



FOR IMMEDIATE RELEASE (Feb. 8, 2017)

Contact: Tom Still at 608-442-7557

To read full report: <http://wisconsintechcouncil.com/publications/wtc-white-papers/>

Tech Council lauds governor's inclusion of Act 255 credit-cap change in 2017-19 budget

MADISON – The Wisconsin Technology Council strongly supports Gov. Scott Walker's decision to raise a longstanding cap on the amount of dollars a company can raise and still be eligible for state investor tax credits.

In his 2017-19 state budget bill, Walker proposed raising the current \$8-million lifetime cap on credit-eligible investments for companies certified under the state's Qualified New Business Venture program. The new cap would be \$12 million, if approved by the Legislature.

State tax credits are worth up to \$1 for every \$4 invested by angel and venture capitalists, who often back young, high-growth companies.

"This will increase access to capital for emerging companies, especially those with demonstrated ability to create value and larger numbers of jobs," said Tom Still, president of the Tech Council.

The Tech Council is the bipartisan, non-profit science and technology policy adviser to the governor and the Legislature, and a catalyst for tech-based development in Wisconsin. The Tech Council periodically issues "white papers" and special reports to assist those policymakers.

"The \$8-million cap has been in place for about a decade. Meanwhile, the venture capital needs of emerging companies have increased, especially for those companies engaged in capital-intensive industries," Still said. "This proposal updates a key provision of Wisconsin's Act 255 investor credit law, which has been a highly effective, nationally copied tool."

Improving access to capital for Wisconsin entrepreneurs, building the supply of human capital, enhancing the startup and business climate, and improving tech development, delivery and transfer are four major themes of the Wisconsin Technology Council's 2017 "white papers" report. Here are the six main recommendations of the report, "Investing in Wisconsin's Future":

1. Raise the \$8 million cap on credit-eligible investments for Act 255 firms to \$12 million, which will help existing, state-based companies poised for growth.
2. End tax on capital raised by C corps deemed "foreign corporations," making sure changes are targeted to firms of a certain size, age and other factors.
3. Accelerate investments, where possible, in broadband deployment. This can be done by leveraging federal Connect America Fund 2 and similar grants in Wisconsin with state support.

4. Make it easier to succeed as an entrepreneur in Wisconsin. Barriers to success may include employment non-compete agreements; certain professional and occupational licensing requirements; local or state rules that “fence in” older economic models; and a lack of flexibility regarding new types of corporate structures.
5. Re-invest in higher education. This is a core recommendation in the Tech Council’s spring 2016 report, “The Value of Higher Education to Wisconsin’s Economy.”
6. Invest in emerging clusters unique to Wisconsin, which are often tied to regional or industry sector strengths. Some of these clusters were first identified in the Tech Council’s 2003 report, “Vision 2020: A Model Wisconsin Economy.”

###