



Editorial: Renew angel tax credit

The state Legislature can do much to encourage venture capitalists to invest in Wisconsin's young businesses. Government does have a role to play here.

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The state Legislature should quickly approve Gov. Jim Doyle's request to expand tax credits for angel investors.

Doyle proposed in his "state of the state" address recently that the credits increase from \$13 million to \$23 million over the next two years. The Legislature previously authorized a 25% tax credit - a dollar-for-dollar reduction in taxes owed - to investors in companies that qualified for the program.

Another good idea proposed by the governor: the Wisconsin Venture Center. Modeled on a successful center in Cleveland, the idea is to figure out what venture capitalists want to invest in, identify those types of companies and get them ready for prime time. In Cleveland, BioEnterprise - formed in 2002 by a consortium of health care systems including the Cleveland Clinic - has worked with more than 60 companies. The amount of venture investments that Cleveland-area companies have received has increased nearly sixfold in the past three years.

Both ideas have merit in a state where the pipeline of money for start-up companies is flowing faster but still is a trickle compared with other states. Wisconsin attracted about \$60 million in venture investment in 2006 of the billions invested nationwide. That's far below what the state would attract if it was even at the national average on a per-capita basis.

Certainly, there is no shortage of intellectual capital in Wisconsin. The University of Wisconsin-Madison is the nation's fourth-biggest research spender among all academic

institutions, according to the most recent figures from the National Science Foundation. And, as the Journal Sentinel's Kathleen Gallagher reported recently, Wisconsin has a solid infrastructure to finance young companies, including 66 institutional investors with assets of \$100 million or more. An unprecedented meeting at the governor's mansion in December hosted by Doyle was aimed at courting some of those dollars for venture investing.

That kind of jawboning is important. So is prompt renewal of the angel tax credit and establishment of a venture center.