Informational Paper **94**

State Economic Development Financial Assistance Programs Administered by the Department of Commerce

Wisconsin Legislative Fiscal Bureau
January, 2011

State Economic Development Financial Assistance Programs Administered by the Department of Commerce

Prepared by

Ron Shanovich

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

TABLE OF CONTENTS

State Economic Development Financial Assistance Programs Administered by the Department of Commerce

Introduction

The Department of Commerce (Commerce) is generally charged with the responsibility of fostering economic development in Wisconsin. This paper provides information on the major economic development financial assistance programs administered by the Department. The paper describes the Department's administration of grants, loans, or tax credits provided to individuals, businesses, organizations or local governments in Wisconsin. Table 1 shows the $41.4 million in annual base level state appropriations for Commerce economic development grant and loan programs for business.

The federal community development block grant (CDBG) program is discussed later and Table 2, displayed in Chapter 1, shows federal program year funding for the CDBG program. Table 3 at the beginning of Chapter 2 lists state economic development related tax credits administered by Commerce.

The Wisconsin Development Fund (WDF), Forward Innovation Fund, and Rural Economic Development (RED) are funded through general purpose revenue (GPR) and program revenue (PR) repayments appropriations. (The Forward Innovation Fund receives program revenue funding from the minority business development [MBD] program repayments. MBD was incorporated into the Forward Innovation Fund in 2009 Act 28.) The gaming economic diversification grant and loan program is funded by a tribal gaming revenue program revenue appropriation and a repayments appropriation. The renewable energy grant and loan program is funded though a recycling and renewable energy fund segregated revenue appropriation and a program revenue repayments appropriation.

The program revenue repayments appropriations were established to operate similar to revolving loan funds. Amounts received from loan repayments are credited to the repayments appropriations and these monies can be used to fund additional grants and loans. The program revenue repayments appropriations are continuing appropriations and, consequently, unappropriated and unexpended amounts remain in the appropriation balances, and can be used to fund future grants and loans. Since the repayments appropriations are continuing, which allow for the expenditure of all monies received, the actual amounts awarded may differ from the amounts appropriated.

Commerce provides an interactive database of the specific grants, loans and tax credits awarded annually from 2007 through 2010. The database includes award amounts, recipients, location, industry, and award years. The database can be accessed through the Department of Commerce website at www.commerce.wi.gov/php/awards/ /awardList.php?yr=2010&ayr2010.

Table 1: Commerce 2011-12 Base Level State Business Development Funding

Program	Base Funding	
Wisconsin Development Fund (WDF)	$9,462,900	GPR
	3,801,500	PR
Total	13,264,400	
Gaming Economic Diversification	1,079,400	GPR
	328,500	PR
Total	1,407,900	
Forward Innovation Fund	884,600	GPR
	567,200	PR
Total	1,451,800	
Rural Economic Development (RED)	569,300	GPR
	113,900	PR
Total	683,200	
Brownfields Grants	6,570,500	SEG
Renewable Energy Grants & Loans	14,850,000	SEG
Rural Outsourcing Grants	250,000	GPR
Wisconsin Venture Fund	136,000	GPR
Entrepreneurial Assistance Grants	45,000	PR
Manufacturing Extension Center Grants	1,126,400	GPR
Wisconsin Technology Council Grants	534,700	GPR
Woman's Business Initiative Corporation	99,000	GPR
Diesel Truck Idling Reduction Grants	1,000,000	SEG
Total by Funding Source	$13,062,900	GPR
	5,935,500	PR
	22,420,500	SEG
Total All Funds	$41,418,900	

GRANT AND LOAN PROGRAMS

Economic Development Programs Goals, Accountability and Reporting

In March, 2008, 2007 Wisconsin Act 125 was enacted. The Act included a number of provisions, related to administration of economic development programs, that are based on recommendations made by the Legislative Audit Bureau in Audit Report 06-9, State Economic Development Programs. The Act requires the Departments of Commerce, Agriculture, Trade and Consumer Protection (DATCP), Natural Resources, Tourism, Transportation (DOT), the University of Wisconsin System, the Wisconsin Technical College System (WTCS), and the Wisconsin Housing and Economic Development Authority (WHEDA) to establish goals and accountability measures for economic development programs and reporting requirements for economic development assistance.

Specifically, for each economic development program administered by the Department, Commerce is required to: (a) establish clear and measurable goals for the program that are tied to statutory policy objectives; (b) establish at least one quantifiable benchmark for each program goal; (c) require that each recipient of a grant or loan under an economic development program submit a report to Commerce; (d) establish a method for evaluating the projected results of the economic development grant or loan program; (e) annually and independently verify, from a sample of grants and loans, the accuracy of the information contained in reports filed by grant and loan recipients, (f) establish, by rule, requirements for recipients of grants or loans to submit verified statements to Commerce; (g) establish, by rule, policies and procedures that permit the Department to: (1) recoup payments made to the recipient; (2) withhold payments to be paid to the recipient; and (3) impose a forfeiture on the recipient.

An entity that receives a grant, loan, or tax credit is required to enter into a contract with Commerce, for each grant, loan or tax credit, prior to receiving the grant, loan or tax credit. The contract establishes award responsibilities, planned results, and expected performance levels under the contract, recipients must agree to submit to regular performance auditing, attest to and document their performance, and authorize commerce to perform site audits. In addition, the recipient's authorized director or principal officer must sign and submit to the Department a statement that contains all of the following: (a) an itemized description and accounting of the funding received, including the dollar amount and what the funds were used for; (b) an itemized description and accounting of the match funding as defined in the recipient's contract, including the dollar amount and what the funds were used for; and (c) a detailed description of all deliverables as specified in the contract, and the date on which these deliverables were met. The statement must attest to the accuracy, completeness, and validation of all of the submitted information. Each statement submitted for a grant or loan of $100,000 or more must also be signed by an independent certified public accountant licensed or certified under state law, attesting to the accuracy of the information specified in the statement

Commerce may impose penalties on a recipient who submits false or misleading information or who fails to comply with the terms of a contract. Specifically, Commerce is authorized to: (a) recoup payments made to the recipient; (b) withhold payments to be made to the recipient; and (c) impose a forfeiture on the recipient. A forfeiture imposed on a recipient may take the form of cash penalties, an increase in the loan interest rate, debarment from accessing Commerce programs, or other forfeitures as specified in the contract.

Commerce, DATCP, Tourism, DOT, WHEDA, the UW System and WTCS must also prepare a comprehensive report with information about each of the economic development programs the agency administers. Annually, by October 1, each agency must submit to the Joint Legislative Audit Committee and to the appropriate standing committees of the Legislature, a comprehensive report assessing the economic development programs administered by the Department. The information in the report must be readily accessible to the public on an internet-based system. The report is required to include all of the following information:

a. A description of each economic development program.

b. Quantifiable performance measures directly related to the purpose of the program, including, when applicable, all of the following information: (1) an accounting of the location, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program; (2) an accounting of the industry classification, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program.

c. A comparison of expected and actual program outcomes.

d. The number of grants made under the program in the previous fiscal year.

e. The number of loans made under the program in the previous fiscal year.

f. The amount of tax benefits allocated and verified under the program in the previous fiscal year.

g. The amount of each grant or loan made under the program in the previous fiscal year.

h. The recipient of each grant or loan made under the program in the previous fiscal year.

i. The recipients of tax benefits allocated and verified under the program in the previous fiscal year.

j. The sum total of all grants and loans awarded to and received by each recipient under the program in the previous fiscal year.

k. Any recommended changes to the program.

Commerce is responsible for coordinating the information of all the entities, and making the information accessible to the public on a internet-based system. Commerce publishes an annual report on its website. The report for 2010 is published at http://commerce.wi.gov/BD/BD-Act125.html. The site also provides comprehensive data on an interactive site that includes award amounts, recipients, location, programs and year. The interactive data can be accessed at the annual report site.

"Economic development program" is defined as a program or activity having the primary purpose of encouraging the establishment and growth of business in Wisconsin, including the creation of jobs, and that satisfies all of the following:

a. The program receives funding from the state or federal government that is allocated through an appropriation included in the statutory appropriations schedule.

b. The program provides financial assistance, tax benefits, or direct services to specific industries, businesses, local governments, or local organizations.

Standard Underwriting Criteria

The Department uses the following standard underwriting criteria for business development financial assistance programs:

a. *Viability*. The level of risk determined by: (1) management capability (character); (2) ability to repay from cash flow (capacity); (3) ability to absorb unexpected costs with resources such as personal net worth (capital); (4) assets that secure Commerce funds (collateral); and, (5) general and specific market and economic conditions (conditions).

b. *Full-Time Jobs Created or Retained.*

c. *Part-Time Jobs Created or Retained.*

d. *Employee Wages.*

e. *Employee Benefits*

f. *Total Company Investment in Wisconsin*.

g. *Targeted Business.* Company demographics, including minority-owned, women-owned, small business, rural business, or agribusiness.

h. *Targeted Hires*. Employee demographics, including low and moderate income, minority, women, persons with disabilities, W-2 participants, and/or unemployed.

i. *Targeted Location*. Area demographics, including high unemployment, high percentage of W-2 participants, declining population, declining property values, low median household income, and significant layoffs.

j. *Community Benefits*. Spin-off jobs and businesses and positive impact on local businesses.

k. *Competition*. Will the Commerce award have a negative impact on competing businesses.

Business Development Financial Assistance

Commerce administers a wide variety of separate economic development programs that provide financial assistance. However, the type of assistance provided can be categorized into five general areas: (a) entrepreneurial development; (b) capital financing; (c) technology development; (d) employee training; (e) trade shows; (f) targeted businesses, and (g) tax credits.

Entrepreneurial Development

Commerce provides planning grants for entrepreneurs and small businesses through the Wisconsin Entrepreneurs' Network (WEN). The Wisconsin Entrepreneurs' Network (WEN) was created to promote entrepreneurship and innovation in Wisconsin, and includes the University of Wisconsin System, the Wisconsin Technical College System (WTCS), the WiSys Technology Foundation, and the Agricultural Innovation Center. WEN, which began operations in June, 2005, incorporates the services and resources of: (a) the UW-Extension statewide small business outreach network, with 13 campus-based small business development centers; (b) WiSys Technology Foundation (a nonprofit subsidiary of the Wisconsin Alumni Research Foundation) that protects, patents and licenses inventions created by scientists at the UW campuses, other than UW Madison; (c) the WTCS network of 16 colleges throughout the state; and (d) the Department of Agriculture, Trade and Consumer Protection (DATCP) Agriculture Innovation Center providing assistance to agriculture-related entrepreneurs. The Network offers a variety of services to entrepreneurs in all industries and at all stages of development. including business planning, educational workshops, executive programs, peer learning, access to capital, technology transfer assistance, and assisting high-growth businesses.

WEN is comprised of over 100 statewide partners, four regional directors to assist technology-transfer centers located at UW-Eau Claire, UW-

Milwaukee, UW-Madison, and Northeast Wisconsin Technical College (Green Bay), a minority business counselor and UW Small Business Development Center (SBDC) Counselors. Counselors and directors assess clients' projects for the capacity to grow and succeed. Potential high-growth client projects are referred to one of the regional directors who evaluate the management team, market size, competitive advantage, and other related factors. Certain clients are identified to receive highly personalized attention, including assistance in gaining access to capital and federal, state, and private financial resources, which continues until the new ventures are self-sufficient. Clients not in specified clusters or high growth areas are referred to the SBDC counselors.

Funding for early planning grants, technology assistance grants and entrepreneurial training grants is provided to WEN through Commerce grants to the University of Wisconsin Extension. Funding for WEN has been provided as follows:

2004-05 -- $500,000 technology commercialization grant and loan program, entrepreneurial and technology transfer center grant.

2005-07 -- $3,000,000 CDBG economic development grant; $1,000,000 in two Wisconsin development fund (WDF) entrepreneurial and technology transfer center grants; $400,000 WDF major economic development grant; and $200,000 rural economic development grant and loan program grant.

2007-09 -- $1,800,000 in three WDF entrepreneurial and technology transfer center grants; $179,400 in Rural Economic Development program funding for Dairy 2020 planning grants; $30,000 in gaming economic diversification grants.

2009-11 -- $1,200,000 in two WDF entrepreneurial and technology transfer center grants; $150,000 in WDF technology assistance grant funding; $200,000 in Forward Innovation Fund grants for entrepreneurial training grants; and $25,000 in Wisconsin Venture Fund grants.

Early Planning Grants. The early planning grant (EPG) program is designed to help individual entrepreneurs and small businesses in Wisconsin obtain professional services necessary to evaluate the feasibility of a proposed business start-up or expansion. Under the EPG program, WEN provides grants to fund a portion of the cost of hiring a for-profit, independent Wisconsin third party to develop a comprehensive business plan.

The maximum EPG is 75% of eligible project costs up to $3,000. Applicants must provide a cash match of at least 25% of eligible project costs from non-state sources.

Eligible applicants include individuals, small for-profit businesses (100 employees or less), cooperatives, and child care centers in one of the following industrial categories: (a) automation; (b) agriculture/food products; (c) biotechnology; (d) information technology; (e) manufacturing; (f) medical devices; (g) paper/forest products; (h) printing; (i) tourism; and, (j) childcare (not including in-home childcare). Eligible project costs are limited to expenses associated with obtaining a comprehensive business plan from a for-profit, in-state, independent third party listed in the WEN Private Sector Service Provider Directory. Eligible costs can include: (a) preparation of feasibility studies or business and financial plans; (b) providing a financial package; (c) engineering studies, appraisals or marketing associations; and (d) related legal, accounting or managerial services. Ineligible project costs include the following: (a) costs of applying for an EPG; (b) legal costs associated with establishing or incorporating the business; (c) architectural, engineering, and design costs; (d) business valuation and/or appraisal fees; (e) loan application/origination fees; (f) costs associated with implementing the business plan; (g) software purchase, installation, or development; (h) website development; and (i) costs incurred prior to the date the EPG application is submitted.

Technology Assistance Grant Program. The Technology Assistance Grant (TAG) program provides financial aid to small Wisconsin high-technology businesses to help them obtain seed, early-stage or research and development funding. The maximum TAG grant is $3,000, up to 75% of project costs. Applicants are required to provide a cash match of at least 25% of the eligible project costs from sources other than the State of Wisconsin. Funding is provided to: (a) businesses in the early stage research and development phase preceding eligibility for grants under the federal Small Business Innovation Research (SBIR) program [total grants limited to $100,000]; (b) businesses preparing for SBIR applications [total grants limited to $50,000]; and (c) businesses that have received prior federal SBIR funding and are in the commercialization phase of this activity [total grants limited to $100,000].

Eligible applicants are Wisconsin small businesses with fewer than 100 full time employees that are completing an application for early-stage R&D federal funding, or that need help in attracting early-stage financing. Eligible project costs are: (a) expenses associated with obtaining professional services involved in the preparation and review of a federal R&D grant application; (b) costs of obtaining industry information, data or market research needed to complete applications for R&D or early-stage funding; or (c) costs of meeting specific requirements to obtain seed or early-stage funding from outside sources. Ineligible project costs are: (a) costs of preparing the application to be submitted to WEN; (b) costs incurred prior to the date the TAG application is submitted to WEN; and (c) overhead, general administrative, and indirect costs.

Dairy 2020 Early Planning Grant. Dairy 2020 Early Planning Grants are designed to encourage and stimulate the start up, modernization, and expansion of Wisconsin dairy farms. Under the program, WEN provides grants to help cover a portion of the cost of hiring a for-profit, in-state, independent third party to develop a comprehensive business plan.

Eligible applicants include existing and start-up Wisconsin dairy producers. Eligible project costs are limited to expenses associated with obtaining a business plan to assist the applicant in evaluating the start up, modernization, or expansion of a Wisconsin dairy farm.

The maximum Dairy 2020 EPG is 75% of eligible project costs up to a maximum of $3,000. Applicants are required to provide a cash match of at least 25% of the eligible project costs from nonstate sources.

Eligible costs are limited to business planning activities. Ineligible: costs include: (a) costs of applying for Dairy 2020 assistance; (b) attorney fees associated with the creation of legal documents; (c) engineering services such as building design, farmstead layout, and manure storage; (d) retirement and investment planning; (d) tax planning and tax return preparation; (e) intergenerational transfer planning; (e) information system development or consulting; (f) loan generation / origination documentation; (g) chattel or real estate appraisal; (h) crop & nutrition consulting; (i) nutrient management planning; (j) herd health consulting; and (k) any costs incurred prior to the date the EPG application is approved by WEN.

Applications for all EPG, TAG, and Dairy 2020 EPG funding must be submitted electronically through the WEN website. In addition, professional services must be provided by for-profit, in-state, independent third parties listed in the WEN Private Sector Service Provider Directory.

Entrepreneurial Training Program Grant. The Entrepreneurial Training Program (ETP) is a course offered through the Wisconsin Small Business Development Center (SBDC), a member of WEN, that provides prospective and existing business owners with expert guidance in developing a business plan. The course is targeted to individuals that would rather prepare a business plan in a more formal setting, and for businesses that are not included in the identified industrial clusters. The program is an eight- to twelve-week course, and coursework addresses legal and financial issues, staffing, accounting, record-keeping, and marketing. In addition, individual counseling and coaching is provided to assist participants in completing a business plan, and in preparing requests for financing from banks, investors, and public institutions.

Eligible applicants include prospective and existing business owners. Grants fund a portion of the cost of attending an ETP course, up to a maximum of 75% of eligible tuition expenses. WEN policy generally limits grants to $750 per individual. Participants must provide a cash match of at least 25% of eligible tuition costs.

Entrepreneurial Assistance Grant Program. Under the Entrepreneurial Assistance Grant program, Commerce provides new businesses with grants to fund expenses related to hiring a state college or university student as a paid intern to assist in conducting research, marketing, business plan development, or other functions related to creating a new business. The maximum grant is $3,000 per business for eligible project costs. The grants can only be used for the expenses of hiring students in the fields of business, engineering, information technology, or in a similar field. Grant recipients must agree to retain project operations in Wisconsin for a minimum of five years. Total annual funding of $45,000 is provided for EAGs. The source of funds is repayments of WDF awards.

Commerce is required to enter into an agreement with each grant recipient requiring the recipient to repay at least one-third of the amount of the grant within two years after receiving the grant. The Department encourages grant recipients to repay additional amounts when the business becomes profitable. In cases where Commerce awards grants to three or more businesses to fund internships for students of a single college or university, the Department may also award a grant up to $25,000 to that college or university for costs associated with placing interns. If Commerce lacks sufficient funds to award grants to all qualified applicants, available funds are allocated to the applicants who have the greatest potential to create jobs in the state.

Commerce must submit a program evaluation report to the Legislature by July 1, 2013. The Entrepreneurial Assistance Grant program sunsets on June 30, 2014.

Capital Financing

The Department's capital financing programs provide funds to businesses, local governments, and other agencies for business expansion or location projects, local government infrastructure, reconstruction, planning projects, and alternative energy and environmental renewal projects. Business development programs include statutory grant and loan programs though which Commerce provides direct lending to business projects, tax-exempt private activity bond programs, and state tax credit programs. Financing for public infrastructure and related projects is provided through the Department's community development programs, which are primarily the federal small cities Community Development Block Grant (CDBG) programs. Certain state grant and loan programs also provide capital financing for clean energy and environmental cleanup business development projects.

Business Development Projects. Commerce has a number of programs through which the agency makes direct loans to businesses. These programs generally provide funds at below market rate financing (typically 2%) and flexible repayment terms. Commerce prepares an extensive evaluation of all applicants prior to providing funding. As noted, the underwriting process includes a strengths, weaknesses, opportunities, and threats (SWOT) analysis that serves as the basis for loan terms and conditions, including specific collateral requirements, and the personal guarantees of individuals with at least a 20% ownership interest. However, Commerce is not a source of primary financing. Generally, for projects that are funded, the Department provides the lesser of 25% of project costs or $250,000. Commerce allocates federal bonding authority to counties, municipalities, and local authorities for Industrial Revenue Bonds (IRBs). The bonds provide tax-exempt financing for local business projects.

Wisconsin Development Fund (WDF). WDF grants and loans can be awarded using general program criteria and procedures established under 2007 Wisconsin Act 20 (the 2007-09 biennial budget), and through specific statutory criteria that govern Wisconsin trade project amounts and technology commercialization grants and loans. The Department is also authorized to make renewable energy grants and loans from the WDF repayments appropriation.

Awards are made for up to 75% of project cost. The projects must have significant effects on productivity, capital investment, and / or the retention of existing or creation of new jobs. Recipients must agree to retain project operations in Wisconsin for five years. The Department can charge an origination fee of not more than 2% of the award amount for awards over $100,000.

Commerce is authorized to make grants or loans to eligible recipients for the following eligible activities: (a) capital financing; (b) worker training: (c); entrepreneurial development; (d) assistance to a technology-based business or to businesses at a foreign trade show or event; (e) promoting urban or regional economic development; (f) establishing revolving loan funds; (g) working capital; and (h) promoting employee ownership by conducting or implementing feasibility studies to investigate the reorganization or new incorporation of existing businesses as employee-owned businesses. Eligible recipients are local governing bodies and Wisconsin businesses.

In determining whether to provide financing and the level of financing to provide, Commerce must consider the extent to which a project: (a) serves a public purpose; (b) retains or increases employment in the state; (c) might not occur without financing; (d) will receive financing for project activities from another source on equivalent terms; (e) will be financed from funds not provided by the state; (f) will use award funds to pay overhead costs or replace funds from another source; (g) displaces workers in the state; (h) will contribute to state economic growth and the well-being of state residents; (i) will be located in an area of high unemployment or low average income; (j) is fiscally sound; and (k) can repay the award.

Commerce is required to award 35% of program funds to projects in distressed areas. Targeted areas are characterized by any of the following: (a) high unemployment; (b) low median household income; (c) a significant number of workers in the area who have been permanently laid off by their employers, or have been given notice of a plant closing or significant reduction in workforce; or (d) other factors the Department considers appropriate.

Under provisions of 2009 Wisconsin Act 265, targeted microloans and manufacturing facility conversion grants were created as specific programs under the WDF. The targeted microloan program was established as a pilot project to provide microloans of up to $25,000 at nominal interest rates for the creation of new businesses in one urban and one rural area of the state that were affected by high unemployment. Commerce is required to use a competitive process to select a Wisconsin non-profit financial institution to administer these loans. The program sunsets on July 31, 2013.

Manufacturing facility conversion grants provide funds to companies for converting existing manufacturing facilities to produce renewable energy or manufacturing equipment used in the production of renewable energy. The maximum total amount of manufacturing facility conversion grants that can be awarded is $2,000,000.

The provisions of 2009 Wisconsin act 332 provided $350,000 GPR in 2009-10 to the WDF for grants to the Wisconsin Business Development Finance Corporation to fund a capital access program. Under the CAP program, a participating bank is required to make loans to borrowers for eligible projects for which financing might not otherwise be available due to the borrower's lack of adequate collateral, net worth, or credit history.

When a participating bank makes a loan under the CAP, the borrower and the participating bank each are required to contribute a premium of not less than 1.5% nor more than 3.5% of the principal amount of the loan to be covered under the CAP to a reserve fund account held by the bank. The CAP administrator must contribute a premium in an amount of between 100% and 150% of the total combined premium paid by the borrower and the participating bank. Premiums are deposited in a reserve account at the participating bank. Reserve funds are used to cover losses on loans enrolled in the CAP.

Forward Innovation Fund (FIF). The forward Innovation Fund was created by 2009 Wisconsin Act 28 by consolidating the Minority Business Development program (MBD) and the Community-Based Economic Development program (CBED).

FIF provides financing of up to 75% of the costs of activities directly related to a business development project having any of the following objectives: (a) the start-up, expansion, or retention of minority businesses; (b) the start-up, expansion, or retention of businesses in economically distressed areas; (c) innovative proposals to strengthen inner cities; (d) innovative proposals to strengthen communities in rural municipalities; (e) innovative programs to strengthen clusters; (f) innovative proposals to strengthen entrepreneurship. Award recipients must provide a cash match of 25% of project costs. Commerce can charge an origination fee of not more than 2% of the award amount for awards over $100,000.

FIF financing can be provided to: (a) a business or small business; (b) the governing body of a municipality; (c) a community-based organization; (d) a cooperative or association incorporated or organized under state law; (e) a local development corporation; or (f) a nonprofit organization whose primary purpose is to promote the economic development of, or community development in, a particular area or region in the state.

In making awards, Commerce is required to consider whether a project: (a) serves a public purpose; (b) retains or increases employment in the state; (c) might not occur without financing; (d) will receive financing for project activities from another source on equivalent terms; (e) will be financed from funds not provided by the state; (f) will use award funds to pay overhead costs or replace funds from another source; (g) displaces workers in the state; (h) will contribute to state economic growth and the well-being of state residents; (i) will be located in an area of high unemployment or low average income; (j) is fiscally sound; and (k) can repay the award.

In designating an area as distressed the Department must consider the most current data available for the area and for the state on the following indicators: (a) unemployment rate; (b) percentage of families with incomes below the poverty line established under federal law; (c) median family income; (d) median per capita income; (e) average annual wage; (f) real property values; and (g) other significant or irregular indicators of economic distress, such as a natural disaster.

Rural Economic Development Program (RED). RED provides funds for working capital and fixed asset financing for starting or expanding a business, and to pay certain employee relocation and certain retraining costs (RED microloans). The program also provides financing for dairy farm and other agricultural business start-ups, modernizations, and expansions.

The RED microloan program provides working capital or fixed asset financing for starting or expanding a business in a rural area, or to fund employee relocation costs. Awards are provided as grants or loans for up to 50% of project costs. The maximum award amount is $100,000. The amount of an award is based upon an analysis of the following factors: targeted business; targeted location; competition; community benefit; business viability; job creation/retention; employee wages and benefits; and targeted hires. The business is required to contribute matching funds of at least 25% of project costs. State funds can be used for working capital, fixed asset financing, construction and expansion, and purchase of land, buildings, equipment and existing businesses.

For Commerce to approve working capital and fixed asset financing grants and loans the following must apply: (a) the business, together with any affiliate, subsidiary, or parent entity, has fewer than 50 employees; (b) the business is located in a rural municipality; (c) the business is starting or expanding its operations. Between 25% and 50% of these grants and loans must be awarded for purposes related to agricultural businesses.

A "rural municipality" is a city, village or town with a population of 6,000 or less, or a municipality located in a county with a population density of less than 150 persons per square mile.

Gaming Economic Diversification Loan Program (GEDL). GEDL was created to provide financial assistance to businesses in communities that are impacted by tribal gaming operations. Funding is provided from tribal gaming revenues allocated to the state under state-tribal gaming compact amendments.

Gaming economic diversification grants and loans provide financial assistance to qualified businesses to help diversify a community's economy so that it is less dependent upon revenue derived from gaming operations. Grants or loans may be awarded to qualified businesses for: (a) diversifying the economy of a community; (b) remediating brownfields; or (c) improving the profitability of a qualified business that has been negatively affected by the existence of a casino. Financing is provided for up to 75% of project costs, and the recipient must provide matching funding of 25% of project costs. Awards granted to businesses negatively affected by casino operations cannot exceed $100,000. Awards of more than $100,000 are subject to a 2% loan origination fee. Award recipients must retain project operations in the state for five years. Commerce cannot award financing to a qualified business for a tourism-related purpose unless it is approved by the Department of Tourism.

Funds can be used to finance the cost of land, new construction, remodeling, furniture, fixtures, and equipment. Refinancing is not an eligible project cost. Eligible applicants are existing or start-up businesses, including Native American businesses, that are located or expanding in the state.

Eligible brownfield remediation activities include abating, removing, or containing environmental pollution at a brownfields facility or site, or restoring soil or groundwater at a brownfields facility or site. Diversification awards can be used to provide fixed asset financing for businesses to establish or expand operations.

In determining whether to award financing, Commerce must consider the project's: (a) potential to retain or increase the number of jobs; (b) potential to provide for significant capital investment; (c) contribution to the economy of the community; (d) location, if in a rural community.

In state fiscal year 2010, the Regional Marketing Grant (RMG) program was established as a pilot project. The program provides GEDL funding to seven Wisconsin regional economic development organizations to establish marketing partnerships designed to enhance Wisconsin's image. Funding is provided to attract new businesses, create and retain high impact jobs, and increase economic activity.

Wisconsin Venture Fund (WVF). WVF provides funds for capital connections and venture seed grants to eligible institutions.

Commerce can award a capital connections grant to fund projects that do any of the following: (a) expand access for Wisconsin business ventures and entrepreneurs to existing capital networks; (b) create or run a network to connect Wisconsin business ventures and entrepreneurs with available capital; or (c) create an activity, event, or strategy to connect Wisconsin business ventures and entrepreneurs with available capital.

Commerce can award a venture seed grant to an eligible institution to match funds raised by the institution for funding a new business or determining proof of concept and feasibility of a new business idea, if the Department determines that the grant will increase the amount of funding for new businesses, or leverage private investment and facilitate the creation of jobs in this state.

Commerce is also required to make annual grants of $60,000 from the WVF to the Wisconsin Angel Network (WAN).

"Eligible institution" means a research institution or nonprofit organization involved in economic development. The proceeds of a grant awarded from the Wisconsin venture fund must be used to provide funding as proposed by the institution in the institution's application.

Milk Volume Production Program (MVP). The Milk Volume Production program is funded with federal Community Development Block Grant--Economic Development (CBDG-ED) and RED monies, and is administered in conjunction with the Department's Dairy 2020 program activities. CDBG and RED funds are used to finance the equity gap for dairy producers that are undertaking capital improvements to modernize their operations and increase dairy herd size. CDBG funds are made to eligible local governments which use the funds for loans to local dairy producers.

The loan term is seven years with a fixed interest rate of 2% for the life of the loan. Repayment is deferred for the first year followed by interest only payments in the second year. The loan is then amortized during years three through seven with equal monthly payments of principal and interest. Project costs are limited to the cost of acquiring dairy cows. The maximum award that can be made to an individual producer is $200,000 ($100,000 for RED financing), or $500 for each dairy cow added to the operation. Loans are generally awarded for purchases of between 40 and 400 cows or $20,000 to $200,000.

The level of Commerce participation is based on a comprehensive evaluation of the project based on the following criteria: (a) financial management skills; (b) production management skills; (c) labor management experience; (d) environmental management skills; and (e) the ability to secure private sector financing necessary to make the project successful.

Community Development Block Grant Projects. Commerce is the state's designated recipient of federal funding for the small cities Community Development Block Grant (CDBG) program. State administered CDBG programs provide funding to nonentitlement areas which include most cities with populations of less than 50,000, and counties with populations of less than 200,000. Table 2 shows the state CDBG allocations since 2000.

Municipalities ineligible for program funding are termed "entitlement communities" (generally, cities with populations of at least 50,000 and urban counties). Entitlement communities are eligible to receive CDBG funds directly from the federal government through the block grant entitlement program. The current entitlement communities follow:

Milwaukee County and all communities in Milwaukee County

Waukesha County and most communities in Waukesha County

Dane County and certain communities in Dane County

Appleton	Janesville	Oshkosh
Beloit	Kenosha	Racine
Eau Claire	La Crosse	Sheboygan
Green Bay	Madison	Superior
Fond du Lac	Neenah	Wausau

A project funded with small cities CDBG funds must meet one of the following national objectives:

a. Benefit low- and moderate-income persons. (Income below 80% of median household income.)

Table 2: State's Community Development Block Grant Funding Allocations

Plan Year	Housing	Public Facilities	Planning Grants	Economic Development	Public Facilities for Economic Development	Blight Elimination & Brownfield Redevelopment	Emergency Grants	Technical Assistance	Program Administration	Total
2000	$9,558,200	$12,144,900	---	$8,484,800	$1,115,100	$557,600	---	$329,500	$759,000	$32,949,100
2001	9,947,800	11,802,400	$230,000	7,697,100	2,321,600	1,160,600	---	342,900	785,800	34,288,200
2002	9,870,100	7,830,300	230,300	10,363,600	2,303,000	1,151,500	$1,151,500	340,200	780,400	34,020,900
2003	9,622,500	11,136,200	---	11,316,200*	---	---	---	331,700	763,400	33,170,000
2004	9,596,000	5,605,400	750,000	11,285,400*	2,750,000	1,000,000	1,000,000	330,800	761,600	33,079,200
2005	9,133,900	7,016,300	350,000	10,746,200*	1,100,000	700,000	1,400,000	314,900	729,800	31,491,100
2006	5,911,700	5,084,800	350,000	15,109,600*	1,000,000	---	---	284,100	668,200	28,408,400
2007	4,228,100	7,101,100	400,000	9,681,500	1,000,000	---	4,250,600*	286,200	672,400	28,619,900
2008	550,800**	1,292,600**	600,000	9,392,600	---	---	15,000,000**	277,700	665,400	27,769,100
2009	8,185,200	9,149,400	400,000	9,549,400	---	---	---	282,300	664,600	28,230,900
2010	8,900,600	9,034,100	350,000	10,384,100	---	1,000,000	---	307,000	713,800	30,689,600

* Includes an allocation of $90,000 to the Main Street program.

** The decline in funding amount reflects funds used for emergency grants for flood relief.

b. Meet a local urgent need. Commerce must determine that: (1) the project is designed to alleviate existing conditions which pose a serious and immediate threat to the health, safety or welfare of the municipality, or which is required by an order of a state agency, federal agency or court of law; (2) the existing conditions are of recent origin or became urgent within 18 months prior to the local government's application; (3) the local government is unable to finance the activity, as measured by available general obligation debt capacity; and (4) other sources of funding are not available on a timely basis.

c. Prevention or elimination of slums or blight.

CDBG award recipients must enter into a written contract with Commerce that establishes award responsibilities, planned results, and expected performance levels. Under the contract, recipients agree to submit to regular performance reporting, attest to and document their performance, and authorize Commerce to perform site audits.

CDBG programs administered by Commerce include the economic development, public facilities, public facilities for economic development, blight elimination and brownfield redevelopment, emergency grant, housing, and planning grant subprograms. (A discussion of the housing component of the CDBG program is included in the Legislative Fiscal Bureau's informational paper entitled, "State Housing Programs.") Commerce is authorized to set aside up to 75% of CDBG funds for the economic development program, up to 75% of federal funds for the public facilities program, and up to 10% for the planning grant program, up to 20% for the public facilities for economic development program, up to 10% for the blight elimination and brownfield redevelopment program, and an amount necessary to address the scope of damages and destruction and the funds available for the emergency assistance grant program. Federal guidelines allow the state to retain $100,000 plus 2% of each annual award for state administrative costs associated with the program. The state also retains 1% of each award for technical assistance associated with the program.

CDBG Economic Development Program (CDBG-ED). CDBG economic development funds are granted to local governments that generally provide loans to companies to supplement other financing for projects that involve business startups, expansions or retentions, employee training, or capital investment in new technologies. The maximum grant that a community may receive is $1 million per year. The maximum amount of economic development assistance a business may receive from one or more local governments is $1 million in a five-year period. The aggregate amount of CDBG economic development funds that may be awarded to local governments cannot exceed $35,000 for each full-time job created or retained, and the amount awarded any nongovernmental entity cannot exceed $50,000 for each full-time job created or retained. However, Commerce typically awards between $3,000 and $10,000 per job created or retained.

A local government may establish a local revolving loan fund with CDBG economic development business loan repayments. The fund can be used to provide financing for smaller (generally about $75,000) economic development projects. The total amount of repayments that may be retained in a local revolving loan fund varies based on population. However, the local government can retain repayments in excess of the limits under certain conditions. All repayments not retained by the local government are transferred to the Department, and reallocated through the CDBG program.

Local governments must use CDBG-ED funds for one of the following purposes that are designed to benefit low and moderate income persons: (a) a loan to a business that agrees to engage in job creation or retention activities; (b) job training, job placement, child care, transportation, or other similar services eligible under federal law; or (c) other eligible economic development activities such as property acquisition and site clearance. Eligible project costs include capital investment, working capital, and worker training. Award recipients must provide non-state matching funds of 50% of project costs, and agree to retain project operations in Wisconsin for five years.

Before CDBG economic development funds are awarded to a municipality, Commerce must determine that the project that will be funded meets certain criteria related to public purpose, local citizen participation, reasonable project costs, prior commitment of financing, financial feasibility, ability to repay loans, creation or retention of jobs, and availability of alternative and matching funding. The Department must also consider a number of other factors including: (a) the level of unemployment and poverty in the area; (b) the prospects for new investment and economic development; (c) the amount of investment; (d) full-time jobs created and retained; (e) the cost per full time job created; (f) the amount of wages and benefits provided; (g) the willingness to work with other governmental entities; (h) the assurance of loan repayment; (i) prospects for unreasonable competitive advantage and relocation and job displacement elsewhere; (j) redevelopment of brownfield sites; and (k) elimination of slum and blight.

CDBG Public Facilities Program (CDBG-PF). The public facilities program provides financial assistance to local governments to fund projects that correct deficiencies in public infrastructures that affect public health, safety, or another essential need. Grants are awarded through a competitive process by assigning points to each application according to criteria enumerated in the administrative rules. The maximum amount of funding that a community may receive is $750,000 in a calendar year; however, most awards are $500,000 or less. Local governments must provide matching funding of at least 50% of total project cost from sources other than state and federal grants. Public facility CDBG awards are made on a continual basis throughout the year.

Awards can be used to fund public infrastructure and building projects including public utility system improvements, streets, sidewalks, handicap accessibility projects, and public buildings such as community centers, downtown improvements, and fire stations, and municipal telecommunications projects.

Local governments must submit applications for CDBG public facilities grants to Commerce, and grants are awarded based on a point scoring system that is used to rank project applications. The scoring system uses: (a) distress indicators; (b) needs assessment; (c) ability-to-pay; and (d) leveraging. Distress indicators used to rank applications include the net mill rate, full value per capita, and the median household income in the area affected by the project. The project is assessed to determine if it is needed to alleviate an urgent health and safety problem (significant impact project), an imminent health and safety problem (moderate impact project), or likely health and safety problems, or is required to meet other essential needs (low impact project). Applications are rated based on the local government's ability-to-pay for the project as measured by local residential utility rates and the local government's general obligation debt capacity. Applicants must also provide evidence of the availability of firm commitments for the balance of project funding from creditworthy sources to ensure timely completion of the project. Additional points toward rankings are awarded to distressed communities as measured by low median income.

CDBG Public Facilities for Economic Development (CDBG-PFED). The program provides funding to local governments for the expansion or improvement of municipal infrastructure which directly benefit individual businesses that will create or retain jobs and invest in the community. The local government must use the funding to improve public infrastructure for new businesses, expansion of existing businesses, or for a particular economic development project. Projects must involve a business that commits to creation or retention of jobs that provide employee benefits, and that makes private investment that is at least equal to the amount of CDBG funding that is used to fund the infrastructure project. The infrastructure that is funded must be municipally owned and operated.

The maximum grant that can be awarded to a community is $750,000. However, the amount awarded may not exceed $10,000 for each full-time job created or retained. The local government must contribute at least 25% of total project funding from sources other than federal and state grants. Funding for the program is provided through the reuse of program income Commerce receives from local units of government that repay CDBG economic development loans. Also, as noted, up to 10% of CDBG funds can be allocated to public facilities for economic development grants. Applications are accepted year-round, subject to the availability of funding.

Eligible uses for grant funds include improvements to infrastructure such as water systems, sewerage systems, roads, and other such facilities that are owned by a local governmental unit, which principally serve a business entity that creates jobs.

Commerce must make the essentially same determinations and consider the same factors in awarding CDBG-PFED grants as it does for CDBG-ED grants. Specifically, the Department must determine that the project that will be funded meets certain criteria related to public purpose, local citizen participation, reasonable project costs, prior commitment of financing, financial feasibility, ability to repay loans, creation or retention of jobs, and availability of alternative and matching funding. The Department must also consider: (a) the level of unemployment and poverty in the area; (b) the prospects for new investment and economic development; (c) the amount of investment; (d) full-time jobs created and retained; (e) the cost per full time job created; (f) the amount of wages and benefits provided; (g) the willingness to work with other governmental entities; (i) prospects for unreasonable competitive advantage and relocation and job displacement elsewhere; (j) redevelopment of brownfield sites; and (k) elimination of slum and blight.

CDBG Emergency Assistance Program (CDBG-EAP). The emergency assistance program provides funds to eligible local units of government in Wisconsin that are in need of assistance due to a natural or manmade disaster. CDBG emergency assistance funds can be used to provide financial assistance to: (a) municipal residents whose dwellings are damaged or destroyed; (b) public infrastructure is damaged or destroyed; and (c) businesses, for damaged or destroyed structures and equipment, and for the direct loss of revenue. (Discussion of CDBG emergency housing assistance is included in the Legislative Fiscal Bureau informational paper entitled "State Housing Programs.")

The maximum amount of CDBG emergency assistance finds that can be awarded to any local government is based on the scope of the natural disaster or catastrophic event, and the amount of CDBG funds available. The local government must provide matching funding of at least 25% of project costs. Grant funds may be used for replacement or repair of public infrastructure, including streets and sidewalks, street lights, community centers, and publicly owned utility systems. Funds can also be used for replacement and repair of a business' building or equipment, and reimbursement of lost revenue. Emergency assistance grants may not be used to fund cleaning, replacement of personal items, such as furniture, food, or clothing, repairs or other costs covered by insurance or other federal or state assistance, and any repairs not directly related to the disaster. In cases where a catastrophic event is caused by human activity, and the local government recovers funds to repair the damage from a responsible person or another party, the local government must pay a proportionate share of the recovered amount to the Department.

In order to award an emergency public infrastructure grant, Commerce must determine that all of the following criteria are met:

a. The municipality has suffered a natural disaster or other catastrophic event.

b. The project for which funding is requested is designed to alleviate existing conditions that pose a serious and immediate threat to the health, safety, or welfare of the community.

c. The local government will use the emergency grant to pay for public infrastructure repairs or replacements that are otherwise eligible for CDBG public facilities grants, or for emergency services necessitated by the natural disaster or catastrophic event.

d. The local government lacks the financial capacity to pay for the infrastructure or replacements based on consideration of: (1) the local government's general obligation debt borrowing; (2) the availability of insurance; (3) the availability of funding from other federal and state government resources; and, (4) other relevant factors.

e. The local government is unable to wait to obtain CDBG public facilities funding through the regular application process.

A local government interested in applying for CDBG-EAP funding must submit a written notice of intent to apply to Commerce, within 90 days after the natural disaster or catastrophic event. An application for emergency assistance must include: (a) documentation of a state or federal disaster declaration or a description of the natural disaster or catastrophic event; (b) a description of the resulting damage or destruction; (c) a description of the activities that will be funded with an emergency grant; (d) a budget; (e) evidence that the local government has matching funds to cover at least 25% of the total cost of the project; (f) a discussion of alternative remedies available to the local government; and (g) any other information the Department considers relevant.

CDBG Planning Grant Program (CDBG-PLNG). The planning grant program provides funding to local governments and community partnerships that have identified a community or economic development concern, or opportunity, and lack the resources needed to plan an appropriate response.

There are four categories of CDBG planning grants available to eligible local units of government.

Regional Economic Development Grants. Regional economic development grants are intended to encourage multi-county and regional approaches to addressing economic development issues, and are provided to counties or multi-county partnerships to develop plans to diversify the local or regional economy, attract new businesses and jobs, co-ordinate economic development activities, respond to sudden and significant job loss and persistent high unemployment, or address other significant economic issues. Commerce provides grants of up to $25,000 for a project with county-wide focus, or up to $20,000 per county, with a maximum total of $100,000, for multi-county partnerships.

Community Planning Grants. Community planning grants are provided for both community wide planning, and for developing strategies that are more narrowly focused on specific existing neighborhoods, including business districts that are in, or in danger of, decline or deterioration. Commerce provides CDBG planning grants of up to $25,000 for planning and strategic development activities that: (a) develop and utilize collaborations among community stakeholders; (b) assess and analyze demographic and economic data (including downtown market analysis); (c) address economic or physical conditions; (d) prepare plans to physically improve downtown business districts; or (e) conduct environmental or historic preservation studies.

Site Specific Planning Grants. Site specific planning grants are provided to assist in planning for the use or reuse of a specific site, such as the adaptive reuse of a former hospital or school building, or the potential use of a parcel of land. Funding of up to $15,000 is provided. Eligible planning activities include community assessments, needs analysis and prioritization, strategy development, preliminary design, and actions to organize, survey, and engage affected residents, stakeholders, and beneficiaries.

Functional Planning Grants. Functional planning grants are used to assist communities in assessing or developing specific responses to broader needs that exist in the community. Grants of up to $15,000 are provided. Potential targets for these grants include implementation strategies for comprehensive plans; affordable housing; energy conservation; accessibility; historic preservation; small business assistance; flood mitigation; telecommunications services; or response plans to plant closings, natural disasters, or other emergencies.

The proposed planning activities must relate to projects that would be eligible for CDBG funding. Although administrative rules specify that grants can cover up to 75% of project costs, typically funding is provided for up to 50% of costs. Typical eligible planning activities involve feasibility studies, project plans, redevelopment plans, infrastructure needs assessments supporting housing, efficient land use, economic development, downtown revitalization, and historic preservation. Within one year of finalizing a planning grant contract, the plan must include a discussion of outcome alternatives, preferred outcomes, specific plan implementation steps, schedules, preliminary cost estimates, and potential financing sources for plan implementation.

Applications for grants are evaluated using the following criteria: (a) the need for a plan; (b) demonstration of community distress; (c) evidence that key community stakeholders believe the issue being addressed is critical to enhancing community vitality; (d) the ability to undertake all activities associated with planning, and to supply the required matching funds; (e) demonstration that the proposed planning activity follows or reinforces local smart growth plans; (f) likelihood that the applicant is prepared to implement the plan in a timely manner; (g) preference is given to plan proposals that address downtown/main street and central business areas; (h) preference is given to plan proposals that focus on the preservation and revitalization of existing neighborhoods; and (i) preference is given to plan proposals that involve collaboration between public and private stakeholders. The proposed planning activities must relate to projects that would be eligible for CDBG funding.

Energy and Environmental Development and Redevelopment. Commerce administers programs that provide financial assistance for environmental remediation, redevelopment and development programs, and the development and deployment of energy efficiency and alternative energy technologies. To receive funding, projects must generally involve significant capital investments and/or job creation and retention, environmental cleanup and redevelopment, or development and/or implementation of alternative energy. or energy efficient technologies.

Blight Elimination and Brownfield Redevelopment Program (BEBR). BEBR provides financial assistance to individuals, businesses and local governments for assessing and remediating the environmental contamination of an abandoned, idle, underused or blighted industrial or commercial facility or site. The program integrates the state brownfields grant program with the federal CDBG Blight Elimination and Brownfield Redevelopment (CDBG-BEBR) program, and combined state and federal funding of approximately $7 million is provided.

The amount of an award depends upon the type of project and source of funding. The maximum grant that can be awarded is $1.25 million, and matching funds of 20% to 50% are required depending upon the type and size of award. Grants may be used for brownfields redevelopment or associated environmental remediation activities. Eligible costs are determined during review of the grant application. Grant funds may be used for the following activities (a) environmental investigation, remediation, or groundwater monitoring of the site; (b) removal of underground storage tanks or hazardous waste containers; (c) the acquisition cost of the brownfield site; (d) site clearance, building demolition, or building renovation; (e) asbestos and lead paint abatement; and (f) infrastructure improvement. Grant recipients must maintain project operations in Wisconsin for five years.

BEBR has a competitive continual application process with applications accepted throughout the year. In making awards, Commerce must consider: (a) the potential of the project to promote economic development in the area; (b) the level of financial commitment by the applicant to the project; (c) the extent and degree of soil and groundwater contamination at the project site; (d) the adequacy and completeness of the site investigation and remediation plan; and (e) any other factors considered by the Department to be relevant to assessing the viability and feasibility of the project.

The Department cannot award a grant unless the party that caused the environmental contamination and any person who possessed or controlled the environmental contaminant before it was released is unknown, cannot be located, or is financially unable to pay the cost of associated environmental remediation activities. Brownfields grants proceeds cannot be used to pay state DNR or federal EPA liens based on investigation or remediation activities, or to pay delinquent property taxes or interest or penalties related to those taxes.

CDBG Blight Elimination and Brownfield site Redevelopment Program. (CDBG-BEBR). CDBG-BEBR awards are made as grants to eligible local governments. The local government may use the funds for an environmental audit or environmental remediation, or may loan or grant the funds to local businesses or nonprofit organizations to conduct environmental audits or environmental remediation. The maximum award is $100,000 for environmental audits or assessments, and $500,000 for environmental remediation projects. The local government must contribute at least 25% of the total project cost from other sources.

The local government must implement a citizen participation plan, and blighted or brownfield redevelopment plan. All sources of funding must be committed prior to disbursement of the CDBG grant. The project must address certain economic distress factors such as slums, blight, poverty, unemployment, and the local tax base.

Brownfields Grant Program. The Brownfields Grant program provides financial assistance to individuals, trustees, municipalities, businesses and nonprofit organizations that conduct brownfields redevelopment and related environmental remediation projects. The maximum grant amount is $1,250,000. Grant recipients are required to provide cash or in-kind matches equal to a certain percentage of project costs as follows: (a) 20% for grants of $300,000 or less; (b) 35% for grants between $300,000 and $700,000; and (c) 50% for grants between $700,000 and $1,250,000. Commerce is required to award at least seven grants for projects that are located in municipalities with a population of less than 30,000. Brownfields grants are funded from the environmental management account of the segregated environmental fund.

"Brownfields redevelopment" includes any work or undertaking to: (a) acquire a brownfields facility or site; and (b) to raze, demolish, remove, reconstruct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site. The redevelopment project must be for promoting the facility or site for commercial, industrial, or similar economic development purposes. Grants cannot be used to fund construction of new facilities on the site for any purpose other than environmental remediation.

"Environmental remediation" activities include: (a) investigation, analysis, and monitoring of a brownfields facility or site to determine the existence and extent of actual or potential environmental pollution; (b) abating, removing or containing environmental pollution at a brownfields facility or site; and (c) restoring soil or groundwater at a brownfields facility or site.

"Brownfields" are defined as abandoned, idle or underused industrial or commercial facilities or sites, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination.

Wisconsin Energy Independence Fund (WEIF)/ Renewable Energy Grant and Loan program (REGAL). The renewable energy grant and loan program provides financial assistance to support research and development, manufacture and production of new clean-energy products, and ways to make clean energy use widespread and cost-effective. Renewable energy grants and loans are funded from the segregated recycling and renewable energy fund. REGAL is established under statutory provisions, but the program is also known as the Wisconsin Energy Independence Fund (WEIF).

WEIF/REGAL are used to fund research and development projects, commercialization/ adoption projects, and supply chain development projects.

<u>Research and Development Projects.</u> Research and development projects involve early stage pre-commercialization research and development activities in transformational, cutting edge, and proprietary clean energy technologies. Matching grants are awarded, and all grant money must be spent in Wisconsin, where practicable. Awards target projects that: (a) are supported by viable science; (b) propose "game-changing", transformational technology; (c) have large market potential; (d) align with Wisconsin regional strengths; and (e) are likely to be commercialized or manufactured in Wisconsin. Eligible costs must be directly associated with the proposed research project and include: (a) personnel salaries (except for owners); (b) professional services provided by third parties; (c) equipment critical to the research project; and, (d) supplies and materials.

<u>Commercialization/Adoption Projects.</u> Commercialization/Adoption are projects that involve projects commercializing or producing clean energy products and processes, that would support the production and adoption of energy from renewable sources, and manufacture products that increase energy efficiency or use of clean energy. Awards are provided as loans at below market interest at a fixed rate of 2% for the life of the loan. Loans are intended to be gap financing and typically will not exceed 25% of project costs. Terms may include up to one year deferral and the length varies as follows: (a) real estate -- 10 to 15 years; (b) equipment -- 5 to 10 years; and (c) working capital -- 5 to 7 years. Awards target projects that: (a) are supported by established science; (b) have large market potential; (c) have growth estimates exceeding industry averages; and (d) have significant job creation potential. Eligible costs include: (a) construction and expansion; (b) working capital; and, (c) acquisition of existing businesses, land, buildings, and equipment. Refinancing is not an eligible cost.

<u>Supply Chain Development Projects.</u> Supply chain development projects increase the use and cost-effectiveness of clean energy, by decreasing market barriers to adoption or development of clean energy infrastructure, including the storage, transportation, transmission, and distribution of clean energy. Awards target projects that: (a) eliminate or reduce market barriers to adoption of clean energy sources; (b) have high market penetration potential; and (c) support clean energy sources with a competitive cost structure compared to existing non-clean energy source options. Awards are made as loans with similar interest rates, terms, lengths, match requirements, and eligible costs as commercialization/adoption loans. Also, eligible costs for supply chain development projects are the same as those for commercialization/adoption projects.

Typical awards range between $100,000 and $500,000. Matching funds of at least 50% of total project costs are required, and must come from a source other than government funds from the state. Business and researchers that are eligible for financing, must apply to Commerce for a renewable energy grant or loan. Applicants must retain a private industry consultant or partner. Award recipients must maintain project operations in the state for five years.

Commerce is required to consider all of the following criteria to evaluate applications for renewable energy grants and loans: (a) the extent to which the project will aid in research, development, or use of renewable energy resources in Wisconsin; (b) the extent to which the project will improve the competitive position or enhance the capabilities of Wisconsin's renewable energy industries; (c) whether the project is one in which Wisconsin holds a competitive advantage over other states; (d) the likelihood that the project will lead to the commercial application of new practices or technologies that involve the development, production, processing, or distribution of renewable energy; (e) the extent to which the project will use existing, surplus, or by-products of natural resources in this state; (f) the extent to which the project will strengthen Wisconsin's existing industries by converting wastes or by-products generated by existing industries into renewable energy; and (g) the extent to which the project will develop technologies to increase the capacity of Wisconsin's manufacturing industries to utilize renewable energy sources. Commerce may also consider: (a) criteria used to award WDF grants and loans; (b) whether the applicant is a small business, a minority owned business, a locally owned business, or a farm; and (c) the geographical distribution of the grants and loans that are awarded.

Green to Gold Fund Program (WDF-G). The loans to manufacturing businesses program is created in the statutes. However, the program is often referred to as the Green to Gold Fund program. The Green to Gold Fund program establishes a revolving loan fund to provide loans to manufacturing businesses for energy efficiency and renewable energy projects. Under the program, Commerce can provide loans to state manufacturing businesses that do any of the following: (a) implement energy efficiency or renewable energy measures in their facilities to enhance their competitiveness; (b) retool existing facilities to manufacture products that support the green economy; (c) expand or establish domestic clean energy manufacturing operations; or (d) create or retain jobs for workers engaged in these activities. The amount of loan depends upon the cost and projected outcomes of the project. The recipient's employees, and contractors and subcontractors must be paid hourly wages of at least 150% of the federal minimum wage. Project operations must be retained in the state for five years.

The program is funded from the WDF GPR and program revenue appropriations, separate WDF-G federal funds and program revenue repayments appropriations, and the Department's federal aid, local assistance appropriation, through which federal program funds, such as Community Development Block Grant (CDBG) monies are appropriated. Administrative fees used to fund the cost of administering Commerce grant and loan programs, and the Department's federal aid, state operations appropriation, used to fund expenses associated with administering federal programs such as CDBG, could also be used to fund loans under the program. Federal funds received by the state and that can be used to assist manufacturing businesses in Wisconsin retool for, or expand, production of clean energy are required to be used for funding the manufacturing business loan program, unless the funds are otherwise appropriated by federal law, and subject to any applicable restrictions under federal law. The funding structure is designed to form a revolving loan fund for WDF-G awards.

Commerce is required to promulgate administrative rules establishing eligibility criteria that do all of the following: (a) set clear job-creation standards for loan recipients; (b) establish minimum energy savings that an eligible manufacturer expects will result from the loan’s utilization; (c) give priority to existing manufacturing businesses; (d) ensure that loans will be distributed to manufacturing businesses throughout the state; and (e) require all work paid for with the proceeds of a loan under the program to be performed by a contractor or subcontractor that agrees to pay the prevailing wage to all employees performing work who would be entitled to receive the prevailing wage rate, if the improvement or application were a project of public works under current law.

As of January 1, 2011, no funding had been appropriated for green to gold grants and loans.

Diesel Truck Idling Reduction Grant Program. The diesel truck idling reduction grant program provides financial assistance to eligible motor carriers to purchase and install idling reduction technology. Grants are provided for up to 50% of eligible costs, and may be awarded between July 1, 2006 and June 30, 2015. Eligible applicants are common motor carriers, contract motor carriers, and private motor carriers headquartered in Wisconsin. The Department may not award to any one applicant more than 20% of the total amount appropriated for grants in a fiscal year. Award recipients must pay 50% of eligible costs for each idling reduction unit covered by the grant. The matching funds must not be from grants, loans, or other financial assistance from the state or local governments.

Grants must be used to pay the costs that the applicant has incurred, or will incur, for purchase (base price) or standard installation of an idling reduction unit on a truck tractor that is owned and operated by the applicant, and that has a post-1998 diesel truck engine. Use of the idling reduction unit must result, in the aggregate, in a decrease in the emissions of one or more air contaminants (as defined under state law) from the truck tractor on which the idling unit is installed, or in a decrease in the use of energy by that truck tractor. Grants cannot be used to pay shipping, installation, operation and maintenance costs or to purchase accessories.

Commerce may require that applicants receiving grants that will cover more than one idling reduction unit to purchase more than one type of unit from more than one manufacturer. The Department may preferentially direct funding to an applicant who owns a fleet for which no previous grant has been awarded, and up to 25% of grant funding may be allocated to applicants who own and operate 50 or fewer truck tractors. Awards may be denied for trucks with no sleeping births.

"Common motor carrier" means any person who holds himself or herself out to the public as willing to undertake for hire to transport passengers by motor vehicle between fixed end points, or over a regular route upon the public highways, or property over regular or irregular routes upon the public highways. The transportation of passengers in taxi cab service, or in commuter carpool or vanpool vehicles with a passenger-carrying capacity of less than 16 persons, or in a school bus is not construed as being that of a common motor carrier. "Contract motor carrier" means any person engaged in the transportation by motor vehicle over a regular or irregular route upon the public highways of property for hire. "Private motor carrier" means any person except a common or contract motor carrier engaged in the transportation of property by motor vehicle other than an automobile or trailer used therewith, upon public highways.

"Post-1998 diesel truck engine" is defined as a heavy duty highway diesel engine that complies with the air pollutant emission standards promulgated by the federal Environmental Protection Agency under federal law for engine model year 1998 or later. "Idling reduction unit" means a device that is installed on a diesel truck to reduce the long-duration idling of the truck by providing heat, air conditioning, or electricity to the truck while the truck is stationary and the main drive engine of the truck is not operating.

Private Activity Bond Financing Programs. Private activity bonds are tax-exempt bonds issued by public entities to provide low-cost financing for private projects that serve a public purpose. Typically, a governmental unit borrows money from private capital markets, secured only by project revenues, rather than the full faith and credit of the local governmental unit. Interest income earned on private activity bonds issued by a governmental entity to finance a project for a private company is exempt from federal, state, and local income taxes, reducing the cost of financing the project. Federal law establishes a "volume cap" at the state level that limits the amount of Industrial Revenue Bonds (IRBs) that can be issued each year for projects. Commerce allocates bonding authority (total of

$248.3 million for 2009), (volume cap allocation) to cities, villages, towns and counties to issue tax-exempt industrial revenue bonds.

Industrial Revenue Bonds (IRBs). Industrial revenue bonds are primarily used to finance manufacturing projects. Eligible expenses include land acquisition and site improvements, construction, expansion or renovation of facilities, equipment purchases, architectural and engineering studies and interest during construction. Bond issue proceeds can also be used to fund certain costs incurred in issuing the bonds.

Manufacturing generally includes types of processing that that results in the change in the condition of tangible property. The maximum size of an IRB issue is $10 million. For IRB issues exceeding $1.0 million, capital expenditures at the business's location in the local governmental unit cannot be greater than $20 million during the three years preceding and the three years after the date the bonds are issued. The total amount of IRBs outstanding for all related operations of the business cannot be more than $40 million. Recipients of bond proceeds must agree to retain project operations in Wisconsin for five years.

Commerce allocates IRB volume cap amounts to cities, villages, towns, and counties. The municipality or county sells the IRBs and loans the proceeds to the business conducting the project. The business must secure an underwriter for the bond issue. Because of the tax-exempt status of the bonds, interest on IRB's can be 1.5 to 2.5 percentage points below corporate bonds. Project facilities and equipment is usually collateral on the loan.

Businesses interested in using IRB's for financing projects must apply to Commerce. Commerce reviews the application and may approve an allocation of the volume cap if it determines that the project: (a) serves a public purpose; (b) will likely retain or increase employment; and (c) will likely positively affect an area's economic distress. In evaluating an application Commerce must consider: (a) the extent of poverty, unemployment, or other factors contributing to general economic hardship in the area of the project; (b) the prospects for new investment and economic development in the area; (c) the amount of investment likely to result from the project; (d) the number of jobs that are likely to be retained or created; (e) the competitive effect on other businesses in the area; (f) whether the project will result in dislocation of a business from one locality to another; (g) whether a brownfield site will be redeveloped; (h) whether the project would continue without IRB funding; and (i) other factors Commerce considers relevant.

If Commerce approves an allocation of IRB bonding authority, it sends a letter to the business indicating the amount of bonding authority approved and establishing conditions for the allocation. Commerce must receive a signed letter from a financial institution indicating a commitment to purchase or place the bonds. The Department certifies or reserves an allocation of the volume cap for approved projects for 90 days. If the bonds are not sold within 30 days, a deposit of 0.5% of the approved allocation must be submitted to Commerce. The deposit is refunded if the bonds are sold, and forfeited if they are not. After the bonds are issued, notice of the closing must be filed with the Department, including a nonrefundable fee equal to 0.1% of the amount of the bond issue. The notice is required to include information identifying the buyer and or underwriter, the type of sale (public or private), term, and interest rates.

Technology Development and Commercialization

Commerce provides financial assistance to technology-based businesses, entrepreneurs, and research institutions and consortia for research, product and process development, and commercialization. Programs which focus on technology development and commercialization projects include: (a) technology assistance grants [described in the previous section on entrepreneurial assistance]; (b) technology matching grants; (c) technology bridge grants; (c) technology venture fund loans; and (d) technology transfer grants and loans.

In addition, Commerce makes annual grants to the Wisconsin Technology Council and to the Wisconsin Manufacturing Extension Partnership (WMEP) to support their activities. In general, the source of funding for the technology development and commercialization programs is the WDF. However, Commerce is authorized to make awards for innovative programs to strengthen clusters and entrepreneurship, from the Forward innovation Fund. The WEIF and Venture Fund can also provide financial assistance for technology development and commercialization projects.

In awarding financial assistance for technology development and commercialization, Commerce is required to consider the following criteria: (a) the amount of economic impact the applicant, if successful, will have in the state; (b) the quality of any business assisting the applicant; (c) the level of need demonstrated by the applicant; (d) the applicant's record of obtaining early stage financing, including federal funds. (e) the viability of the applicant's business; (f) the likelihood that the applicant will successfully commercialize technology; (g) the applicant's management plan and management team; and (h) the applicant is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, professional services provided by physicians or healthcare consultants, wholesale or retail trade, leisure, hospitality, transportation, or construction.

Except for the technology transfer program, eligible applicants are: (a) a small business, or individual entrepreneur who intends to form a small business, that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (b) an individual who is starting or developing a business that has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. In addition, the applicant's business locations must be in Wisconsin. If the application relates to a product, it must be substantially manufactured in the state. If the application relates to a service, the principal place of business from which the services are sold must be in Wisconsin. Finally, all grant monies must be spent in the state.

A "small business" is a business having less than 100 full-time equivalent employees. "Project costs" are costs that, in accordance with sound business and financial practices, are appropriate if incurred in connection with a project as determined by Commerce. "Professional services" include, but are not limited to, costs incurred by a qualified independent third party for feasibility studies, engineering studies, market research, patent protection, and related legal, accounting and managerial services and other activities determined eligible by the Department.

Technology Matching Grants and Loans. Matching grants and loans provide funding for professional services related to developing or the accelerated commercialization of a technologically innovative product, process, or service. The maximum award is the lesser of 20% of the project costs or $250,000, however awards are generally limited to $10,000 or a percentage of the match requirement. Award recipients must finance at least 80% of project costs from nonstate sources. Recipients must agree to retain project operations in Wisconsin for five years.

Grants or loans can be used to fund the following activities: (a) professional services related to developing a proposed technologically innovative product, process, or service, if the applicant has received a grant from the federal government for a substantially similar purpose; or (b) professional services related to the accelerated commercialization of a technologically innovative product, process, or service, if the federal government has notified the applicant that the applicant will receive a grant from the federal government for a substantially similar purpose. Eligible costs include reasonable costs to develop or commercialize a technologically innovative product, process, or service.

Technology Bridge Grants and Loans. Bridge grants and loans provide financial assistance to individuals, entrepreneurs and small businesses experiencing financial hardship to cover expenses between early-stage and later-stage financing. A bridge grant or loan may not exceed the lesser of 75% of project costs, or $100,000. Applicants are required to provide funding from nonstate sources to finance at least 25% of project costs. Award recipients must maintain project operations in the state for five years.

The Department may make a bridge grant or loan to a person who has received early stage financing from third parties or a grant from the federal government to fund early stage research and development, and who has sought additional early stage financing from third parties or applied for an additional grant from the federal government to fund early stage research and development. Commerce may make a bridge grant or loan for the purpose of funding professional activities necessary to maintain the project research and management team, and funding basic operations until the applicant's additional third party financing request or federal grant application is approved or denied. Financial assistance received through the program may only be applied to reasonable and necessary costs directly attributable to maintaining the research, and to fund basic operations until the applicant's follow-on funding or federal grant application is approved or denied.

Technology Venture Capital Loans. Venture capital loans provide financial assistance for early stage financing. The maximum venture capital grant or loan is the lesser of $250,000 or 50% of project costs. Applicants must provide nonstate funding of at least 50% of project costs. Award recipients must agree to retain project operations in the state for five years.

Venture capital grants or loans may be made to provide funding that enhances the applicant's ability to obtain early stage financing from third parties. Awards may be used to provide financing for working capital and equipment. Typically loan terms include interest at 2%, for forgivable fixed rate notes with maturities of five to seven years for working capital, and five to ten years for equipment. An outside peer review panel may be used to evaluate the scientific and technical merit of the project. Award funds may not be used for expenses associated with preparation of the application for funding, expenses incurred prior to application, overhead, administration, and indirect costs.

Technology Transfer Grant and Loan Program. Technology transfer grants and loans provide financing to improve the competitive position of a technology-based business. Commerce may award a grant or loan to a research institution, up to a maximum of $100,000 for each institution, to provide funding for research and development activities related to the creation or retention of jobs by a business, or to improve the competitive position of the business by improving the innovativeness of the business. Award recipients must maintain project operations in the state for five years. Technology transfer grants and loans are funded from the WDF, Forward Innovation Fund, and the gaming economic diversification grant and loan programs.

To receive a grant or loan, the research institution must apply to the Department, and the following criteria must be met: (a) Commerce determines that the research and development activities are likely to result in an economic benefit to one or more specific businesses; (b) the Department determines that the research and development activities will be conducted substantially in Wisconsin; (c) Commerce considers the availability of matching funds from the research institution, the business, and other sources; and (d) the Department enters into a written agreement with the research institution that specifies the conditions for use of the grant or loan proceeds, including reporting and auditing requirements. "Research institution" means any of the following, if located in the state: (a) an accredited college or university; (b) an accredited school of medicine, dentistry, veterinary medicine, medicine and public health, or health professionals; (c) an accredited center for health sciences; or (d) a hospital in which research is conducted.

High-Technology Business Development Corporation Grant Program. This program provides annual funding to the Wisconsin Technology Council to support its activities. The Wisconsin Technology Council: (a) is a science and technology advisor to the Governor and Legislature and provides policy guidance to them and state agencies and other related institutions through Council activities, reports, and white papers; (b) serves an in-state networking role through the Wisconsin Innovation Network (WIN), a community-based economic development corporation that fosters innovation and entrepreneurship through connections with entrepreneurs and a variety of industries and professionals in high-technology, law, banking, government, public relations, and manufacturing; (c) serves as an economic development catalyst through a number of programs including: (1) the Wisconsin Entrepreneur's Conference providing assistance to entrepreneurs at all stages of business development; (2) the Wisconsin Early Stage Symposium for technology companies seeking capital; (3) the Governor's Business Plan Contest competition that provides business plan advice and cash and in-kind prizes; (4) the Wisconsin Security Research Consortium comprised of public and private research organizations acting to develop expertise and link state organizations with federal homeland security projects; and (5) through operating the Wisconsin Angel Network (WAN) to build angel investor network capacity in Wisconsin in order to increase the number and amount of early stage investments in Wisconsin businesses. The grant program was provided additional funding through 2009 Wisconsin Act 265 to fund a grant writer to assist businesses to apply for federal Small Business Innovation Research (SBIR) grants, and to procure an economic modeling database for the use of regional economic development entities.

Commerce is authorized to make grants to the high-technology business development corporation if all of the following apply: (a) the corporation submits an expenditure plan to the Department detailing the proposed use of the grant proceeds and the Secretary of Commerce approves the plan; (b) the corporation enters into a written agreement with the Department that specifies the conditions for the use of grant proceeds, including reporting and auditing requirements; (c) the corporation provides matching funds equal to 50% of the grant proceeds; (d) the corporation provides Commerce with any information requested concerning private funding the corporation has received or will receive for the purposes detailed in the expenditure plan; and (e) the corporation agrees in writing to submit to the Department, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Manufacturing Extension Center Grants. The program provides financial assistance to the Wisconsin Manufacturing Extension Partnership (WMEP) and the Northwest Wisconsin Manufacturing Outreach Center (NWMOC) to support their business services. In order to obtain a manufacturing extension center grant, the technology-based nonprofit organization is required to submit a plan to Commerce that details its proposed expenditures and performance measures related to the project, and the Secretary of Commerce must approve the plan.

Under the statutes, eligible applicants are technology-based nonprofit organizations. A "technology-based nonprofit organization" is defined as a nonprofit corporation or organization under state or federal law that is exempt from the federal income tax and that has a mission the transfer of technology to businesses in the state. "Technology" includes "biotechnology" which means technology-related to life sciences. As noted, the program provides annual grants to WMEP and NWMOC.

WMEP is operated by an organization, the Wisconsin Center for Manufacturing and Productivity, Inc., that includes the Department of Commerce, University of Wisconsin System and Extension, Wisconsin Technical College System (WTCS), Milwaukee School of Engineering, labor, and business. WMEP provides process improvement and technology transfer services to small and medium-sized manufacturers. WMEP personnel work directly with the manufacturers to address their needs in areas such as production techniques, technology applications, business practices, and specialized training. Solutions are offered through a combination of direct assistance from staff and work with outside resources. WMEP is part of a nationwide system of manufacturing extension partnerships that receive federal funding from the National Institute of Standards and Technology (NIST).

NWMOC is a direct partnership between the University of Wisconsin-Stout and five technical colleges: Chippewa Valley; Western Wisconsin; Wisconsin Indianhead; Nicolet Area; and North Central. NWMOC delivers an integrated manufacturing modernization service to small and medium-sized manufacturers in Northwest Wisconsin. Services provided by NWMOC include: free on-site assessments; on-site technical assistance; networking; technical training; seminars; business growth and planning and lean manufacturing.

Employee Training Programs

Commerce has historically provided financial assistance to businesses for employee training that would upgrade the skills of their employees and train them in the use of new technology and new manufacturing processes. The Business Employee Skills Training program (BEST) is the only current program administered by Commerce that is designed solely to fund employee training costs. However, WDF, RED, and CDBG-ED funds can also be used to fund worker training projects.

Business Employee Skills Training Program (BEST). BEST grants provide funds to small businesses to assist them in upgrading the skills of their workforce. The maximum grant available is 75% of project costs up to $1,000 per full-time employee that is trained. Grant recipients must provide a cash match of 25% of project costs. Statutorily, a business cannot receive more than $10,000 in BEST grants; however, in practice, total grants to a business are limited to $5,000. Commerce is required to give preference to: (a) businesses in industries with especially severe labor shortages; and (b) businesses in industries that the Department determines are especially adversely affected by federal requirements or policies.

Grants must be used to pay tuition costs for courses that are directly related to the employee's work requirements. All training must be provided by a qualified independent third party that is acceptable to Commerce. Grants cannot be used to pay: (a) more than 80% of the cost of any skills training or other education that is provided to the owner of the business, the owner's spouse, or a child of the owner; (b) wages or compensate for lost revenue in connection with providing the training or education; and (c) to fund costs incurred to train part-time or seasonal employees or costs incurred prior to the Department's formal funding decision.

Eligible applicants are businesses located in Wisconsin with: (a) no more than 25 full-time employees; or (b) no more than $2.5 million in gross annual income in the prior year. In addition, the business must be in one of the following industrial clusters: automation; agriculture/food products; biotechnology; information technology; manufacturing; medical devices; paper/forest products; printing; tourism; or childcare (not including in-home care).

No single funding source is specified for BEST grants. Commerce makes BEST grants from the WDF or RED programs, depending on the type of applicant and project.

For Commerce to award a grant the following must apply: (a) the business must have paid state sales taxes for at least six months prior to applying for the grant; (b) the business agrees in writing to use the grant only to provide skills training or other education to current or prospective employees that is related to the needs of the business; (c) the business submits a plan to the Department detailing the proposed use of the grant, and the Secretary of Commerce approves the plan; (d) the business enters into a written agreement with the Department that specifies the conditions for the use of the grant, including reporting and auditing requirements; and (e) the business agrees in writing to submit to Commerce, six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Funds are awarded on a competitive basis, determined by an analysis of the following factors: (a) whether the business is in an industrial cluster; (b) the wage level and benefit package provided to the employee being trained in relation to the cost of the training; (c) the impact the training will have on the applicant's business operations; (d) viability of the applicant; (e) qualifications of the trainer; and (g) availability of funds.

Export Assistance

Commerce's Bureau of Export Services primarily assists Wisconsin small and medium-sized businesses in increasing their sales in the international marketplace. Bureau staff help state firms assess the demand for their products outside the United States, help plan a systematic approach to international markets, and introduce them to potential customers, distributors, partners and service providers. Services are provided both through activities in Wisconsin and overseas offices.

Export development managers work individually with businesses interested in initiating or expanding their international efforts. Each consultant has an assigned territory and can meet with interested businesses at their facilities or in their offices. Consultants are knowledgeable about specific regions of the world and assist exporters in understanding the business culture of another country and how best to respond to foreign inquiries. They also identify import aspects of the market conditions of targeted countries.

The Bureau contracts to operate trade offices in Brazil, China, Canada, and Mexico. Commerce does not have its own staff assigned to foreign trade offices. The trade offices supplement the international counseling offered by Bureau staff in Wisconsin, conduct market research and viability analyses, mail campaigns, conduct agent/ distributor or client/end user searches, arrange appointments for visiting Wisconsin business people, conduct background and credit checks, and assist with trade shows and missions. Trade shows and missions help businesses learn about foreign markets, assess competition, and develop contact networks. The Bureau administers the state Trade Projects program to provide financial assistance for participation in trade shows and missions.

Wisconsin Trade Project Program. The Wisconsin trade project program is intended to encourage small- to medium-sized businesses to become exporters and help existing smaller exporters seek out new markets by attending international trade shows, U.S. trade shows (in certain circumstances), and U.S. Department of Commerce sanctioned "matchmaker" trade delegation events. Eligible applicants include businesses, including affiliates, with $25,000,000 or less in gross annual sales that are operating in the state and manufacturing a product and/or performing a service with potential to be exported. Program grants are funded by the WDF.

The maximum reimbursement amount is $5,000 a year, and not more than $5,000 for participation in a single trade show or matchmaker trade delegation event. An eligible business that is approved for a reimbursement is required to provide the Department, within 90 days after the trade show or matchmaker trade delegation event, documentation of the costs for which reimbursement is sought. A business cannot be reimbursed more than once for the same trade show or matchmaker trade delegation event that is held at different times or different locations. The maximum total reimbursement amount is $15,000 over the life of the program. The maximum amount of WDF funds that can be used for trade project program reimbursements is $100,000 for a fiscal year.

The following costs are eligible for reimbursement:

a. Fees for participation in a trade show, a U.S. trade show, or a U.S. Department of Commerce sanctioned matchmaker trade delegation event;

b. Costs associated with shipping displays, sample products, catalogs or advertising material to a trade show, a U.S. trade show, or matchmaker trade delegation event;

c. Costs incurred at a trade show, a U.S. trade show, or matchmaker trade delegation event for utilities, booth construction or necessary modifications, repairs, or other reasonable expenses associated with displays; and

d. Costs associated with foreign language translation of brochures, or product information, or with the use of translation services and interpreters at a trade show, a U.S. trade show, or matchmaker delegation event.

The following costs are not reimbursable: (a) travel costs; (b) lodging; (c) employee salaries; and (d) meals and entertainment

Commerce approval of reimbursement is based on: (a) the extent to which the business' export development plan demonstrates the potential of the product or service to be exported in a particular foreign market; and (b) the extent to which the business' proposed reimbursable activities are related to the potential success of the product or service to be exported. Priority is given to businesses that participate in the Department's export mentoring program.

Reimbursement can be provided for participation in U.S. trade shows (trade shows in the United States) only if the eligible business seeking reimbursement for its participation has developed a high-technology product with worldwide application and the trade shows have significant international participation.

CHAPTER 2

TAX CREDITS

The Department of Commerce is required to perform certain administrative functions related to tax credits that can generally be claimed under the Wisconsin individual income and corporate income and franchise taxes. Usually, the Department's responsibilities include determining or certifying taxpayers or certain economic activity, such as investment and/or job creation, as eligible for specific credits, verifying eligibility criteria and activities, issuing certifications and verifications, and developing related reports and information. The Department also allocates to individual credit claims, tax credits that are subject to statewide limits. Table 3 lists current Wisconsin economic development tax credit programs.

Table 3: Tax Credit Programs

1. Enterprise Zones
2. Jobs
3. Economic Development (Business Development in Wisconsin Tax Incentives)
4. Early Stage Business Investment
5. Dairy Manufacturing Facility
6. Meat Processing Facility Investment
7. Food Processing Plant and Food Warehouse Investment
8. Woody Biomass Harvesting and Processing
9. Film Production
10. Manufacturing Investment
11. Ethanol and Biodiesel Fuel Pump
12. Internet Equipment
13. Electronic Medical Records
14. Development Opportunity Zones
15. Development Zones

1. Enterprise Zone Tax Credits

The enterprise zone program provides refundable tax credits that can be claimed under the state individual income and corporate income and franchise taxes for eligible expenses for increased employment, retaining employees, employee training, and capital investment.

Enterprise Zones Jobs Tax Credit. The enterprise zones jobs tax credit equals up to 7% of the average wages for all enterprise zone net new employees in excess of $20,000 in a tier I county, and in excess of $30,000 in a tier II county.

Payroll Tax Credit. An additional refundable tax credit can be claimed, for an amount equal to the percentage, up to 7%, as determined by Commerce, of the claimant's zone payroll paid in the tax year to full-time employees who were employed in the enterprise zone in the tax year and whose annual wages were greater than $20,000 in a tier I county or municipality, or greater than $30,000 in a tier II county or municipality, not including the wages paid to employees that are used to claim the enterprise zone jobs credit. The total number of employees has to equal or be greater than the number of employees in the base year.

Job Retention. A refundable tax credit can be claimed for job retention, if the business makes a significant capital investment and is an original equipment manufacturer or has more than 500 full-time employees in an enterprise zone.

Training Component. A supplemental, refundable credit may be claimed equal to the amount paid in the tax year to upgrade or improve the job-related skills of any of the claimant's full-time employees, to train any of the claimant's full-time employees on the job-related use of new technologies, or to provide job-related training to any full-time employee whose employment with the claimant represents the employee's first full-time job. The training must be provided to employees who work in the enterprise zone

Significant Capital Expenditures. A refundable tax credit is provided, equal to an amount determined by the Department of Commerce, but not exceeding 10% of the claimant's significant capital expenditures in the enterprise zone. Commerce must determine that the business investment is a significant capital expenditure, and allocate the tax benefits over the remaining life of the zone.

Purchases from Wisconsin Suppliers. A refundable credit may be claimed of up to 1% of the amount the claimant paid in the tax year to purchase certain goods or services from Wisconsin vendors. A claimant cannot claim the credit for expenditures also used to claim the enterprise zone significant capital investment tax credit.

The Department of Commerce is required to determine the maximum amount of tax credits that a certified business can claim and notify DOR of the amount. Commerce is also required to verify information submitted to it that is related to the enterprise zone tax credits. Commerce may require a business to repay any tax benefits the business claims for a year in which the business failed to maintain employment or capital investment levels required by the certification agreement.

Under the enterprise zone program, the Department of Commerce is authorized to designate up to 12 areas in the state as enterprise zones. A zone designation cannot last more than 12 years. Eligible businesses that conduct operations in an enterprise zone that are certified by Commerce can claim the refundable enterprise zone tax credits. In determining whether to designate an area as an enterprise zone, Commerce is required to consider all of the following:

a. Indicators of the area's economic need, including data regarding household income, average wages, the condition of property, housing values, population decline, job losses, infrastructure and energy support, the rate of business development, and the existing resources available to the area.

b. The effect of designation on other initiatives and programs to promote economic and community development in the area, including job creation, job training, and creating high-paying jobs.

Commerce is required to specify whether an enterprise zone is in a tier I or tier II county or municipality, and to promulgate administrative rules defining "tier I county or municipality" and "tier II county or municipality." The Department has to consider all of the following information when establishing the definitions: (a) unemployment rate; (b) percentage of families with incomes below the poverty line; (c) median family income; (d) median per capita income; and (e) other significant or irregular indicators of economic distress, such as a natural disaster or mass layoff. To the extent possible, Commerce must give preference in designating areas to those with the greatest economic need.

Commerce is required to certify a business as eligible for the enterprise zone jobs tax credit. The Department may certify for tax benefits any of the following:

a. A business that begins operations in an enterprise zone.

b. A business that relocates to an enterprise zone from outside the state, if the business offers compensation and benefits to its employees working in the zone for the same type of work that are at least as favorable as those offered outside the zone.

c. A business that expands its operations in an enterprise zone, and increases its personnel by at least 10%, and enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the increased level of personnel. The business must offer compensation and benefits for the same type of work to its employees working in the enterprise zone that are at least as favorable as those offered to its employees working in Wisconsin but outside the zone.

d. A business that expands its operations in an enterprise zone and that makes a capital investment in property located in the enterprise zone if the following apply: (1) the value of capital investment is equal to at least 10% of the business' gross revenues from business in the state in the preceding tax year; (2) the business enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the capital investment; and (3) the business offers compensation and benefits for the same type of work to its employees in the zone that are at least as favorable as those offered to employees working in Wisconsin, but outside the zone.

e. A business that retains jobs in an enterprise zone, but only if the business makes a significant capital investment in property located in the zone, and at least one of the following applies: (1) the business was an original equipment manufacturer with a significant supply chain in Wisconsin; or (2) more than 500 full-time employees were employed by the business in the enterprise zone.

f. A business that is located in an enterprise zone that purchases certain goods or services from Wisconsin vendors.

Commerce must notify the Department of Revenue (DOR) when it certifies a business to receive tax benefits and when it revokes certification. Commerce is required to revoke a firm's certification if the business does any of the following: (a) supplies false or misleading information to obtain tax benefits; (b) leaves the enterprise zone to conduct substantially the same business outside the zone; and (c) ceases operations in the zone and does not renew operation of the business or a similar business in the zone within 12 months.

2. Jobs Tax Credit

A refundable jobs tax credit may be claimed under the state individual income and corporate income and franchise taxes. The jobs tax credit equals: (a) up to 10% of wages of at least $20,000 but not more than $100,000 in a tier I county or municipality; and (b) of up to 10% of wages of at least $30,000 but not more than $100,000 in a tier II county or municipality, paid by the person to each eligible employee. Commerce can also award tax credits in a tier I or tier II county or municipality for costs incurred by the person for eligible training activities. A credit can also be claimed for expenses for improving the job-related skills of any eligible employee, training any eligible employee on the use of job-related new technologies, or providing job-related training to any eligible employee whose employment represents the employee's first full-time job.

The maximum amount of jobs tax credits that Commerce can allocate in a calendar year is $5 million. In addition, the total amount of credits that can be claimed for tax years beginning on or after January 1, 2010, and ending on June 30, 2013, is limited to $14,500,000. In addition, tax credits certified by Commerce for tax years beginning after December 31, 2009 and before January 1, 2012, must be paid in tax years beginning after December 31, 2011. Commerce is authorized to reallocate angel investment and early stage seed investment tax credits that are unused in any calendar year to persons eligible for the jobs tax credit, subject to 14-day passive review by the Joint Committee on Finance. These reallocated amounts are not subject to the $5 million limit on annual jobs tax credit claims.

In order to claim the credit, a claimant must be certified by the Department of Commerce. Commerce may certify a claimant to receive tax credits for up to 10 years if: (a) the person is operating, or intends to operate a business in this state; and (b) the person applies and enters into a contract with Commerce.

Commerce is required to notify DOR when it certifies a person to receive tax benefits, and within 30 days of revoking a certification. Commerce also determines the maximum amount of the tax credits that a certified business can claim and notifies DOR of this amount. A claimant may be required to repay any tax credits claimed for a year in which the claimant fails to maintain employment at a level required under the contract with Commerce. Commerce annually verifies the information submitted by the person claiming tax credits.

Commerce is required to promulgate rules for the implementation and operation of the jobs tax credit, including rules relating to the following:

a. The definitions of a tier I county or municipality and a tier II county or municipality. The Department must consider all of the following information when establishing the definitions: (1) unemployment rate; (2) percentage of families with incomes below the poverty line established under federal law; (3) median family income; (4) median per capita income; and (5) other significant or irregular indicators of economic distress, such as a natural disaster or mass layoff.

b. A schedule of additional tax benefits for which a person who is certified for tax credits, and who incurs costs related to job training may be eligible.

c. Conditions for the revocation of a certification.

d. Conditions for the repayment of tax credits.

3. Economic Development Tax Credit

Provisions included in 2009 Act 2 discontinued the development zones, enterprise development zones, agricultural development zones, airport development zones, and technology zones programs and created the Business Development in Wisconsin Tax Incentives program, which provides economic development tax credits to eligible persons for conducting specified types of economic development projects in the state. The total amount of tax benefits provided under the Business Development in Wisconsin Tax Incentives program is limited to the total amount of tax benefits that were authorized, but not allocated to persons under the development zones, enterprise development zones, agricultural development zones, airport development zones, and technology zones programs on March 6, 2009. On that date, a total of $95.4 million in unallocated authorized zone tax credits remained. As of January, 2011, $73.1 million in unallocated authorized economic development tax credits was available. An economic development tax credit can be claimed for job creation, capital investment, employee training, or corporate headquarters location or retention projects.

Job Creation Project. Economic development tax credits can be claimed for full-time jobs created and maintained, in addition to any existing full-time jobs provided. A tax credit is provided for each new employee, depending upon the new employee's wages, and compliance with requirements related to new employee health insurance. The per-employee tax credits provided are based on Table 4.

Table 4: Per-Employee Tax Credits

Tier	Job Wage Range	Tax Credit
1	Full-time jobs paying from 150% to 200% of the federal minimum wage ($7.25 / hr).	Up to $3,000 per job created
2	Full-time jobs paying from 200% to 250% of the federal minimum wage.	Up to $5,000 per job created
3	Full-time jobs paying 250% or more of the federal minimum wage.	Up to $7,000 per job created

Capital Investment Project. Economic development tax credits are provided for projects that involve significant investment in new equipment, machinery, real property, or depreciable personal property. The credit for capital investments is required to be a capital investment in a project, beyond a certified business's normal capital expenditures that is needed to achieve a specific purpose acceptable to Commerce, including diversifying product lines, and modernizing and enhancing the efficiency of production processes. In addition the investment must: (a) be the lesser of $10,000 for each full-time employee working at the certified business project location, or $1,000,000; or (b) retain existing full-time jobs that may be lost without investment. Businesses may be allocated economic development tax credits equal to: (a) up to 3% of their eligible capital investment in equipment, and up to 5% of their capital investment for real property; and (b) per-employee tax credits shown in Table 4 based on the retention of existing full-time jobs. Businesses whose primary activity includes retail, commercial development, recreation, entertainment or direct health care in nature are not eligible to earn capital investment tax credits.

Eligible capital investments include the purchase or lease price of depreciable tangible personal property, and the amount that is expended to acquire, construct, rehabilitate, remodel, or repair real property, including directly-related consulting services, other fees, and permits. Working capital for items such as employment costs, moving costs, intellectual property, unrelated fees and permits are not eligible capital investments.

Employee Training Project. Economic development credits are provided for projects that involve significant investments in the training or reeducation of employees, for the purpose of improving the productivity or competitiveness of the businesses. Economic development tax credits of up to 50% of eligible training costs are allocated for eligible training that is provided to existing and new employees in full-time jobs. The training must be related to a specific project, and routine training is ineligible for credits.

"Eligible training" includes instruction that will: (a) enhance an employee's general knowledge, employability, or flexibility in the workplace; (b) develop skills unique to an individual company's workplace or equipment; or (c) develop skills that will increase the quality of the company's product. Eligible training costs include trainee wages, trainer costs, and trainer materials. Training may be on- or off-site, but must be performed by a provider that is approved or otherwise authorized by Commerce.

Training that addresses any of the following is ineligible for tax credits: (a) orientation; (b) administration and compensation systems; (c) credit or degree courses; (d) diversity; (e) consulting services, including strategic planning; (f) sales training; (g) personal development, such as General Educational Testing [GED]; (i) human resources practices; (j) non-job-related training; (k) standalone basic or remedial training; (L) non-skill-related assessments; (m) state or federally mandated programs; (n) general safety procedures; (o) English as a second language; and (p) basic skills.

Corporate Headquarters Location or Retention Project. Economic development tax credits can be allocated for projects that will result in the location or retention of a corporate headquarters in Wisconsin, or that will result in the retention of employees holding full-time jobs in Wisconsin, if the corporate headquarters are located in Wisconsin. Tax credits are allocated for corporate headquarters positions that are created or retained by a project, or that are retained in response to substantial potential for loss based on the wages of new or retained employees. The per-employee tax credit amount allocated by Commerce is determined using Table 5.

Positions that are created, retained, or trained and for which economic development tax credits are claimed must be maintained for at least five years. Unused economic development tax credits can be carried forward up to 15 years to offset future tax liabilities. Tax credits are released by Commerce on an annual basis, in direct proportion to the number of jobs created.

Commerce is required to reserve $5,000,000 in economic development tax credits, through June 30, 2014, for projects in rural areas. Commerce is also required to reserve $5,000,000 in economic development tax credits through June 30, 2014, for projects involving small businesses. In allocating credits to small businesses or projects in rural areas, Commerce is required to consider the relative employment impact of the project on the area.

The Secretary of Commerce or a designee is authorized to award total economic development tax credit allocations of greater than $3 million. In cases where an extraordinary opportunity for job

Table 5: Corporate Headquarters -- Per-Employee Tax Credits

Tier	Job Wage Range	Tax Credit
1	Full-time jobs paying from 150% to 200% of the federal minimum wage.	Up to $4,000 per job.
2	Full-time jobs paying from 200% to 250% of the federal minimum wage.	Up to $6,000 per job.
3	Full-time jobs paying from 250% to 500% of the federal minimum wage.	Up to $8,000 per job.
4	Full-time jobs paying 500% or more of the federal minimum wage.	Up to $10,000 per job.

creation or retention exists, the Secretary may approve allocating tax credits in excess of any of the economic development tax limits established by administrative rules or in the statutes. Factors that must be considered in determining whether to approve a tax credit allocation in excess of the limits include: (a) the scale or urgency of the project; (b) the nature or quality of the jobs addressed by the project; (c) the degree of existing or potential distress addressed by the project, such as whether to overall well-being of the community is at stake; or (d) the project's potential for substantially impacting a community or the state.

Additional tax credits can be awarded to a project if the Department determines that: (a) the person conducts at least one eligible activity in an area designated by Commerce as economically distressed; (b) the person conducts at least one eligible activity that benefits, creates, retains, or significantly upgrades full-time jobs or, that trains, or that reeducates, members of a targeted group. Tax credit allocations to businesses in economically distressed areas may be increased by up to 50% above the maximum amount of tax credits that otherwise could be claimed, and businesses may qualify for up to $500 in additional tax credits for each member of a targeted group that is the basis of an economic development tax credit.

In designating economically distressed areas Commerce is required to consider the most current data available for the area, using the following indicators and sources, (or other acceptable sources): (a) unemployment rate from the Department of Workforce Development [DWD]; (b) percentage of families with incomes below the poverty line as determined by the U.S. Census Bureau; (c) median family income as measured by median household income from the U.S. Census Bureau; (d) median per capita income from DWD; (e) average annual wage from DWD; (f) manufacturing assessment values by county from DOR; and (g) other significant or irregular indicators of economic distress, such as natural disaster, or plant closings and layoffs from DWD.

Commerce is required to notify certified businesses of the designated agency that is responsible for certifying workers who are members of targeted groups. These agencies include DWD and local workforce development agencies and boards. The designated agency may charge certified businesses a fee of up to $50 for each targeted group member certification of eligibility for tax credits. Commerce may not verify any economic development tax credits for a certified business until any outstanding certification fees are paid.

In order to claim an economic development tax credit, a person must apply to Commerce for certification for and allocation of credits. Commerce is required to consider one or more of the following factors in determining whether to certify a business and allocate tax credits: (a) whether the project will serve a public purpose; (b) whether the project might not occur without the allocation of tax credits; (c) the extent to which the project will be financed with funds not provided by this state; (d) whether the project will displace workers in the state; (e) the extent to which the project will contribute to state economic growth and the well-being of the residents of the state; (f) the extent to which the project will retain or increase employment in Wisconsin; (g) whether the project will be located in an economically distressed area; (h) whether the project will be located in a rural area; (i) the extent to which the project will increase the geographical diversity of available tax credits throughout the state; (j) the financial soundness of the business; (k) the ability of the business to utilize the tax credits; and (l) any previous financial assistance that the business received from Commerce.

After conducting an investigation and determining that the person is conducting or intends to conduct at least one eligible activity, Commerce may certify a person as eligible for tax benefits. Commerce is required to provide a copy of the certification to the person and the Department of Revenue. A certified business can qualify for tax credits only for eligible activities that occur after an eligibility date is established by Commerce.

A person that is certified by Commerce may file with DOR for tax credits. However, a certified business must first file annually with Commerce a project report that includes the status of the project and documentation of whether the certified business met the minimum benchmarks and outcomes identified in the contract with Commerce.

Commerce is required to verify the tax credits that will be claimed and may request additional information from the certified business to support the tax credit claims. Only tax credits that are verified by Commerce can be claimed by the business.

Commerce is required to revoke the certification of a taxpayer for: (a) supplying false or misleading information to obtain certification; (b) supplying false or misleading information to obtain tax benefits; (c) leaving the state to conduct substantially the same business outside the state; and (d) ceasing operations in the state and not renewing operation of the business, or a similar business, within 12 months.

Six months after the required annual economic development assistance report (2007 Act 125 report) is submitted, Commerce is required to submit to the Joint Legislative Audit Committee and to the appropriate standing committees of the Legislature a comprehensive report that assesses the Business Development in Wisconsin Tax Incentives program, including updated information related to the program.

4. Early Stage Business Investment Tax Credits

The early stage business investment program includes the angel investment tax credit, which can be claimed under the state individual income tax, and the early stage seed investment tax credit, which can be claimed under the state individual income and corporate income and franchise taxes and the insurance premiums taxes.

Angel Investment Tax Credit. The angel investment tax credit equals 25% of the claimant's bona fide angel investment made directly in a qualified new business venture (QNBV) for the tax year. The maximum aggregate amount of angel investment tax credits that can be claimed for a tax year is $20 million, plus an additional $250,000 for tax credits claimed for investments in nanotechnology businesses. The maximum total amount of tax credits that can be claimed for all tax years is $47.5 million.

Early Stage Seed Investment Tax Credit. The early stage seed investment tax credit is equal to 25% of the claimant's investment paid in the tax year to a certified fund manager that the fund manager invests in a QNBV certified by Commerce. The maximum aggregate amount of early stage seed investment tax credits that can be claimed for a tax year is $20.5 million, plus an additional $250,000 for tax credits claimed for investments in nanotechnology businesses.

The aggregate amount of investment in any one QNBV that may qualify for angel investment or early stage seed investment tax credits is $8.0 million. Investments in a QNBV must be maintained in the business by an angel investor, angel investment network, or certified fund manager for at least three years.

Angel investors, angel investor networks, and venture capital funds must follow a verification process in order to receive tax credits based on eligible investments. For each investment in the qualified new business venture, the angel investor, angel investment network, or certified fund manager is required to provide Commerce with a copy of its investor agreement and proof of investment. The qualified new business venture must provide an attestation to the investment. Based on a review of submitted materials, Commerce issues a verification form to the angel investor, angel investment network, or certified fund manager stating the amount of tax credits that may be claimed. Investors must submit a copy of the certification for tax benefits issued for the business and/or fund manager and the verification form, including the amount of tax benefits that may be claimed and the date and amount of the investment, with the investor's tax return.

Commerce can revoke verification of tax credits if the investment in the QNBV by an angel investor, angel investment network, or certified fund manager are not maintained for a minimum of three years, or the investment funds are not used for a legitimate business purpose.

If the demand for angel or early stage seed investment tax credits exceeds the annual aggregate limit, Commerce may reserve tax credits from the following year for qualifying investments. Conversely, Commerce, in consultation with DOR, is authorized to carry forward unclaimed angel and early stage investment tax credits to future tax years. Carry forward recommendations must be submitted to DOR by July 1.

Commerce can reallocate unused angel and early stage seed investment tax credits amounts (difference between the aggregate annual limits of $20 and $20.5 million respectively, and the amount of credits claimed for investments in QNBVs) to increase the credit amounts that may be claimed under the refundable jobs tax credit. The proposed reallocation must be submitted to the Joint Committee on Finance for approval, subject to 14-day passive review.

A person that makes an investment in a certified fund and who is eligible to claim an early stage seed investment tax credit may sell or otherwise transfer the credit to another person to offset that person's income, franchise, or insurance premiums tax liability. A certified fund manager is required to notify both Commerce and DOR of the transfer and submit a copy of transfer documents that show the transfer of credits from the seller to the buyer. The fund manager must pay Commerce a fee of 1% of the amount of tax credit that is sold or transferred.

The Department of Commerce is required to certify QNBVs and fund managers and to perform other administrative functions related to revocation of certifications, transfer of credits, verification of investments and credits, and processing and compiling reports. Businesses and fund managers must apply to Commerce to be certified.

Qualified New Business Venture. A business may be certified as a QNBV by Commerce only if it meets all of the following conditions:

a. It has its headquarters in Wisconsin (principal administrative offices and 80% of payroll for Wisconsin employees).

b. At least 51% of its employees are employed in the state.

c. It has the potential for increasing jobs and/or capital investment in Wisconsin and the business is engaged in: (1) manufacturing, biotechnology, nanotechnology, communications, agriculture, or clean energy creation or storage technology; (2) processing or assembling products, including medical devices, pharmaceuticals, computer software, computer hardware, semiconductors, any other innovative technology products, or other products that are produced using manufacturing methods that are enabled by applying proprietary technology; (3) services that are enabled by applying proprietary technology; or (4) precommercialization activity related to proprietary technology that includes conducting research, developing a new product or business process, or developing a service that is principally reliant on applying proprietary technology.

d. The business is not primarily engaged in real estate development; insurance; banking; lending; lobbying; political consulting; professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants; wholesale or retail trade; leisure; hospitality; transportation; or construction.

e. It has fewer than 100 employees.

f. The business has not been operating in Wisconsin for more than seven consecutive years.

g. It has not received aggregate private equity investments of more than $10.0 million.

In determining whether to certify a business, Commerce is required to consider at least the following factors: (a) the business is in one of Wisconsin's targeted industries; (b) high growth potential of the business; (c) management team experience; (d) financial need; (e) percentage of funds that will be spent in Wisconsin; (f) barriers to entry; and (g) innovative or novel product or process.

Certified Investment Fund Manager. In order to be eligible for investments that qualify for early stage seed investment tax credits, the fund manager must be certified by Commerce. In determining whether to certify an applicant as a certified fund manager, Commerce is required to consider all of the following factors:

a. The applicant's experience in: (1) managing venture capital funds; and (2) investing in high growth, early stage businesses.

b. The past performance of: (1) investment funds managed by the applicant; and (2) businesses assisted by the applicant.

c. The portion of investment in the investment fund to be managed by the applicant that it expects to invest in qualified new business ventures.

d. Geographic distribution.

e. Focus on targeted industries or target group members.

f. Ability to access follow-on funding.

g. Services provided.

h. Commitment to Wisconsin.

i Administrative and management fees.

Commerce is required to revoke the certification of a business or fund manager, if the business or fund manager does any of the following: (a) supplies false or misleading information to obtain the certification; (b) fails to continue to meet the required conditions or qualifications for obtaining the certification; (c) has violated state, federal, or local laws or regulations related to the conduct of the activities of the fund; (d) has been arrested or convicted of a crime substantially related to the activities of the fund. Commerce must notify DOR of any revocation.

Angel investors, angel investment networks, and certified fund managers are required to file annual reports with Commerce that include information about the number and types of jobs created, how the funds were used, benchmarks achieved, commercialization success, and additional investments in the qualified new business venture.

Commerce is required to submit an annual report to the chief clerk of each house of the Legislature that includes: (a) the total amount of verified tax credits; (b) the name of each business in which qualifying investments were made, the amount of investments, and the amount of tax credits; and (c) any other information Commerce considers reasonable.

5. Dairy Manufacturing Facility Credit

The refundable dairy manufacturing facility investment tax credit, is equal to 10% of the amount paid in a tax year by a claimant for modernization or expansion related to the claimant's dairy manufacturing operation. The credit can also be claimed for eligible investments made by dairy cooperatives. The total amount of tax credits that can be claimed is limited to $700,000 annually for cooperative members and $700,000 annually for other entities. The maximum aggregate amount of tax credits that a claimant can claim is $200,000, and a credit cannot be claimed for expenses that were deducted as trade or business expenses.

The Department of Commerce is required to certify claimants and allocate credits, subject to the statewide limit on the total amount that can be claimed ($700,000 for cooperatives and $700,000 for other eligible entities). A person who intends to claim a dairy manufacturing facility investment tax credit must apply to Commerce for certification and allocation of the credit. Each application must be made on a Department-prescribed form, and must include a Department of Revenue schedule DM (the dairy manufacturing facility investment credit form) listing the applicant's eligible expenses for the project.

Commerce will certify eligible claimants and allocate credits in manner that most likely promotes economic development. In determining the allocation of tax credits Commerce is required to consider the following factors: (a) the jobs created by the project; (b) the salaries, wages, and other employee benefits of the jobs created by the project; (c) the impact of the project on the dairy industry in Wisconsin; (d) the extent to which the area served by the project is economically distressed; (e) the amount of new, eligible capital investment in the project; (f) the impact of the project on business in Wisconsin; and (g) any previous assistance from Commerce.

Commerce may prorate some or all of credit allocations in order to broaden the potential for promoting economic development. Commerce is required to notify each applicant of the outcome of the application, and the Department of Revenue of every taxpayer that is certified for tax credits.

6. Meat Processing Facility Investment Tax Credit

A refundable tax credit may be claimed equal to 10% of the amount the claimant paid in the tax year for meat processing modernization or expansion related to the claimant's meat processing operation. The tax credit can be claimed for tax years beginning after December 31, 2008 and before January 1, 2017. The maximum aggregate amount of meat processing facility investment tax credits that can be claimed by a claimant is $200,000, and a credit cannot be claimed for expenses that were deducted as trade or business expenses. The total amount of tax credits that can be claimed is $700,000.

The Department of Commerce is required to certify claimants and allocate credits, subject to the statewide limit on the total amount that can be claimed ($700,000 for eligible entities). A taxpayer who intends to claim a meat processing facility investment tax credit must apply to Commerce for certification and allocation of the credit. Each application must be made on a Department-prescribed form, and must include a Department of revenue schedule MP (the meat processing facility investment credit form) listing the applicant's eligible expenses for the project.

Commerce intends to certify eligible claimants and allocate credits in a manner that most likely promotes economic development. In determining the allocation of tax credits Commerce is required to consider the following factors: (a) the jobs created by the project; (b) the salaries, wages, and other employee benefits of the jobs created by the project; (c) the impact of the project on the meat processing industry in Wisconsin; (d) the extent to which the area served by the project is economically distressed; (e) the amount of new, eligible capital investment in the project; (f) the impact of the project on business in Wisconsin; and (g) any previous assistance from Commerce.

Commerce may prorate some or all of credit allocations in order to broaden the potential for promoting economic development. Commerce is required to notify each applicant of the outcome of the application, and the Department of Revenue of every taxpayer that is certified for tax credits.

7. Food Processing Plant and Food Warehouse Investment Tax Credit

The refundable food processing plant and food warehouse investment tax credit equals 10% of the amount paid in the tax year by the claimant for food processing or food warehousing modernization or expansion. The credit can be claimed for tax years beginning after December 31, 2009, and before January 1, 2017. In order to claim a tax credit, a claimant must submit to DOR a copy of the Commerce certification of the claimant's eligibility and tax credit allocation. The total amount of tax credits that can be claimed is limited to $1,200,000 for fiscal year 2010-11, and $700,000 for subsequent fiscal years.

The maximum aggregate amount of tax credits that can be claimed by a taxpayer is $200,000, and a credit cannot be claimed for expenses that were deducted as trade or business expenses.

A taxpayer must submit an application to Commerce that includes a listing of the expenses that are eligible for the tax credit. Commerce is required to certify taxpayers and verify tax credit claims based on the information submitted. Once Commerce certifies a taxpayer as eligible for the tax credit, it determines the amount of credits that a taxpayer can claim, and allocates those credits to the taxpayer. Commerce is required to inform DOR of every taxpayer that is certified, and of the amount of credits allocated to the taxpayer.

8. Woody Biomass Harvesting and Processing Tax Credit

The refundable woody biomass harvesting and processing tax credit is equal to 10% of the amount the claimant pays in the tax year for equipment that is used primarily to harvest or process woody biomass that is used for fuel or as a component of fuel. The credit can be claimed for tax years beginning after December 31, 2009, and before January 1, 2016.

The maximum aggregate amount of tax credits that can be claimed by a taxpayer is $100,000, and a credit cannot be claimed for expenses that are deducted as trade or business expenses. The total amount of tax credits that can be claimed by all taxpayers is limited to $900,000 for each state fiscal year.

The Department of Commerce is required to certify taxpayers as eligible for the woody biomass harvesting and processing tax credit. Once Commerce certifies a taxpayer as eligible for the tax credit, it determines the amount of credits that a taxpayer can claim, and allocates those credits to the taxpayer. The Department is required to allocate $450,000 of the total annual credit allocation to businesses that, individually, have no more than $5 million in gross receipts from doing business in Wisconsin for the tax year in which the credit was claimed. Commerce must inform DOR of every taxpayer that is certified, and of the amount of credits allocated to the taxpayer. Commerce, in consultation with DOR, is required to promulgate rules to administer the certification and allocation process.

9. Film Production Tax Credits

Provisions of 2005 Wisconsin Act 483 created both a film production services tax credit and a film production investment tax credit under the state individual and corporate income and franchise taxes. The credits were amended in 2009 Act 28.

Film Production Services Tax Credit. An eligible taxpayer can claim a refundable tax credit equal to:

a. An amount equal to 25% of salaries, wages, and/or labor-related contract payments to all individuals, including actors, who are Wisconsin residents that work on an accredited production in Wisconsin. The salaries and wages of individuals with compensation from the production in excess of $250,000 are excluded from the credit. The total amount of credits that may be claimed may not exceed an amount equal to the first $20,000 of salary, wages, or labor-related contract payments paid to each worker on which the credit is based.

b. An amount equal to 25% of non-labor production expenses incurred in Wisconsin to produce an accredited production. A credit may only be claimed for the purchase of tangible personal property or items, property, or goods that are sourced to Wisconsin.

At least 35% of the project's total budget has to be spent in Wisconsin.

Film Production Company Investment Tax Credit. An eligible claimant can claim a refundable credit that equals 15% of the following that the claimant paid in the tax year to establish or operate a film production company in Wisconsin:

a. The purchase price of depreciable, tangible personal property and items, property and goods, if the sale of such property and goods is sourced to Wisconsin. The claimant must purchase the tangible personal property after December 31, 2008, and at least 50% of the property's use must be in the claimant's business as a film production company.

b. The amount expended to construct, rehabilitate, remodel, or repair real property. A claimant can claim the credit if the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work, began after December 31, 2008, and if the completed project is placed in service after December 31, 2008. A claimant can also claim the credit for an amount expended to acquire real property, if the property is not previously owned property, and if the property is acquired after December 31, 2008, and the completed project is placed in service after December 31, 2008.

The maximum amount of film production tax credits that can be claimed in a fiscal year is $500,000.

A potential claimant is required to apply to Commerce to accredit a production as eligible, determine the eligible amount of production expenditures, including resident salary and wages and sales and use taxes, and certify film production company expenses for the purpose of claiming the film production tax credits. The application must include a fee equal to the lesser of 2% of the claimant's budgeted production expenditures or $5,000. A separate application must be submitted for each accredited production and production company.

In determining whether to accredit a production or to approve expenditures Commerce must consider if: (a) the production would not occur and/or the production company would not be established in Wisconsin without the film production tax credits; (b) the production and/or production company would enhance economic development in the state; (c) the production and/or production company would enhance the film, video, or electronic game industry in the state; and (d) the production would not hurt the reputation of the state of Wisconsin.

Potential claimants of film production services tax credits are required to submit: (a) list and description of the production expenditures incurred during the year; (b) a list of the salaries and wages that were paid and the corresponding services; (c) attestation that the employees who received the salary or wages met the state residency requirement at the time wages were paid; (d) an itemized list of the sales or use taxes paid corresponding to an itemized list of purchased tangible personal property and taxable services that were used directly in producing the accredited production, including all stages from the final script stage to the distribution of the finished production; (e) demonstration that the claimant either owns the copyright in the accredited production or has contracted directly with the copyright owner or a person acting on the owner's behalf; (f) a viable plan for commercial distribution of the finished production; and (g) any subsequent clarification requested by the Department. Based on this information Commerce determines: (a) the production expenditures incurred during the tax year; (b) the salary or wages that were paid during the tax year by the claimant to employees who rendered services in the state to produce an accredited production, and who were residents of Wisconsin; and (c) the eligible sales or use taxes paid during the tax year.

Commerce staff reviews applications for accreditation, determination, and certification of eligible expenses. After review, Commerce will either approve or deny the application. If approved, the applicant will receive an offer letter that details the terms and conditions for receiving tax credits. Commerce must notify DOR of accredited productions and the amount of production and/or production company investment expenditures.

Commerce may revoke any accreditation of a production if the supporting information is found to be inaccurate or significantly misleading. The Department may increase eligible expenditures based on a claimant's submission of adequate written justification for the increase. Commerce may decrease eligible expenditures if it determines that the information on which the amount was based is inaccurate or significantly misleading. The Department must notify the claimant and DOR of any increase or decrease in approved expenditures.

10. Manufacturing Investment Tax Credit

For tax years beginning before January 1, 2006, a credit against corporate income taxes due could be claimed for the amount of sales and use tax paid for fuel and electricity consumed in manufacturing in Wisconsin (manufacturer's sales tax credit). The manufacturer's sales tax credit was replaced with a sales tax exemption and manufacturing investment credit by 2003 Wisconsin Act 99.

Taxpayers having more than $25,000 of unused manufacturers' sales tax credits can claim a manufacturing investment credit for tax years beginning after December 31, 2007. The credit is equal to the taxpayer's unused manufacturers' sales tax credits, and the credit must be amortized over 15 years, starting with tax years beginning after December 31, 2007. The amortized amount may be offset against the taxpayer's income or franchise tax, and unused amounts may be carried forward up to 15 years to offset future tax liabilities.

To qualify for the credit, a business must be certified by the Department of Commerce. To be certified, a business must meet one of the following conditions: (a) the business retained 100% of its full-time jobs in Wisconsin from December 23, 2003, through either December 31, 2006, or December 31, 2007; (b) the business' average annual investment in Wisconsin from January 1, 2003, through either December 31, 2006, or December 31, 2007, was equal to no less than 2% of the total book value of the business' depreciable assets in facilities that were based in Wisconsin; or (c) the business' average annual investment in Wisconsin from January 1, 2003, through either December 31, 2006, or December 31, 2007, was no less than $5 million.

Applicants for tax credits were required to file an application with Commerce by September 30, 2008, and Commerce certified taxpayers for the credit. Taxpayers may claim the credit for tax years beginning on or after January 1, 2008.

11. Ethanol and Biodiesel Fuel Pump Credit

The ethanol and biodiesel fuel pump tax credit is provided under the state individual and corporate income taxes. The tax credit is equal to 25% of the amount paid in a tax year to install or retrofit pumps located in Wisconsin that dispense: (a) motor vehicle fuel marketed as gasoline and 85% ethanol or a higher percentage; (b) motor vehicle fuel marketed as diesel fuel and 20% biodiesel fuel; or (c) that mix fuels from separate storage tanks and allow the end user to choose the percentage of gasoline replacement renewable fuel or diesel replacement renewable fuel, in the motor fuel dispensed. The tax credit can be claimed for tax years beginning after December 31, 2007, and before January 1, 2018. The maximum tax credit for a tax year cannot exceed $5,000 for each service station that claims a credit for an installed or retrofitted pump. Unused credit amounts may be carried forward up to 15 years.

Commerce is required to establish standards to adequately prevent, in the distribution of conventional fuel to an end user, the inadvertent distribution of fuel containing a higher percentage of renewable fuel than the maximum percentage established by the federal Environmental Protection Agency for use in conventionally-fueled engines.

12. Internet Equipment Credit

Provisions of 2005 Wisconsin Act 479 created a sales tax exemption and related individual income and corporate income and franchise tax credit for certain internet equipment used in the broadband market to provide internet availability in areas of the state where there is no service provider. The Department of Commerce is required to certify businesses as eligible for the sales tax exemption and for related income and franchise tax credits, and to determine the maximum amount of tax credits and exemptions that a business can claim. Commerce can only allocate tax credits and exemptions to a business if the allocation of credits and exemptions is likely to increase the availability of broadband internet service in areas of the state that are not served, or are served by one broadband internet service provider.

A sales tax exemption is provided for the gross receipts from the sale of and the storage, use, or other consumption of internet equipment used in the broadband market. To receive the exemption, the purchaser must have certified to Commerce, in a manner prescribed by the Department, that the business would, by June, 2009, make an investment that was reasonably calculated to increase broadband internet availability in the state. Every business that receives the exemption is required, within 60 days after the end of the year in which the investment is made, to file a report describing the investment.

A business may claim a tax credit against state individual income and corporate income and franchise tax liability up to the amount of the sales tax exemption for each of two tax years. The credit can be claimed in the first tax year following the tax year in which the business claimed the exemption. The amount of tax credits allocated to each business for each year the business can claim the tax credits must equal the amount of sales tax exemptions allocated to that business. The credit is not refundable, but unused credit amounts may be carried forward up to 15 years to offset future tax liabilities. The total amount of internet equipment sales tax exemptions and internet equipment income and franchise tax credits that can be allocated to all eligible businesses cannot exceed $7.5 million.

The internet equipment sales tax exemption was effective on July 1, 2007. Consequently, the individual and corporate income and franchise tax credit could first be claimed in tax years beginning on or after August 1, 2007. All of the $7.5 million has been allocated to nine certified businesses.

13. Electronic Medical Records Credit

The electronic medical records tax credit equals 50% of the amount paid by a health care provider in a tax year for information technology hardware or software that is used to maintain medical records in an electronic form. Tax credits not entirely used to offset income and franchise taxes can be carried forward up to 15 years to offset future tax liabilities. The maximum total amount of electronic medical records tax credits that can be claimed in a tax year is $10 million, and is allocated to claimants by the Department of Commerce.

Commerce is required to implement a program to certify health care providers as eligible to claim the electronic medical records tax credit. After certifying health care providers as eligible, Commerce is required to allocate tax credits to individual claimants, subject to the annual total credit limit of $10 million. Commerce must inform DOR of every health care provider that is certified, and of the amount of tax credits allocated to each provider. Commerce must also, in consultation with DOR, promulgate rules to administer the certification and tax credit allocation process. The electronic medical records tax credit can first be claimed for tax years beginning after December 31, 2011.

14. Kenosha and Janesville Development Opportunity Zones

2009 Act 28 requires Commerce to designate an area in the City of Kenosha, and an area in the City of Janesville as development opportunity zones that would exist for five years. Any business that located and conducted activity in the zones is eligible to claim the development zone environmental remediation and jobs tax credit and the development zone capital investment tax credit, and the maximum amount of tax credits that can be claimed by businesses in each zone is $5.0 million. In order to claim tax credits, a business that conducts economic activity in the Kenosha or Janesville development opportunity zone must submit a project plan to Commerce, and comply with other statutory provisions governing development opportunity zones. Commerce can extend the zone an additional five years, and provide an additional $5.0 million in tax credits, if it supports economic development in the city.

15. Development Zones Credit

The development zones tax credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained.

a. *Environmental Remediation Component.* A credit against income taxes due can be claimed for 50% of the amount expended for environmental remediation in a zone.

b. *Full-Time Jobs Component.* A credit against income taxes can be claimed for up to the following amounts for job creation or retention: (a) up to $8,000 for each full-time job created in a zone and filled by a member of a targeted group; and (b) up to $6,000 for each full-time job created or retained and filled by a Wisconsin resident who is not a member of a targeted group.

The development zone tax credit can be used to offset the claimant's state income and franchise tax liability. Credits that are not entirely used to offset income or franchise taxes in the current year can be carried forward up to 15 years to offset future tax liabilities.

Development Zone Capital Investment Credit. The development zone capital investment tax credit equals 3% of the following:

a. The purchase price of eligible depreciable, tangible personal property.

b. The amount expended to acquire, construct, rehabilitate, remodel, or repair real property in the zone. A claimant can also claim a tax credit for amounts expended to acquire real property, if certain requirements are met.

Credits that are not entirely used to offset income or franchise taxes in the current year can be carried forward up to 15 years to offset future tax liabilities.

To be eligible for tax credits, a business must be conducting or intend to conduct economic activity in a development opportunity zone and must, in conjunction with the local governing body of the city in which the zone is located, submit a project plan to Commerce. The project plan is required to include the following: (a) the name and address of the business for which tax benefits will be claimed; (b) the federal identification number of the business; (c) the names and addresses of other locations outside of the development opportunity zone where business activities are conducted, and a description of the business activities conducted at those locations; (d) the amount the business proposes to invest or to spend on the construction, rehabilitation, repair, or remodeling of a building located within the development opportunity zone; (e) the estimated total investment of the business in the development opportunity zone; (f) the number of full-time jobs that will be created, retained or substantially upgraded as a result of the business' economic activity in relation to the amount of tax benefits estimated for the business; (g) the business' plans to make reasonable attempts to hire employees from the targeted population; (h) a description of the commitment of the local governing body of the city in which the development zone is located to the business' project; and (i) other information required by Commerce or DOR.

Commerce is required to notify DOR of all businesses entitled to claim tax credits, and to verify information submitted for tax credit claims. The Department is also required to revoke the entitlement of a business to claim tax benefits if the business does any of the following: (a) supplies false or misleading information to obtain the tax benefits; (b) leaves the development opportunity zone to conduct substantially the same business outside of the development opportunity zone; or (c) ceases operations in the development opportunity zone and does not renew operation of the trade or business or a similar trade or business within the development opportunity zone within 12 months. Commerce must notify DOR within 30 days of revoking entitlement for tax benefits.

The Department of Commerce is required to annually estimate the amount of forgone state tax revenue that is due to tax benefits claimed by businesses in each development opportunity zone. If the Department determines that forgone tax revenues will equal or exceed the maximum amount of tax benefits allocated to the zone, the area's designation as a zone expires 90 days after the day an which forgone revenues equal or exceed tax benefit.

CHAPTER 3

OTHER ECONOMIC DEVELOPMENT ASSISTANCE

Targeted Business

Commerce provides financial assistance to targeted industries, such as the dairy industry, and to targeted businesses, such as women- or minority-owned businesses, through many of the Department's business development programs. The Department certifies minority-owned and woman-owned businesses for state contracts. Commerce also provides annual grants to the Woman's Business Initiative Corporation (WBIC). WBIC provides access to capital through direct lending, individualized business assistance, and business education focusing on women, minority and low income individuals.

Technical Assistance

Commerce staff provide technical assistance on economic development matters to individuals, businesses, organizations, and local governments in the state.

Wisconsin Main Street Program. Commerce is provided $383,100 GPR annually with 4.5 positions for the Wisconsin Main Street program to provide technical assistance to help communities plan, manage and implement programs to revitalize their downtown business areas through comprehensive economic redevelopment and historic preservation. Up to five municipalities are selected biennially for the program based on review and ranking of applications. Municipalities include cities, villages and towns. Commerce provides technical assistance to participants and nonparticipants that includes consultation with business owners and managers, on-site assistance in developing work plans and targeting local needs, orientation and training sessions, design assistance, downtown market analysis, program assessments and resource materials.

Wisconsin Business Retention and Expansion Study Program (WIBRES). The WIBRES program provides Wisconsin communities with a survey tool to determine factors that affect business retention and expansion locally. The program recommends that communities follow a process that combines a business site visit with the Department's survey instrument to collect information from chief executive officers on the local business climate. Following WIBRES data analysis, the Department provides a written report with chart illustrations that includes comparisons to statewide composite findings to allow the community to examine its business development situation in relation to other communities in the state. Commerce covers costs associated with staffing and compiling the survey report.

Regulatory and Small Business Ombudsmen. $150,000 GPR is provided in 2010-11 for two ombudsmen to act as advocates and neutral dispute resolvers for issues related to state administrative rules. The positions provide general small business and permitting assistance.

Small Business Clean Air Assistance Program. Annual funding of $232,500 PR from air emissions fees is provided for confidential, and non-regulatory services to small businesses (employing 100 or fewer individuals). Two clean air specialists work as a liaison between small businesses and state regulating agencies (typically, the Department of Natural Resources [DNR]) and federal regulating agencies (such as, the Environmental Protection Agency [EPA]). Clean air staff develop publications, answer compliance questions, conduct on-site consultations, respond to regulatory inquiries, coordinate environmental compliance workshops, and direct businesses to other technical assistance providers. Staff also administers the Diesel Truck Idling Reduction Grant Program (described in an earlier section).