Connecting Opportunity, Research and Entrepreneurship - was introduced in the state Senate earlier this month by Sen. Julie Lassa (D-Stevens Point) and Sen. Pat Kreitlow (D-Chippewa Falls).

"This is building off successful economic development programs we have in place and building new ones that will set the stage for future economic growth in Wisconsin that will help companies survive the recession and come out of it stronger to compete with national and global competitors," said Lassa, chairman of the Senate Committee on Economic Development.

The package involves spending money but there's room within the state budget to do that, Lassa said. She said she expects to see bipartisan support, partly because it expands programs like the angel tax credits that were championed by legislators from both sides of the aisle.

Sen. Ted Kanavas (R-Brookfield) says he's all for expanding the angel tax credits, which he has promoted from the beginning. But the Democrats' package is "weak tea," he said.

"I wouldn't call this a plan. I would call it a list of things people wrote down when they were sitting in a room for 20 minutes."

The Democrats have produced a "tepid response" to an extraordinary problem that requires bold initiatives to restart the economy," said Kanavas, pointing to the quarterly economic outlook released earlier this month by the state Department of Revenue.

Wisconsin's real Gross Domestic Product is projected to decline 2.5% in 2009, the report said.

The proposed legislation is exactly what's needed to turn that around, said Rep. Louis Molepske Jr. (D-Stevens Point). Molepske, who is chairman of the Assembly Committee on Jobs, the Economy and Small Business, said he is taking the lead on the legislation with Rep. David Cullen (D-Milwaukee).

The package certainly could contain more, said Tom Still, president of the Wisconsin Technology Council, but added, "it's an important start and it signals that legislative leadership is serious about economic development."

There are many things to like in the bill, including the further expansion of the angel tax credits, the attempt to link breakthrough research with entrepreneurs who can commercialize it, and the development of a new business plan contest, said Dan Steininger, vice president of BizStarts Milwaukee, a nonprofit group that promotes entrepreneurship

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in southeastern Wisconsin.

"A well-run business plan contest helps students think about creating a job, rather than taking a job," Steininger said.

The proposal is the first of several the Democrats are working on with an eye to restoring the economy, Molepske said.

Its fate will boil down to how the Legislature's Joint Finance Committee views it, and whether it can move through the legislative process while staying within the constraints of the state budget, he said.

"The bill is diverse enough that, if you give it a decent look, you should be able to support it," Molepske said.

C.O.R.E. INITIATIVES

Here are some of the initiatives in the proposed Wisconsin C.O.R.E. Jobs Act:

- Expand the state's Accelerate Wisconsin tax credits for investors in early-stage companies by \$3 million in 2010.
- Provide \$2 million to help WiSys Technology Foundation, the technology transfer arm for the University of Wisconsin System, forge more research commercialization partnerships between small and midsize businesses and state academic research institutions.
- Start a \$500,000 micro-loan program to provide loans of \$1,000 to \$25,000 to new small businesses in areas of high unemployment.
- Provide \$75,000 for a regulatory ombudsman in the state Commerce Department who would help businesses with permitting and approvals, and have the authority to force state agencies to discuss issues with business.
- Provide \$2 million for incentives to reopen shuttered factories for "green" energy production or manufacturing.
- Establish an Emerging Technology Center at UW-La Crosse with \$400,000 to spur research commercialization.

Patrick Marley of the Journal Sentinel staff contributed to this report.



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