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### III. Promoting an entrepreneurial economy focused on accelerating start-ups, increasing research and development and encouraging technology transfer to inspire a creative, pro-growth, economy

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CWI recognizes the important role that the start-up and growth of small businesses played in the economic and social revitalization of Minnesota.

CWI will support policies that nurture and accelerate the growth of start-ups and small businesses in Wisconsin.

#### A. Encourage start-ups

According to research conducted by the Wisconsin Taxpayers Alliance,, “young companies with considerable growth potential turn to venture capital firms for start-up money rather than to traditional lenders. The amount of venture capital per worker is one indication of a state’s entrepreneurial vitality.” Wisconsin’s venture capital disbursement per worker is 16 percent of the national average -- \$27.19 per worker in Wisconsin compared to \$170.36 per worker in the country as a whole .  
*Source: CWI 2007 Benchmarks for a Competitive Wisconsin*

CWI recognizes the need for more early stage funding and venture capital to be available. Through its Act 255 resolution, CWI supports the long-term goal of making \$100 million in angel investment and early state seed investment credits available each year.

#### **FACT:**

- ✓ Wisconsin’s venture capital disbursement per worker (\$27.19/worker) is 16 percent of the national average (\$170.36).

#### **Strategies:**

- ☑ Double the venture capital disbursement per worker by 2012.
- ☑ Support significant increases in the amount of tax credits available under Act 255, currently \$12 million, to an eventual goal of \$100 million per year.
  - Fiscal impact: Eventual fiscal impact would be \$100 million per year.
- ☑ Broaden the definition of qualified new business ventures at the Department of Commerce to include “business services” as one of the criteria for a business to be engaged.

- ☑ Actively recruit and develop managers for Wisconsin's growth companies.
- ☑ Promote legislation to create a capital gains exemption for funds reinvested in Wisconsin companies, Wisconsin-only mutual funds or Wisconsin-based venture funds.
  - Fiscal impact: According to a Department of Revenue estimate a 100 percent capital gains exclusion from the sale or exchange of assets held for at least one year would have reduced state revenues by \$123 million in 2005. Assuming 10 percent of capital gains would meet this criteria potential impact would be \$12.3 million.
- ☑ Eliminate the estate tax in Wisconsin.
  - Fiscal impact: If implemented for deaths occurring in 2007, the estimated impact to the state would be \$100 million. For deaths occurring from 2008-2010, under current law, Wisconsin will not collect an estate tax, so there will be no fiscal impact. For deaths occurring after 2010 Wisconsin's estate tax is dependent on federal action.

**B. Improve technology transfer between Wisconsin's public and private colleges and industry.**

This entails uploading what students learn to the commercial sector and downloading technological advances (ideas, products, processes) to the private sector to create new products or improve existing ones.

**Strategies:**

- ☑ CWI will work to authorize tax exempt financing to fund research and the commercialization of research.