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# wisconsin economic development corporation

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# Wisconsin Economic Development Corporation

The Wisconsin Economic Development Corporation (WEDC) is a public-private entity created under state law as the state's lead agency in promoting economic development. WEDC was created as an Authority under 2011 Act 7. This paper provides a general overview of WEDC's structure, funding sources, and expenditures.

WEDC offers a number of tax credits, loans, grants, and technical assistance programs to eligible Wisconsin companies, which are described in this paper. According to WEDC's annual report on economic development, in 2019-20 WEDC entered into contracts to award: (a) \$45.8 million of tax credits; (b) \$2.2 million of loans; (c) \$27.5 million of grants; and (d) \$170.2 million of federally tax exempt industrial revenue bonds. In addition, WEDC certified businesses to participate in the angel and early stage seed tax credit programs so that equity investors can receive up to \$25.1 million for their investments in such businesses.

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## WEDC Board of Directors

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WEDC is a public body corporate and politic. Pursuant to changes made under 2017 Act 369, WEDC has an 18-member Board of Directors (Board), of which 16 are voting members. Board members do not receive compensation for their service, but are entitled to be reimbursed for necessary expenses, including travel expenses.

Board members are appointed in four different ways. First, six members are nominated by the Governor and are appointed with the advice and consent of the Senate. These members serve at the pleasure of the Governor and serve staggered four-year terms.

Second, four members are appointed by the Assembly Speaker and four are appointed by the Senate Majority Leader to serve four-year terms. Third, the Assembly Minority Leader and the Senate Minority Leader each appoint one member to serve four-year terms.

Finally, the Secretary of the Department of Administration (DOA) and the Secretary of the Department of Revenue (DOR) serve as nonvoting members of the Board.

The legislative appointees may be legislators or private citizens. However, neither the Assembly Speaker nor the Senate Majority Leader may appoint more than two members of the Legislature to the Board. The Board must elect a chairperson from among its nonlegislative members.

A majority of the currently serving appointed members constitutes a quorum for the purpose of conducting the Board's business, exercising its powers, and for all other purposes. Action may be taken by the Board based on a vote of a majority of the appointed members present.

The Board is required to: (a) develop and implement economic programs to provide business support, expertise, and financial assistance to companies that are investing and creating jobs in Wisconsin; and (b) support new business start-ups, expansion, and growth in the state. The Board has the authority to develop and implement any other programs related to economic development in Wisconsin. "Economic development program" means a program or activity having the primary purpose of encouraging the establishment and growth of business in the state, including the creation and retention of jobs.

In addition, the Board is specifically authorized to do all of the following:

a. Adopt, amend, and repeal any bylaws, policies, and procedures for regulating its affairs and conducting its business.

b. Have a seal and alter the seal at pleasure.

c. Maintain an office.

d. Sue and be sued.

e. Accept gifts, grants, loans, or other contributions from private and public sources.

f. Establish WEDC's annual budget and monitor its fiscal management.

g. Execute contracts and other instruments required for the operation of WEDC.

h. Employ any officers, agents, and employees it may require, and determine their qualifications, duties, and compensation.

i. Issue notes, bonds, and any other obligations.

j. Make loans and provide grants.

k. Incur debt.

l. Procure liability insurance.

m. Enter into agreements regarding compensation, space, and other administrative matters that are necessary to operate offices in other states and foreign countries, subject to approval by the Secretary of DOA.

n. Appoint and supervise the economic development liaison position under DOA that serves as the state's primary point of contact for any matters regarding the electronic and information technology manufacturing zone tax credit program (Foxconn) through December 31, 2022.

WEDC's Board can delegate any power

described above, or duty described below, to a WEDC employee or to a committee established by the Board.

For each economic development program developed and implemented by WEDC's Board, the Board must: (a) establish clear and measurable goals that are tied to statutory or programmatic policy objectives; (b) establish at least one quantifiable benchmark for each program goal; (c) require each recipient of a grant, loan, or tax credit under the program to submit a report to WEDC, and require that each contract with a grant, loan, or tax credit recipient specify the frequency and format of the report and the performance measures to be included in the report; (d) establish a method for evaluating the projected results of the economic development program with actual outcomes, as determined by evaluating the program's objectives and benchmarks; (e) annually and independently verify, from a sample of grants, loans, or tax credits, the accuracy of the information submitted to WEDC; and (f) require each recipient of a grant, loan, or tax credit to submit a statement to WEDC signed by the recipient, or the director or principal officer of the recipient, attesting to the accuracy and truthfulness of the information it submits in the reports.

Also, for each economic development program developed and implemented by WEDC's Board, the Board must require that:

a. Each recipient of a grant or loan under the program of at least \$100,000 submit to WEDC, within 120 days after the end of the recipient's fiscal year in which any grant or loan funds were expended, a schedule of expenditures of the grant or loan funds. The schedule of expenditures must include any matching cash or in-kind match, signed by the director or principal officer of the recipient, to attest to its accuracy. The recipient must engage an independent certified public accountant to perform procedures, approved by WEDC and consistent with applicable professional standards of the American Institute of



Certified Public Accountants, to determine whether the grant or loan funds and any matching or in-kind match for environmental remediation were expended in accordance with the contract. In addition, the Board must require the recipient of such a grant or loan to make available for inspection documents supporting the schedule of expenditures and must include these requirements in the grant or loan contract.

b. If a recipient of an economic development grant or loan submits false or misleading information to WEDC, or fails to comply with the terms of a contract with WEDC, and the recipient does not provide a satisfactory explanation for the noncompliance, the Board must: (1) recoup payments made to the recipient; (2) withhold future payments; and (3) impose a financial penalty on the recipient.

The WEDC Board must submit an annual report to the Chief Clerk of each house of the Legislature, by January 1, identifying the economic development projects that the Board intends to develop and implement during the calendar year. In addition, no later than October 1, the Board must submit to the Joint Legislative Audit Committee and the Chief Clerk of each house of the Legislature an annual report for the previous fiscal year on each of WEDC's economic development programs that contains all of the following: (a) a description of each program; (b) an accounting of the location, by municipality, of each job (and the industrial classification 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 or loans made under the program; (e) the amount of, and recipient of, each grant or loan made under the program; (f) the total amount of tax benefits allocated, and the total amount of tax benefits verified, under the program; (g) an identification of each recipient of a tax benefit allocated, and each recipient of a tax benefit that was verified by WEDC, under the program; (h) the sum total of all grants and loans awarded to, and

received by, each recipient under the program; and (i) any recommended changes to the program. WEDC must make this information accessible to the public on an Internet-based system.

WEDC's Board must adopt policies and procedures that specify: (a) when WEDC is required to publicly solicit proposals from multiple vendors of goods or services; (b) how WEDC is to evaluate proposals from multiple vendors; and (c) how WEDC is to assess any conflict of interest a vendor may have if the vendor sells goods or services to it. For example, for purposes of determining eligibility for several programs, WEDC's policies and procedures generally define a "designated rural county" as a county with a population density of less than 155 residents per square mile as of the most recently available decennial census.

The Board must have an annual audit conducted of WEDC's financial statements for the previous fiscal year. The Board must submit the audit report to the Joint Legislative Audit Committee and the Chief Clerk of each house of the Legislature.

In general the Governor is required to nominate a chief executive officer (CEO) for WEDC, to be appointed with the advice and consent of the Senate. The CEO serves at the pleasure of the Governor. The Board is authorized to delegate to the CEO any powers and duties the Board considers proper, and determine his or her compensation.

Members of the Board, the CEO, and all WEDC employees are considered state public officials who are subject to the Wisconsin Ethics Code. Specifically, such individuals are subject to Code provisions governing conflicts of interest, general ethical standards, and use of state resources, and must file an annual statement of economic interest. For the purpose of the state lobbying law, WEDC Board members are not considered state agency officials. In practice, this means that Board members from the private sector are required to file the Legislative Activities

Statement that identifies employees who engage in lobbying. WEDC officials employed by the State are subject to additional lobbying restrictions.

Any Board member or WEDC employee who enters into contracts on behalf of the Board must notify WEDC's legal counsel or the CEO if the member or employee has a direct or indirect private, pecuniary interest in a contract that is being negotiated, bid for, or entered into with WEDC. Such individuals are prohibited from participating in the member's or employee's capacity with regards to the contract in a function that requires the exercise of discretion on the individual's part. The Board is further prohibited from entering into any contract with an entity in which a WEDC employee has a controlling interest.

Board meetings are subject to Wisconsin's open meetings law, must be announced with at least 24 hours' notice (unless there are extenuating circumstances), and be open to the public. However, meetings, or portions of meetings, may be closed if the topic covered falls within a statutory exception, such as employee matters, conferring with legal counsel, or for competitive or bargaining reasons.

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### **WEDC Administration**

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WEDC was created to replace the former Department of Commerce as the state's lead agency in promoting economic development. Under the provisions of 2011 Act 32, Commerce was eliminated and statutory responsibility for creating and administering economic development programs, providing certain related technical assistance, and administering existing programs and tax credits, was transferred to WEDC. Unlike most statutory state authorities, WEDC typically receives most of its funding from annual state appropriations.

WEDC is statutorily responsible for administering the brownfields grant program, brownfield site assessment grants, the Main Street program, allocation of the state volume cap on industrial revenue bonds (IRBs), and is required to make annual marketing grants to regional economic development organizations.

WEDC also has other statutory responsibilities, such as eligibility certifications, allocations, and verifications related to state tax credits. These responsibilities apply to the following credits: (a) angel investment and early stage seed investment; (b) business development; (c) enterprise zones; (d) development opportunity zones; (e) supplement to the federal historic rehabilitation tax credit; and (f) electronics and information technology manufacturing zone.

As noted, state law permits WEDC's Board to amend, adopt, or repeal bylaws regulating its affairs. In general, the CEO has been granted the authority to sign, execute, and acknowledge, on behalf of WEDC, any instrument or document, and make any purchases deemed necessary, appropriate, or proper for WEDC's day-to-day operation. The CEO may execute any checks, drafts, or other orders for payment of money, notes, acceptances, or other evidence of indebtedness (excluding issuing bonds) without the specific authority of the Board, provided that such actions advance the functions of WEDC, or are authorized under the statutes. The CEO may execute contracts or other documents related to WEDC's economic development programs, including grants, loans, and tax credits. However, the CEO may not approve the designation of an enterprise zone without consent of the Board and approval of the Joint Committee on Finance under a 14-day passive review process. The CEO is required to submit reports to the Board that include the amount of grants, loans, and tax credits, shown for each organization or entity that received such assistance. The CEO is also authorized to establish WEDC's budget, and monitor WEDC's fiscal management. By law, the CEO may accept gifts and grants for WEDC's benefit.

However, WEDC bylaws limit the CEO's authority to receive gifts of not more than \$25,000 in a twelve-month period by individuals or organizations. Larger gifts require Board approval.

Under the bylaws, the CEO has authority to employ officers, agents, and employees deemed appropriate to fulfill WEDC's needs, and to determine the related qualifications, duties, compensation, and benefits. Salaries of principal officers (other than the CEO) and personnel are fixed by the CEO, or an authorized committee of the Board, consistent with policies determined by the Board. In addition, the CEO may establish and enforce WEDC's personnel and human resources policies and procedures. The CEO may procure any insurance deemed necessary, appropriate, or proper. Upon approval of the Board, the CEO may issue bonds on behalf of WEDC or create a nonstock corporation for WEDC's benefit.

In general, WEDC's bylaws allow the CEO to delegate authority granted to him or her.

All of the records of WEDC are subject to the state open records law, except those relating to pending grants, loans, or economic development projects that, in WEDC's opinion, must remain confidential to protect the competitive nature of the grant, loan, or project. However, application documents are subject to the state open records law once a contract is executed. Loans cannot be contracted on behalf of WEDC, and an evidence of indebtedness cannot be issued in its name unless it is authorized by, or under the authority of, a resolution of the Board or specified in the bylaws.

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### WEDC's Budget

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Table 1 shows WEDC's budgeted statement of revenues and expenditures for fiscal year 2020-21, as approved by the Board on November 17, 2020.

**Table 1: Budgeted Revenues and Expenditures, 2020-21\***

Beginning Fund Balance	\$78,483,783
<b>Revenues</b>	
FED - CARES	\$78,000,000
SEG - Economic Development Fund	27,377,100
State GPR	13,173,600
SEG - Environmental Fund	1,000,000
Interest on Loans	1,000,000
Interest on Investments	855,000
Charges for Services	167,000
Other Intergovernmental	155,500
Other	<u>232,160</u>
Total Revenues	\$121,960,360
<b>Expenditures</b>	
COVID-19 Relief Program	\$78,000,000
Economic Development Grants	28,558,000
Adj. for Grant Draws	-8,058,000
Marketing/Promotions	7,761,589
Contracts with Partners	4,783,135
Loan Loss Reserves	500,000
Administration	
Payroll and Benefits	12,244,204
Operations and General	5,476,323
Debt Service	270,000
Capital	<u>130,000</u>
Total Expenditures	\$129,665,251
Excess Revenues over Expenditures	-\$7,704,891
Year-Ending Fund Balance	\$70,778,892

\* Amended budget approved by the WEDC Board via resolution dated November 17, 2020.

The table does not include tax credits or loans authorized by WEDC. The fiscal impact of tax credits is accounted for in other areas of the state budget, and loans are primarily accounted for on WEDC's balance sheet instead of its statement of revenues and expenditures. WEDC loans and tax credits are discussed later in this paper.

For 2020-21, the principal source of WEDC's revenue consisted of federal Coronavirus Relief Fund (CRF) monies received under the federal Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES). Money that state and local governments receive from the CRF must be used for expenses incurred in response to the public health emergency declared in response to COVID-19. The Appendix provides details regarding the

COVID-19 relief grant programs funded by the CRF that were administered by WEDC and the Department of Revenue (DOR) in 2020.

As shown in Table 1, apart from the CRF funding, most of WEDC's revenue consists of segregated (SEG) funds, from the economic development fund (\$27.4 million) and the environmental fund (\$1.0 million). In addition, WEDC receives state general purpose revenue (GPR), revenue from the federal government (other than CRF monies) and other state agencies, interest income on loans and investments, charges for services, and other sources.

Pursuant to 2019 Act 9, GPR may be expended from WEDC's sum sufficient appropriation only if there are no unencumbered moneys available in the economic development fund. Thus, the first draws for programs and operations should come from the economic development fund until the available balance of the SEG appropriation is depleted. Specifically, the funding for operations and programs is provided in an amount of GPR equal to \$41,550,700 minus the amounts expended from the economic development fund and the environmental fund. However, GPR programs and operations spending in any year is capped at \$16,512,500.

As shown in Table 1, budgeted expenditures in 2020-21 total \$129.7 million. This amount includes \$78.0 million for WEDC-administered COVID-19 relief programs and \$28.6 million for WEDC's economic development programs (excluding loan and tax credit amounts). These programs are described in more detail later in this paper under "WEDC Grant Programs."

WEDC's budget adjusts expenditures for economic development grants to account for disbursements that are expected to be delayed into a future year. WEDC indicates that a number of projects were delayed as a result of the COVID-19 pandemic, and grant awards totaling \$8.1 million are expected to be drawn in a future year.

WEDC's budget also includes funding of \$7.8 million for marketing and promotions. The Board's marketing and promotions expenditures are designed to highlight Wisconsin's economic assets to target audiences, encourage business leaders to relocate to, or expand investment in, the state, provide information and opportunities relating to international business development to in-state companies, attract and retain talent in the state, and reinforce WEDC's impact on the state's economy. WEDC promotes and markets Wisconsin through online advertisements, media placements, newsletters, social media, and organized events.

Administrative costs are budgeted at \$18.1 million, primarily for employee compensation, which accounts for about 68% of the total administrative budget. On July 1, 2020, WEDC employed 110 full-time employees and five interns. As noted, the CEO is authorized to hire and determine the salary and benefits of WEDC employees, and salaries of certain personnel are periodically adjusted by the CEO and the Board. Operations and general expenditures represent non-employee expenditures, such as supplies and services, and account for 30% of WEDC's administrative costs. The remaining 2% is for capital purchases and for paying debt service. Capital expenditures include vehicle purchases, leasehold improvements, and computer software development. Debt service expenditures are for outstanding notes to the state related to employee pension obligations.

The budget also includes \$4.8 million for contracts with eight organizations that partner with WEDC in providing assistance to businesses. In general, the partnerships provide: (a) services to entrepreneurs; (b) advisory services to manufacturers; (c) services to early-stage companies; or (d) in-market export services (such as connecting a Wisconsin manufacturer to a buyer or helping a business navigate another country's regulatory environment). For example, WEDC provides \$0.9 million under contracts with statewide minority chambers of commerce, and their related affiliates,

through direct grant assistance to qualifying minority business entities for revolving loan fund technical assistance, micro-lending, and organizational support. In addition to these eight partners, WEDC is statutorily required to provide annual grants to regional economic development organizations (WEDC contracts with nine such organizations in 2020-21) and incurs certain administrative costs in coordinating with these organizations. Details regarding each of these partner organizations can be found in Attachment I.

The final component of the 2020-21 budget is \$0.5 million for loan loss reserves. In general, loan loss reserves are set aside to account for uncollected loans and loan repayments (\$0.5 million). For 2020-21, WEDC expects to issue \$4.8 million in new loans, described later in this paper.

The majority of WEDC's \$70.8 million year-ending fund balance has been obligated for future use or is otherwise not available for other use. Of WEDC's balance, \$20.0 million is comprised of nonspendable assets, primarily long-term loans receivable. Contracted, committed, budgeted, or otherwise obligated funding for WEDC's economic development programs accounts for another \$47.5 million of the balance. The remaining \$3.3 million is unassigned and available as working capital or to offset unexpected expenses. State law requires WEDC's Board to establish a target unassigned balance on June 30 of each year equal to two-twelfths of its estimated annual administrative expenditures for that year (which is \$3.0 million for 2020-21).

Table 1 also shows that WEDC has budgeted expenditures that are \$7.7 million more than it is expected to receive in revenue during 2020-21. This is projected to reduce the opening (all funds) balance from \$78.5 million to an ending balance of \$70.8 million. The anticipated decline in the fund balance is in line with previous years. For example, the ending fund balance declined by \$4.3 million 2017-18, \$11.5 million in 2018-19, and \$11.7 million in 2019-20. This is in part due to a

series of legislation, including 2015 Act 55 and 2017 Act 59, which reduced GPR funding for programs and operations in favor of spending down WEDC's fund balance. Also, 2019 Act 9 required WEDC to make a payment of \$25.0 million for deposit into the state's general fund on or before January 1, 2020.

**Economic Development Fund.** WEDC's primary source of funding is the economic development surcharge, which is imposed on tax-option (S) corporations, C corporations, and insurers that are required to file a corporate income/franchise tax return if they have more than \$4 million in gross receipts from all activities. Partnerships and individuals are exempt from the surcharge, beginning in tax year 2013. The surcharge equals 3% of gross tax liability for C corporations and insurers, or 0.2% of net business income for S corporations. The minimum economic development surcharge is \$25, and the maximum is \$9,800.

In general, "gross receipts from all activities" means gross receipts, gross sales, gross dividends, gross interest income, gross rents, gross royalties, the gross sales price from the disposition of capital assets and business assets, gross receipts passed through from other entities, and all other receipts that are included in gross income. Surcharge payments are transferred to the economic development fund when the taxpayer files their return and the return is processed.

For businesses that begin doing business in the state or cease doing business in the state during a taxable year, the surcharge is prorated for the number of days that the business operates in the state, but remains subject to the minimum and maximum amounts.

Table 2 shows the following information regarding the condition of the economic development fund from July 1, 2011, through June 30, 2020: (a) the opening balance of the fund; (b) annual economic development surcharge

**Table 2: Economic Development Fund Activity (\$ in Millions)**

Fiscal Year	Opening Balance	Surcharge Revenues	Other Revenues*	WEDC Appropriations**	DOR Administrative Surcharge	Ending Balance
2011-12	\$0.00	\$27.53	\$4.89	\$23.19	\$0.17	\$9.05
2012-13	9.05	30.37	0.01	23.20	0.20	16.04
2013-14	16.04	19.28	0.01	33.78	0.14	1.42
2014-15	1.42	27.49	0.00	21.78	0.20	6.93
2015-16	6.93	23.76	0.01	21.78	0.20	8.72
2016-17	8.72	38.77	0.09	21.78	0.19	25.61
2017-18	25.61	25.74	0.27	50.88	0.16	0.58
2018-19	0.58	26.98	0.14	27.25	0.19	0.26
2019-20	0.26	34.62	0.06	34.61	0.21	0.12

\* Includes annual interest income to the fund and a one-time transfer of \$4.89 million from the recycling fund in 2011-12

\*\* Beginning in 2017-18, the appropriation of economic development funds for WEDC programs and operations changed from sum certain to all monies received.

Source: State of Wisconsin Comprehensive Annual Fiscal Reports

collections; (c) other revenues that are deposited in the fund; (d) annual WEDC appropriations; (e) DOR's administrative surcharge; and (f) the ending balance. Prior to 2011-12, the surcharge was deposited in the former recycling fund.

The reduction in surcharge revenues from 2012-13 to 2013-14 primarily reflects the 2013 Act 20 exemptions for partnerships and individuals. The Joint Committee on Finance increased the amount of SEG revenue appropriated to WEDC from the economic development fund on a one-time basis in 2013-14 to lower the accumulated balance in the fund. Surcharge revenues increased substantially in 2016-17 in part due to delays in processing corporate tax returns, which delayed the deposit of monies in the economic development fund from 2015-16 into 2016-17.

Since the end of 2013-14, the fund balance increased from \$1.4 million to \$25.6 million on June 30, 2017. However, expenditures substantially increased in 2017-18, and as a result the ending balance decreased to \$0.6 million. Beginning in 2017-18 the sum certain, continuing appropriation from the economic development fund for operations and programs was changed to authorize the spending of all monies received. This enabled WEDC to spend down SEG funding from the

economic development fund rather than GPR since 2017-18.

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### WEDC Loan Activity

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WEDC issues loans to businesses under several direct loan programs. WEDC's loan portfolio reduced in 2019-20, from \$45.4 million to \$35.5 million. Table 3 shows WEDC's aggregate loan activity from July 1, 2019, through June 30, 2020. Details regarding WEDC's cumulative loan activity since 2011-12 can be found in Attachment II.

It should be noted that the gross loans receivable as of July 1, 2020, shown in Table 3, does not reflect the amount of outstanding loans that are expected to be collected by WEDC. Each year, WEDC must estimate an allowance amount that will be forgiven or written off as bad debt from the gross loans receivable to accurately reflect the net loans receivable that are considered assets on its balance sheet. The \$35.5 million of gross loans receivable is reduced by the entire amount of forgivable loans receivable (\$8.3 million) and approximately 25% of the collectible loans receivable (\$6.8 million). Net loans receivable, or the amount

**Table 3: 2019-20 WEDC Loan Activity**

	Amount (Millions)	Count	Average
Loans Receivable			
July 1, 2019	\$45.39	145	\$313,061
Loan Draws	3.02	12	251,999
Loan Repayments	8.45	17	497,323
Amounts Written Off	1.34	4	334,251
Amounts Forgiven	3.15	4	787,500
Loans Receivable			
June 30, 2020	35.48	132	268,760
New Loans Contracted	2.15		
Interest Received	1.47		
Interest Accrued	1.30		

Source: Wisconsin Economic Development Corporation

that WEDC expects to recover from outstanding loans, are estimated at \$20.4 million (approximately 57% of gross loans receivable).

2015 Act 55 restricted WEDC from originating new loans after June 30, 2017 (except for technology development loans). However, these provisions were later repealed by 2017 Act 59. WEDC may originate new loans, but not loans which are forgivable. Instead, all new loans must adhere as closely as practicable to commonly accepted commercial lending practices.

As shown in Table 3, WEDC contracted for \$2.2 million in new loans in 2019-20. For 2020-21, \$4.8 million is budgeted. For collectible loans, \$0.5 million is budgeted in 2020-21 for loan loss reserves to account for the risk of bad debts or otherwise uncollectible loan balances. No funds are reserved for losses on forgivable loans in 2020-21 because WEDC is prohibited from originating new forgivable loans and the final remaining forgivable loan drew its last remaining funds in 2017-18.

The following section describes the technology development loan program, the only WEDC loan program in effect for 2020-21.

*Technology Development Loans.* The technology development loan program provides early-stage funding through below market-rate loans to

entrepreneurs and technology-based businesses, generally for working capital or equipment financing. A total of \$4.8 million in state funding is budgeted for the program in fiscal year 2020-21.

Loan amounts depend on a number of factors, such as the stage of growth, capital need, or economic potential of the project. Loans of up to \$250,000 per company are available to support research and development, proof of concept, and prototype development companies (generally early-stage or spinoff companies with fewer than 25 employees) that demonstrate financial need and potential for business growth. Up to \$500,000 per company is available to eligible companies raising funds for initial launch of a developed product into a primary market following proof of concept and development testing. WEDC may apply lower funding limits for companies raising money for initial launch into test markets if the technology or industry requires incremental steps to commercialization. Companies seeking loans that are in a growth or expansion stage may be eligible for up to \$750,000 per company that has recurring sales of a fully developed product with growth potential and a clear path to sustainability. Growth/expansion loans are intended to help companies increase production and become profitable.

WEDC uses discretion for how best to direct its available funding on an annual basis. In general, applicants are evaluated based on their: (a) overall growth potential; (b) ability to identify and secure sufficient capital; (c) technology risk; (d) size and anticipated acceptance of the idea by customers; (e) management, plan, and performance to date; (f) repayment capacity and timeline; (g) income, payroll, and real estate taxes, supply chain, and other economic benefits; (h) need for funding and the impact that funding is likely to have on future success; and (i) development and commercialization timeline.

In general, a technology development loan has a term of up to seven years, with payments deferred up to 36 months followed by equal monthly

payments of principal and interest. An additional 12-month deferral of interest-only payments may be available based on the company's expected time to market and regulatory barriers. Interest rates of the loans are generally fixed at 6%. Alternatively, payments may be based upon monthly gross revenue (typically, 1.15% to 3%) on a case-by-case basis. WEDC may impose a loan origination fee of 2% of the loan amount.

WEDC may require in its contract an option to convert any portion of the outstanding loan balance to equity equivalent with the terms of a matching equity event (such as the sale of the company) up to an amount not to exceed the term of the note. In the event of a liquidity event, WEDC will: (a) not have an ownership interest of 20% or more in the company; (b) not have voting rights or obligations, or any other indicia of control; (c) not accept obligations to indemnify or repay additional debt taken on by any company; (d) require the company to repurchase any equity held by WEDC if the company relocates out of state; and (e) consider the circumstances of each loan and limit its liability to the greatest extent possible.

For collateral, loan recipients may be required to obtain life insurance policies for company founders and/or managers in an amount up to the maximum value of the loan. A personal guaranty may be required for any owner to obtain a loan, generally for individuals with 20% or more ownership interest in the company. Guarantees should be considered under certain circumstances, such as when the company has substantial ties to other states or when the majority of funding comes from the founder, friends, and family, as opposed to outside banks or venture capital that would validate the investment.

The borrower must provide minimum matching private investment funds equal to at least four times the loan amount prior to disbursement of the loan. WEDC may consider previously expended funds as part of the matching funds if the previous

funding was required for the project under consideration and raised not more than 12 months prior to the application date.

In 2019-20, WEDC contracted a total of \$2.2 million in technology development loans to 11 eligible recipients.

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## WEDC Grant Programs

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WEDC administers a number of grant programs. Grants may be awarded to eligible businesses, individuals, organizations, or local governmental entities for specific projects. Certain programs are required by state law, whereas other programs are created through WEDC policy. Some grant programs award monies to governmental or nonprofit organizations that contract with WEDC to make loans or provide grants to businesses.

In 2019-20, WEDC contracted 1,056 grant awards totaling \$27.5 million. Attachment III provides details regarding the number of, and amount of, grant awards contracted by WEDC from 2012-13 through 2019-20.

The grant programs described below include programs that are: (a) available in 2020-21; (b) were temporarily available in 2019-20 in response to the COVID-19 pandemic; and (c) programs that were temporarily suspended in 2020-21, but that WEDC expects to resume in 2021-22.

**Entrepreneurial Micro-Grants.** The entrepreneurial micro-grants program provides funding to the Center for Technology Commercialization (CTC) to support business planning and commercialization for entrepreneurs and small businesses in Wisconsin. The CTC offers three types of micro-grants to clients: (a) assistance in applying for federal Small Business Innovation Research/Small Business Technology Transfer



grants (SBIR/STTR); (b) financial assistance in developing and completing business or commercialization plans; and (c) business planning education for entrepreneurs. In order for the CTC to continue administering the program, it must demonstrate the expertise and capability of serving a statewide network of entrepreneurs. For 2020-21, WEDC has made available to CTC \$0.3 million to administer the micro-grant program.

The SBIR/STTR program provides grants from 11 federal agencies nationwide designed to help small businesses create and commercialize new innovations and technologies. As of November 2020, federal grants consist of three phases: (a) Phase I awards of less than \$173,075 to support feasibility study; (b) Phase II awards of less than \$1,153,834 to support full research and development; and (c) Phase III, which entails commercialization supported by non-state SBIR/STTR grants. These award limits are annually adjusted for inflation. Agencies may issue awards for less than these limits but may exceed the limits by no more than 50% without approval of the small business administration.

The CTC provides SBIR/STTR assistance and commercialization planning assistance micro-grants to persons starting or expanding a technology-based or research-oriented business and firms located in Wisconsin that rely on the use of technology. The following types of projects may be eligible for a micro-grant: (a) development of an SBIR/STTR Phase I or Phase II proposal, or other funding proposal; (b) development of an SBIR/STTR Phase II commercialized plan or a comprehensive business plan; or (c) procurement of a CTC-approved market research study in support of a commercialization or business plan.

Micro-grants to support businesses in trying to obtain federal funding are available for: (a) up to \$4,500 for assistance to prepare and submit an SBIR/STTR or other federal funding proposal; (b) an additional \$1,000 funding bonus for applicants who are awarded federal funding through the

program; and (c) up to \$4,500 for assistance in completing a comprehensive business plan or commercialization plan to procure Phase II SBIR/STTR funding or to prepare for angel or venture capital funding. To be eligible for a commercialization planning assistance micro-grant, the business must use an eligible professional services provider.

Grants of up to \$750 may be awarded to entrepreneurs upon successful completion of an entrepreneurship training program provided by the Small Business Development Centers at the University of Wisconsin-Extension. The entrepreneurship training program is an eight- to twelve-week course offered periodically to provide assistance with business plan development to current or prospective business owners. Coursework eligible for a micro-grant may focus on either business modeling or business planning. Eligible applicants must provide at least \$250 in matching funds.

In 2019-20, WEDC provided \$0.2 million to CTC. The Center assisted 113 businesses through the entrepreneurial micro-grants program in 2019-20.

**SBIR/STTR Matching Grant Program.** The SBIR/STTR matching grant program is administered by the CTC on behalf of WEDC to supplement federal awards to technology-based small businesses. A business may be eligible to receive matching grants through the program for up to 50% of a Phase I or Phase II federal SBIR/STTR grant award. The grants must be used for new and additional work tasks related to the project granted the federal award and are intended to primarily be provided to first-time recipients of a federal award to support eligible activities, including customer validation, market research, intellectual property assessment, and feasibility assessment. WEDC has budgeted \$1.5 million for the SBIR/STTR matching grant program in 2020-21.

Matching grant applications are evaluated by

CTC on a competitive basis and are awarded to eligible applicants that are Phase I or Phase II recipients of federal SBIR/STTR funding based on funding availability and project merit. Eligible companies generally must be located in the state, but an out-of-state company may apply for and receive funding contingent upon the company relocating to Wisconsin within 90 days of receiving a grant from CTC. CTC must submit a quarterly performance report documenting the number of companies receiving grants, the amount of each grant, the amount of federal funding leveraged, and employment, wage, and outside investment reported annually by each company, as well as any other contract deliverables, for four years after a company receives a matching grant.

In 2019-20, WEDC provided \$1.5 million to the CTC. CTC assisted 17 businesses through the SBIR/STTR program in 2019-20.

**Seed Accelerator Program.** The seed accelerator program is designed to encourage the formation of local not-for-profit seed accelerator programs and to support, encourage, and sustain high-growth startup companies in the state. The program is managed by communities, organizations, or other eligible entities. Generally, a seed accelerator will enroll a class of entrepreneurial teams in a defined program over a period of time, typically three to six months. The program provides small amounts of financing, experienced hands-on mentorship, educational programming, visibility to investors, and assistance in developing and testing the commercial viability of an idea. WEDC funding of \$0.75 million is available for the seed accelerator program in 2020-21.

The program is designed to support technology industry sectors, including advanced manufacturing, agriculture or food processing, information systems or software, medical devices, biosciences, and renewable/green energy. Eligible not-for-profit organizations, communities, or other eligible entities that operate a seed accelerator program generally must provide grants, loans, royalty-

based investments, and/or equity investments to companies participating in the accelerator program, as approved by WEDC. Loan repayments and/or investment returns to the recipient can only be used to support direct program costs or provide capital to companies participating in a current or future accelerator program. Seed accelerator recipients may be eligible to receive funding for operational expenses directly related to the administration of the accelerator. Applicants for Seed Accelerator program funding are required to provide to WEDC information on the applicant organization, accelerator program management and operations, and the process for accepting companies into the program.

In determining whether to award funding, WEDC requires the applicant to provide information on program management, operating plans, entrepreneurship resources, and use of funds. Applicants must identify matching funds equal to at least the amount of funding provided by WEDC. Matching funds may be dedicated to operating expenses, and may include in-kind or cash funds. In determining the level of funding for each seed accelerator applicant, WEDC will consider: (a) the number of companies per class in the program; (b) the length of the program for each class; and (c) other factors, including the industry sector served by the program and local economic conditions. Eligible recipients must periodically submit a performance report documenting the number of organizations assisted, as well as any other contract deliverables requested by WEDC.

In 2019-20, WEDC contracted with six eligible entities and provided total funding of \$0.8 million under the program. WEDC reports that 59 businesses were assisted with these funds.

**Capital Catalyst Program.** The capital catalyst program provides grants to seed funds managed by organizations or communities that provide capital to start-ups and emerging growth companies. The program is designed to stimulate capital investment at a local or regional level. To

be eligible, an applicant must demonstrate organizational capability and have entrepreneurial support. Eligible applicants must provide matching funds equal to the amount provided by WEDC, and matching funds must be documented prior to disbursement of WEDC funds. Preferred applicants would focus on providing seed funds to industry sectors in advanced manufacturing, agriculture or food processing, information systems or software, medical devices, biosciences, and energy. WEDC has budgeted \$1.25 million for the capital catalyst program in 2020-21.

Recipients must have a segregated account to receive WEDC grants, which may include the recipient's matching funds. WEDC grant monies may be used for grants, loans, royalty-based investments, or equity investments in startups and early stage and emerging growth companies that are located or will locate in Wisconsin. Funds cannot be used to support expenses related to the relocation of a business between communities in Wisconsin. WEDC provides contractual criteria for how the capital catalyst grant recipient must utilize the grant amount, but the recipient is solely responsible for specific investment decisions. Returns on loans and/or investments to the fund capitalized by WEDC, or capitalized with eligible matching funds, may only be used for: (a) additional awards to eligible businesses; (b) distribution to WEDC and the applicant in proportion to the initial match; and/or (c) other purposes approved by WEDC. Returns generally cannot be distributed to an individual or for-profit entity that was the source of matching funds.

WEDC awarded a total of \$1.25 million to four eligible entities in 2019-20. According to WEDC, these funds assisted 46 companies.

**Capacity Building Grants and Entrepreneurship Support Grants.** The capacity building grant program and the entrepreneurship support grant program assist statewide, regional, and local economic development groups. In 2020-21, \$1.2 million is budgeted for capacity building grants

and \$750,000 is budgeted for the entrepreneurship support grants.

*Capacity Building Grants.* Grants can be used by the recipients for: (a) assessments of the economic competitiveness of the area; (b) initiatives that will assist or enhance an organization's ability to develop or deliver economic development programming to identify or address local or regional issues; (c) implementation or replication of successful pilot programs or economic development best practices; (d) marketing by regional economic development organizations; (e) match funding for projects receiving CARES funding from the federal Economic Development Administration (EDA) in the U.S. Department of Commerce; or (f) delivery of resources and services to Wisconsin entrepreneurs through the entrepreneurship support pilot program. In general, grant awards cannot be used for existing or ongoing operational costs, staff salaries, or costs incurred prior to being awarded a capacity building grant.

WEDC generally offers grant amounts of up to \$50,000 per eligible project. Projects related to COVID-19 recovery with a statewide impact may receive up to \$250,000.

The capacity building grants are typically provided for projects that can serve as models to be replicated across the state. In evaluating grant applications, WEDC considers the: (a) likelihood the project will result in long-term benefits to the organization, its members, the region, the state, or its clients; (b) degree to which the organization can influence state or regional economic conditions; (c) extent of regional collaboration with other economic development groups and local jurisdictions; (d) extent to which the project will impact smaller/rural communities; (e) financial need of the applicant; and (f) extent to which the project can be replicated throughout Wisconsin. WEDC may require a project match, depending on the attributes of the applicant project.

In 2019-20, WEDC provided total capacity building grants of \$0.1 million to four eligible recipients.

*Entrepreneurship Support.* Capacity-building funds are awarded through a competitive application process for the implementation of entrepreneurship programs. Funds may be used for: (a) promotion of entrepreneurship; (b) entrepreneurship education, mentorship, or training programs; or (c) facilitation of business development or financial services. Entrepreneurship support funding is not available for activities otherwise eligible to be funded through other programs supported by WEDC or its partners, and applicants cannot receive more than one entrepreneurship support pilot grant per year.

Awards are generally for between \$10,000 and a maximum of \$100,000 per eligible project. Eligible applicants must demonstrate a commitment of one-to-one matching funds, calculated as a percentage of the cost of the entire project. In-kind support may be included as a matching fund, provided it is not more than 50% of the total match required.

In 2019-20, WEDC provided total entrepreneurial support grants of \$0.4 million to nine eligible recipients.

#### **Fabrication Laboratories Grant Program.**

The fabrication laboratory program provides financial assistance to public school districts for equipment purchases used for instructional and educational purposes in fabrication laboratories in Wisconsin grade schools, junior high schools, high schools, and tribal schools. In 2020-21, \$500,000 is budgeted to support fabrication laboratories. WEDC has a moratorium on applicants that have already received three grants. However, the moratorium does not apply to Milwaukee public schools or for applicants seeking a one-time grant to establish a fabrication laboratory for use by students in kindergarten through eighth grade.

A fabrication laboratory means a high-tech workshop equipped with computer controlled additive and subtractive manufacturing components, such as three-dimensional printers, laser engravers, computer numerical control routers, or plasma cutters. A fully functioning fabrication laboratory must have active engagement with the business community, be accessible to multiple departments within a school or schools, provide community access, and be integrated with the Wisconsin network of fabrication laboratories.

Grants are awarded on a competitive basis, and WEDC considers the applicant's readiness and long-range planning, curriculum, business and community partnerships, and financial need and previous awards in determining eligibility. Eligible individual school districts and consortiums may receive a grant for up to \$25,000 or \$50,000, respectively, on an annual basis, to reimburse recipients for equipment purchases. A Cooperative Education Service Agency or a lead public school district may apply on behalf of a consortium of two or more districts. In order to be eligible for the program, an applicant must provide matching funds in the amount of 50% of the grant provided by WEDC.

The 2015-17 budget bill (Act 55), provided \$500,000 GPR on a one-time basis for WEDC to develop and implement a temporary fabrication laboratory program. The 2017-19 budget bill (Act 59) repealed the statutory provisions created by Act 55, but required WEDC to continue a substantially similar fabrication laboratory grant program using at least \$500,000 in each fiscal year. In addition, Act 59 required WEDC to allocate \$100,000 in 2017-18 and \$300,000 in 2018-19 for the purpose of making fabrication laboratory technical assistance grants to one or more nonprofit organizations for services to school districts which have adopted a resolution to initiate a fabrication laboratory. To meet this requirement, WEDC issued a targeted industry project grant in the amount of \$100,000 to the Wisconsin Center for Manufacturing and Productivity. The 2019-20

budget bill (Act 9) did not require WEDC to continue to fund the program, but WEDC continues to do so pursuant to its own budget and operations authority.

In 2019-20, WEDC entered into 31 contracts and provided \$0.7 million to support the program.

**Idle Sites Redevelopment.** The idle sites redevelopment program is designed to rejuvenate blighted properties and stimulate investment and job creation in idle, abandoned, and underutilized industrial sites which cannot be redeveloped solely by the private sector. A city, village, town, county, other government entity, or tribal entity may apply for funds under the program, provided the applicant has an approved redevelopment plan or a developer's agreement for the targeted project site. In 2020-21, \$2.1 million is budgeted for the idle sites redevelopment grants.

For an applicant to be eligible under the program, the targeted site must be one or more contiguous: (a) industrial parcels that exceed five acres and had more than 25 years of industrial usage; or (b) commercial parcels that exceed ten acres and had more than 25 years of commercial usage (except that for designated rural counties, the parcels need only exceed five acres). Eligible applicants must own the targeted site or have the legal ability to access the property to perform the proposed work.

Eligible applicants may use grant and any matching funds for demolition, environmental remediation, rehabilitation, or infrastructure improvements that are defined in the applicant's redevelopment plans (as determined during WEDC's review process). Matching funds may also include acquisition costs. WEDC funds cannot exceed 30% of total project costs. The following costs may not be funded with grant assistance or matching funds: (a) past costs; (b) in-kind contributions; (c) new construction; (d) indirect construction costs; or (e) environmental work occurring on properties in which the current owner

caused the contamination of the site. Individual grant awards may be for up to \$500,000.

Applications are approved on a continuous basis. In reviewing an application, WEDC takes the following into consideration: (a) the project's potential to increase economic and community development in the area; (b) whether the applicant has a written financial commitment from a lending institution or government entity; (c) the extent to which the site investigation and remediation effort has been completed; (d) whether costs are budgeted and itemized by qualified parties; (e) the size of the site and its relationship to economic centers; (f) the economic distress of the community encompassing the project site; and (g) the feasibility and readiness of the project. In addition, WEDC gives preference to sites located in high-density urban areas or in central business districts. WEDC also gives preference to redevelopment plans with committed local and private investment that are likely to result in increased property tax revenue, reduced urban sprawl, use of existing infrastructure, reduced environmental risk, and creation of full-time permanent jobs.

In 2019-20, WEDC entered into contracts with three recipients approving grants worth \$1.5 million.

**Community Development Investment (CDI) Grants.** The CDI grant program makes available grant awards to support local initiatives in urban, small city, and rural communities, with an emphasis on downtown redevelopment. Grants are available for shovel-ready projects that are expected to lead to measurable benefits in job opportunities, property values, and/or leveraged investment by local and private partners. During 2020-21, eligible activities and projects may include community development projects funded by EDA via CARES due to the COVID-19 pandemic.

Grants are awarded on a continuous basis and are limited to 50% of the total project cost up to \$250,000 per project award. At least 50% of the

funds are to be awarded to communities in designated rural counties. WEDC has budgeted \$8.0 million for the CDI grant program for 2020-21.

A county, city, village, town, tribal entity, or other governmental authority designated by a municipality may apply for a CDI grant. An eligible applicant must: (a) provide a matching investment at least equal to the amount of WEDC funds awarded (for EDA funded projects, the WEDC investment shall not exceed 20% of the project budget); (b) have no more than 30% of the matching investment come from other state or federal grant sources, unless the purpose of the funding is to provide a match to EDA funded projects; (c) provide a signed resolution by the elected governing body authorizing the submittal of a grant application; (d) be ineligible for an award under the brownfield grant program (described later in this paper); and (e) not have been awarded another CDI grant in that fiscal year (unless within a designated rural county).

If an applicant was impacted by an event resulting from a state or federal disaster declaration within two years of submitting an application and demonstrates that all other funding mechanisms (such as federal emergency funds) have been fully utilized, the applicant may: (a) receive CDI funds for mitigation or preparedness; and (b) may have the required matching fund amount reduced or waived, as determined by WEDC. Grants are awarded at WEDC's discretion through an ongoing application process.

The following projects may be eligible for a CDI grant: (a) development of significant destination attractions; (b) rehabilitation and reuse of underutilized or landmark buildings; (c) infill development; (d) historic preservation; (e) infrastructure efforts, including disaster prevention measures which provide substantial benefit to downtown residents and property owners; or (f) mixed-use developments. Activities that are eligible for grant assistance are building renovation, historic preservation, demolition, new

construction, infrastructure activities, and development planning. Costs incurred prior to receiving a CDI grant, in-kind contributions, and indirect construction costs are not eligible for grant assistance or to be included as matching funds. In reviewing an application for a CDI grant, WEDC considers: (1) the impact on the community; (2) financial justification for the project; (3) previous planning efforts; (4) involvement of public-private partnerships; and (5) other factors, as determined by WEDC.

WEDC awarded a total of \$4.1 million in CDI grants to 20 eligible applicants in 2019-20.

**Workforce Training Grant.** The workforce training grant program provides grants to businesses to upgrade or improve the job-related skills of their full-time employees. Specifically, workforce training grants focus on new technology, industrial skills, or manufacturing processes that are not supported by other state or federal resources (such as the Wisconsin Technical College System). Grant amounts may be for up to 50% of eligible training costs, or up to 75% in designated rural counties or opportunity zones. The maximum grant amount is \$5,000 multiplied by the number of employees expected to be trained.

Businesses ineligible for workforce training grants include: (a) payday loan and loan title companies; (b) telemarketing, other than inbound call centers; (c) pawn shops; (d) media outlets; (e) hospitality; (f) farms; (g) primary care medical facilities; (h) financial institutions; and (i) retail. WEDC may provide grants to otherwise ineligible businesses if extraordinary circumstances exist, including a serious threat of a business leaving the state, significant job creation or retention, or a significant capital investment, provided the circumstances are approved by WEDC's Awards Administration Committee.

In determining eligibility for a workforce training grant, WEDC evaluates the following factors: (a) whether the training relates to a specific project

that is not part of routine operations; (b) whether the project will be located in an economically distressed area or a rural area; and (c) the financial soundness of the business.

The training may be on- or off-site and grant funds cannot be used for past costs. Eligible training costs include training wages, training materials, and trainer costs. Expenses that are ineligible for workforce training grants funding include: (a) orientation; (b) travel; (c) training that is not job related; (d) state or federally mandated programs; and (e) routine training not related to a specific project.

In 2019-20, WEDC awarded a total of \$250,000 to one grant applicant. However, no activities are anticipated in 2020-21. The program was temporarily suspended in order to reallocate WEDC funding for other programs during the COVID-19 pandemic.

**Brownfields Grant Program.** The brownfields grant program provides financial assistance to eligible cities, villages, towns, counties, individuals, or businesses for remediating environmental contamination on abandoned, idle, or underutilized industrial or commercial sites. The program is governed by both statutory provisions and WEDC administrative policy. Grants may be used to fund brownfields redevelopment or associated environmental remediation activities on eligible brownfield sites with demonstrated soil or groundwater contamination. An eligible brownfield site is generally a commercial or industrial site that has been adversely impacted by environmental contamination, as documented in Phase I or Phase II Environmental Reports (initial and subsequent more detailed assessments) that are completed no more than five years prior to submitting a grant application.

The amount of an award is determined during a review of a grant application. Grants can be used to fund: (a) environmental investigation (beyond Phase I and Phase II studies), remediation, or

monitoring of the site; (b) removal of hazardous waste containers; (c) soil removal, capping, barrier installation, and vapor intrusion systems; and (d) demolition activities that will facilitate redevelopment in a brownfield project. Expenses that are not eligible for grant assistance and cannot be counted toward an applicant's matching funds include: (1) prior costs; (2) indirect construction costs; (3) costs of new construction; (4) building renovation; or (5) any lien claims of the Department of Natural Resources (DNR), federal Environmental Protection Agency, delinquent real estate taxes, or interest or penalties related to those delinquent taxes.

WEDC generally limits individual grant awards to \$500,000 or less per project, unless the size of the brownfield and the degree and extent of contamination associated with the project clearly justify an award beyond normal parameters. A brownfield grant recipient must contribute to an eligible project an amount equal to at least 50% of the grant amount. However, for projects other than those located in designated rural counties WEDC generally requires matching funds equal to twice the eligible project costs due to current demand for the program. The required match can include expenditures for: (a) acquisition of the brownfield site; (b) site clearance, building demolition, or building renovation; (c) asbestos and lead paint abatement; or (d) infrastructure improvements.

WEDC 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.

Applications for brownfield grant awards are reviewed by grant underwriters and awards are made in consultation with DNR. In addition, WEDC considers the following factors: (a) the potential to promote economic development in the area; (b) the extent and degree of soil and

groundwater contamination at the site; (c) the existence of a written financial commitment by a lending institution or government entity; (d) documentation of ownership or future ownership of the site; (e) the need for a vapor intrusion unit; (f) the adequacy and completeness of the site investigation and remediation plan; (g) whether eligible cost projections are supported by estimates from qualified and independent third parties clearly demonstrating how project costs were derived; (h) determination of the future higher use of the property site after environmental cleanup; (i) inclusion of a developer's agreement and project consistency with community planning documents; (j) improvements to human health and the environment from the project; (k) the size of the property and relationship to downtown and economic centers; and (l) any other factors WEDC determines to be relevant. Grant recipients must enter into a contract with WEDC and provide it with regular program and environmental reports to ensure compliance with state and federal rules and regulations.

Under the statutes, "brownfields redevelopment" includes any work or undertaking to: (a) acquire a brownfields facility or site; and (b) raze, demolish, remove, reconstruct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site. The redevelopment project must promote 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.

WEDC contracted with 14 eligible entities in 2019-20 and awarded total brownfield redevelopment financial assistance of \$5.9 million. A total of \$2.0 million is budgeted for brownfield grants in 2020-21.

**Brownfield Site Assessment Grant Program.** The brownfield site assessment grant (SAG) program provides local governments with grants to identify and quantify the degree and extent of soil, vapor, and groundwater contamination. Prior to 2011 Act 32, SAG was administered by DNR. Under provisions included in Act 32, administration of, and the related funding for, SAG were transferred to WEDC. WEDC administers the program with monies from a separate biennial appropriation from the environmental management account of the segregated environmental fund.

Local governments may apply for SAG monies for eligible sites or facilities. A local government includes a city, village, town, county, redevelopment authority, community development authority, or a housing authority. A site or facility is eligible for a grant if it is an abandoned, idle, or underused industrial or commercial facility or site, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination. Under the statutes "eligible site or facility" means one or more contiguous industrial or commercial facilities or sites with common or multiple ownership that are abandoned, idle, or underused, the expansion or redevelopment of which is adversely affected by actual or perceived contamination. A local government does not have to own the site, but must have access to it to complete the grant activities. A local government is not eligible for a grant if it caused the environmental contamination that is



the basis for the grant request. WEDC may only award a grant if the person that caused the environmental contamination that is the basis for the grant request is unknown, cannot be located, or is financially unable to pay the cost of the eligible activities. A financial commitment must be provided to cover eligible matching project investment.

To determine whether to award a SAG to an eligible local unit of government, WEDC considers the following factors: (a) the applicant's demonstrated commitment, including financial commitment, to completing the necessary environmental activities for the eligible project; (b) the degree to which the project will have a positive impact on public health and the environment; (c) the size of the property and relationship to the downtown or other economic center; (d) the economic distress of the community and the property's contribution to that economic distress; (e) the site's potential for redevelopment, including the location of the property, access to existing infrastructure, and interest from private investors; (f) project readiness and viability through financial commitments; (g) the applicant's ability to delineate the anticipated costs of the proposed project, as demonstrated by third-party cost estimates; and (h) other criteria WEDC finds necessary to calculate the amount of the grant. Applicants seeking funding for demolition activities must demonstrate that clearing the site will facilitate and provide greater access for environmental site investigation.

The following activities are eligible for a site assessment grant at an eligible site or facility: (a) Phase I and Phase II environmental assessments; (b) environmental site investigation for the purposes of reducing or eliminating environmental contamination; (c) demolition of structures or other improvements on the site; (d) asbestos abatement activities; and (e) removal and proper disposal of abandoned containers, underground petroleum product storage tank systems, or underground hazardous substance storage tank systems.

Past costs and costs related to new construction or indirect construction are ineligible for grant assistance or inclusion as matching funds.

State statutes specify that a municipality must provide a match of 20% of the grant amount and no local government may receive a grant that exceeds 15% of the amount appropriated in a year (\$150,000 maximum in 2020-21). Under WEDC policy, a minimum matching requirement of 50% of project costs is required from an applicant to be competitive to receive a grant (except for projects in designated rural counties, which may be reduced to 20%). Matching funds may utilize tax increment financing monies, private party contributions, or other grant sources. At WEDC's discretion, acquisition costs may be included in match investment.

In 2019-20, WEDC awarded SAG amounts of \$0.9 million to nine eligible applicants. The program is budgeted \$1.2 million SEG for 2020-21.

**Targeted Industry Projects (TIP) Program.** The program provides grant awards up to \$1.0 million per project to support industry cluster and sector development in Wisconsin. These investments are generally intended to support strategic industry initiatives and investments, develop shared-use infrastructure, help fund industry-related pilot projects, expand successful initiatives, increase geographic reach, or allow for expansion of consortia efforts.

WEDC will take the following into account when considering a TIP grant: (a) impact on the industry; (b) financial justification; (c) previous planning efforts; (d) readiness to proceed; (e) involvement of public-private partnerships; and (f) other factors determined by WEDC. Applicants must be actively engaged in distinct industry or sector development, or engaged in efforts to enhance cross-industry competitiveness, such as workforce development, market development, new investments, business attraction and acquisition of specialized competitive assets or

facilities.

The program is not intended to provide funds for ongoing operational needs over the long-term. WEDC generally requires matching funds and, depending on the project budget, may require additional documentation from other project participants.

WEDC awarded three contracts under the TIP program in 2019-20 totaling \$0.5 million in award amounts. WEDC has budgeted \$3.2 million in 2020-21 in support of the TIP program.

**Small Business 20/20.** The small business 20/20 program is a one-time initiative that provided grants to community development financial institutions to award funds to existing loan clients in order to mitigate the short-term cash flow issues caused by the COVID-19 pandemic.

Grants of up to \$20,000 may be made to businesses affected by the COVID-19 pandemic. Funds must be used for rent and payroll expenses, such as paid leave (including sick, family, and other leave related to COVID-19).

Eligible financial institutions must have, either individually or in combination with other institutions, a minimum loan portfolio of \$4.0 million. Institutions approved for the program make grants available to for-profit businesses loan clients meeting certain criteria, including that the loan recipient is in good standing with the institution, has 20 or fewer full-time and/or part-time employees, and has less than \$2.0 million in annual revenues. Approved institutions are required to periodically submit a performance report documenting specific uses of the funds.

In 2019-20, WEDC provided grants in the amount of \$5.0 million to eight organizations to assist 642 businesses. The program was not active in 2020-21 and is intended as a one-time initiative.

**Diverse Business Development (DBD) Program.** Previously known as the minority business development program, the DBD program is designed to support existing, new, and expanding businesses owned by minorities, women, and veterans in the state of Wisconsin.

Eligible grant applicants are nonprofit organizations that provide technical assistance, training, and/or micro-loans to businesses owned by minorities, women, and veterans. The recipient must demonstrate professional capacity, financial stability and viability, and a demonstrated need. Recipients are required to submit periodic reports on the number of businesses assisted, as well as any other contract deliverable.

As part of the minority business development program in 2019-20, WEDC provided ethnic minority emergency grants in response to the COVID-19 pandemic, which are described below.

In 2019-20, WEDC awarded \$0.2 million in minority business development grants to four organizations. For 2020-21, WEDC has budgeted \$550,000 for the DBD program.

**ExporTech.** WEDC partners with the Wisconsin Center for Manufacturing and Productivity (WCMP) to provide ExporTech, a financial and technical assistance program designed to increase Wisconsin companies' exports to foreign countries. Eligible companies must be established businesses operating in Wisconsin that manufacture, process, assemble, or distribute a product or perform a service with the potential to be exported. In addition, the company must have executive level involvement and participation in the program.

ExporTech is a national 12-week program managed by the National Institute of Standards and Technology's Manufacturing Extension Partner in collaboration with other state/federal export partners and promotion organizations. Participants receive access to topic matter experts, individualized coaching and consulting, customized support,

and guided development of an international growth plan in the participant's key markets. The program provides a unique focus on CEO/top management success and is designed to help companies take a proactive approach to export markets.

Through WCMP, WEDC funds scholarships for eligible ExporTech participants for 50% of the costs, up to \$5,000. Companies that graduate the ExporTech program receive in-market research services, can utilize WEDC's global trade network, and receive a formal market assessment in one of their target markets. All applications and participation agreements are handled, approved, and processed by WCMP, and all participating companies must have completed all ExporTech requirements before disbursement of any funds. WCMP must submit quarterly reports to WEDC documenting the number of companies assisted, as well as any other information required by WEDC.

In 2019-20, WEDC provided WCMP \$0.2 million to administer the ExporTech program to assist 30 businesses participating in the program. WEDC has budgeted \$0.2 million in funding for WCMP to administer the ExporTech program in 2020-21.

**Global Business Development Program.** The global business development program provides funding to support a company's specific export development and deployment strategy, with WEDC's international staff providing technical assistance. The grants are designed to aid the growth and expansion of the state's exports for Wisconsin businesses and statewide entities for executing their export strategies. The program includes two grant components: (a) international market access grants; and (b) collaborative market access grants. Wisconsin companies may apply for both grant programs, provided the two grants are used for different projects. WEDC has made available \$1.2 million for these programs in 2020-21.

*International Market Access Grants.* The

program provides grants to eligible businesses for expenses related to developing and deploying a company's specific export strategy. Eligible businesses can receive grants of up to: (a) \$25,000 of WEDC funds if the business successfully completed the ExporTech program; or (b) \$10,000 of WEDC funds for companies that have not completed the ExporTech program.

To be eligible for an international market access grant, the business must be an established business operating in Wisconsin that manufactures, processes, assembles, or distributes a product or performs a service with a potential to be exported. The business is not required to be headquartered in Wisconsin, but must have export-related operations located in, and provide economic benefits to, the state. Eligible businesses must self-certify that at least 35% of the value of the product or service is composed of Wisconsin cost inputs. The company must be new to exporting or expanding into a new international market. Also, the eligible activities that are reimbursable with grant funds must have occurred after the award was approved.

Grants can be used to fund the costs of: (a) attending a U.S. Department of Commerce or WEDC-approved domestic trade show; (b) attending an international-based trade show, conference, or business meetings, except WEDC sponsored trade ventures or missions; (c) translation of online and printed materials for a targeted foreign market; (d) trade zone certification, registration, and marketing within a foreign market; (e) international and export-related conferences, seminars, and other courses for staff who will be implementing the company's international export strategy; and (f) certain consulting services for eligible companies.

WEDC contracted 35 international market access grant awards in 2019-20, totaling \$0.7 million.

*Collaborative Market Access Grants.* The

program is similar to the international market access grants program, but provides grants to an industry-focused intermediary. Grants may be awarded for up to \$150,000 per fiscal year to eligible recipients (but no more than a \$15,000 award passed through to each individual company) to support projects that will increase international exports.

Eligible recipients include Wisconsin industry associations, alliances, agencies, non-profits, regional economic development organizations, or other state/local departments working with Wisconsin companies to increase exports. Grant recipients must provide a compelling case for how the project will benefit Wisconsin companies to export products internationally, provide an explanation of why intermediary services are needed, and demonstrate organizational support for administration of the project. Companies receiving awards through these intermediaries must comply with the eligibility requirements described under the international market access grant program. Eligible expenses include, but are not limited to, those described under the international market access grant program.

In 2019-20, WEDC awarded two collaborative market access grants in the amount of \$180,000, which were expected to assist 95 businesses.

**Disaster Recovery Microloan (DRM) Program.** The disaster recovery microloan program provides assistance to businesses affected by disaster events in Wisconsin. WEDC will provide grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or man-made. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured.

Disaster recovery microloan grants will only be made available to regional entities where

WEDC has an agreement in place outlining the grant obligations and terms and conditions of the microloan program. Recipients of DRM grants are required to periodically submit a performance report documenting the businesses assisted, as well as any other contract deliverables.

Within 30 days following a natural or manmade disaster event, the pre-approved regional entity will request allocation of funding to make microloans in its respective region. WEDC will expedite review and approval of the request. Microloan funds may be used for procurement of cleanup and restoration services, operating expenses (such as payroll), temporary space, and repair and reconstruction.

In the event of a disaster, the microloans may be made for up to \$20,000, have no interest, and may be repaid over 24 months with no prepayment penalty. Collateral and guarantees should be considered, but are not required. Loan repayments may be retained by the regional entity for other economic development uses.

Disaster recovery microloan program funds are available to businesses that: (a) are located in or are directly adjacent to a region where the authorized regional entity has received an allocation, (b) have suffered measurable physical or economic losses because of the disaster event; and (c) attest to their intent to resume business operations in the community as quickly as possible. However, the following businesses are ineligible: (1) payday loan and title companies; (2) telemarketing, other than inbound call centers; (3) pawn shops; (4) liquor stores; (5) adult entertainment venues; (6) home-based businesses; and (7) farms.

In 2019-20, WEDC provided disaster recovery microloan grants in the amount of \$815,000 to three organizations. In 2020-21, \$4.0 million is budgeted for the program.

**Ethnic Minority Emergency Grant (EMEG).** The EMEG initiative was a one-time, temporary program operated under the minority business development program that accepted applications in May, 2020, to award grants of \$2,000 to ethnic minority-owned businesses to address the strains on small businesses caused by the COVID-19 pandemic.

Eligible businesses had five or fewer full-time employees (including the owner) in the retail, service, or hospitality sectors that did not receive assistance from the small business 20/20 program or paycheck protection program operated by the Small Business Administration through CARES. Funds may be used for business operating expenses, including payroll, owner draws, rent, inventory and utilities.

In 2019-20, WEDC provided grants in the amount of \$2.2 million to 890 businesses. The program is not active in 2020-21 and is intended as a one-time initiative.

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### **WEDC Administered Tax Credits**

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In addition to WEDC's grant and loan programs, the state offers a number of tax credits to encourage specific types of business investment in Wisconsin. Table 4 identifies the tax credit programs administered in part by WEDC that may be claimed in tax year 2021.

The three refundable credits in Table 4 are backed by sum sufficient appropriations to reimburse claimants for allowable credit amounts that exceed their tax liability in a given year. The four tax credits that are not refundable may be carried forward to offset tax liabilities in the following 15 taxable years, if the credit cannot be used to offset tax liability in the year in which it is earned. For two of the four nonrefundable credits, unused amounts may be sold or otherwise transferred to another taxpayer.

WEDC will generally enter into a contract with a business to create or retain jobs or to make a capital investment in the state for which the business may claim the awarded tax credits. Pursuant to the terms of the contract, a business may receive a verification letter from WEDC upon completion of the Wisconsin investment to claim the credits from DOR. Attachment IV provides details regarding the total amount of credits for which WEDC entered into contracts, the amount of credits that were verified, the number of contracts awarded, and the number of verifications from 2011-12 through 2019-20.

In 2019-20, WEDC entered into contracts to award more than \$45.8 million in tax credits and certified businesses to participate in the early stage seed and angel investment tax credit programs for up to \$25.1 million of credits for their investors. Details regarding each of the credits listed in Table 4 may be found in the Legislative Fiscal Bureau's informational paper "Business Tax Credits."

**Table 4: WEDC Administered Tax Credits**

Program	Type
Business Development	Refundable
Electronics and Information Technology Manufacturing Zone	Refundable
Enterprise Zones	Refundable
Supplement to the Federal Historic Rehabilitation Credit	Not refundable, but transferable
Early Stage Seed Investment	Not refundable, but transferable
Angel Investment	Not refundable
Development Opportunity Zones	Not refundable

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## Other WEDC Programs

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WEDC provides technical assistance to businesses through four additional programs that are available in 2020-21, which are described in the following section. The certified sites program is temporarily suspended for 2020-21, but is also described below since WEDC expects to resume funding for new sites under the program in 2021-22. These programs provide assistance to businesses and communities by: (a) allocating federally tax-exempt bonding authority to municipalities; (b) providing resources to revitalize downtown communities; (c) pre-certifying potential industrial sites for businesses interested in locating or expanding in the state; (d) providing assistance to companies interested in exporting products to foreign markets; and (e) investing in early stage companies along-side professional investors.

**Industrial Revenue Bonding -- Volume Cap Allocation.** Private activity bonds are federally 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 may be exempt from federal income taxes, reducing the cost of financing the project.

Industrial revenue bonds (IRBs) are a type of private activity bond and are primarily used to expand manufacturing facilities in Wisconsin. Manufacturing generally includes all types of processing that result in the change in the condition of tangible property. Manufacturers can use IRB proceeds for building costs, land acquisition, and equipment purchases, but not for working capital. However, certain "exempt" projects can also be financed with IRBs. "Exempt" projects eligible for

IRB financing include: (a) airports; (b) docks and wharves; (c) mass-commuting facilities, including high-speed intercity rail; (d) facilities for furnishing water; (e) sewage facilities; (f) local district heating or cooling facilities; (g) qualified residential rental projects, public educational facilities, green building and sustainable design projects, or highway or surface freight transfer facilities; (h) solid waste disposal facilities; and (i) qualified hazardous waste facilities.

Federal law establishes a "volume cap" at the state level that limits the amount of IRBs that can be issued each year for projects. WEDC allocates bonding authority (\$300.7 million for 2020) to cities, villages, towns, and counties to issue tax-exempt IRBs. The municipality or county sells the IRBs and loans the proceeds to the business conducting the project. Because of the tax-exempt status of the bonds, interest on IRBs is typically 75% of the current prime rate. Project facilities and equipment are usually pledged collateral on the loan. IRBs are subject to the following limits under federal law: (a) not more than 25% of the net proceeds of the bonds can be used for land acquisition; (b) used property cannot be acquired with the bond proceeds, unless substantial rehabilitation (generally 15% of the amount financed with bond proceeds for buildings and 100% for structures other than buildings) is done within two years from the later of the date the property was acquired or the date the bond was issued; (c) average maturity of the bonds generally cannot exceed 120% of the weighted average economic life of the project; (d) property financed with bond proceeds must be depreciated using the straight-line method; and (e) all unused volume cap allocation authority must be issued within a three-year period.

Federal law limits the maximum size of an IRB issue to \$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 following the date the

bonds are issued. The total amount of IRBs outstanding for all related operations of the business, in all states, cannot be more than \$40 million. As noted, "exempt" projects are not subject to these limits.

A notice of a bond closing must be filed with WEDC within five business days of the date of closing and must include information regarding the buyer and underwriter, whether the sale was public or private, and the terms and interest rates of the bonds. The following information must be submitted to WEDC along with the bond closing notification: (a) a good faith estimate of attorney fees paid from bond proceeds that must be filed with the clerk of the municipality or county; (b) a copy of the approved initial resolution and proof of publication; (c) an IRB job retention certification form, if applicable; and (d) a notification of the municipality's intent to issue an IRB at least 30 days prior to the municipality entering into the revenue agreement or signing the loan contract.

If bonds are not sold within 30 days of the certification date or by December 1 (whichever comes first), the applicant must submit a deposit of 0.5% of the allocation (1.0% if the allocation is requested on or after October 1) to WEDC. The deposit reserves the allocation for the lesser of 90 days after the certification date or for the remainder of the calendar year. The deposit is refundable after the bond closing, but is forfeited if the bonds are not sold. Additionally, a nonrefundable fee of 0.1% of the amount of the bond issue must be paid to WEDC. WEDC may waive any fee if warranted by economic circumstances.

The IRB program described above explains how WEDC generally awards private activity bonds it administers. On September 18, 2012, WEDC entered into an agreement with the State of Wisconsin Building Commission (Commission), and the Wisconsin Housing and Economic Development Authority (WHEDA) to allocate a portion of the annual volume cap allocated to Wisconsin by the federal government. Under that

agreement, \$10,000,000 of the annual volume cap is allocated to the Commission to be used for any private activity bond that the Commission, in its discretion, may choose to award. The agreement allocates 50% of the remaining annual volume cap to WHEDA to be used, at its discretion, for private activity bonds that are: (a) qualified mortgage bonds or mortgage certificates, as defined under federal law, for single family housing; and (b) qualified residential rental projects, as defined under federal law, for multifamily housing. Additional information regarding WHEDA's annual volume cap allocation may be found in the Legislative Fiscal Bureau's informational paper "Wisconsin Housing and Economic Development Authority."

WEDC allocated a total of \$170.2 million in IRB authority for five projects that contracted bond issues in 2019-20.

**Main Street and Connect Communities Program.** The Wisconsin Main Street program was established in 1987 to assist state municipalities in revitalizing traditional business districts. A city, village, or town may be selected to participate in the program through a competitive process. WEDC provides technical support and training to assist municipalities in planning, managing, and implementing projects to revitalize their downtown business areas through comprehensive economic redevelopment and historic preservation. WEDC is required to expend at least \$250,000 annually on administration of the program. WEDC budgeted \$300,000 for 2020-21.

Under the statutes, WEDC must do the following.

- a. Enter into contracts to obtain business area revitalization services provided by the National Main Street Center.
- b. Develop a plan, with assistance from interested individuals and organizations, describing the objectives of the state Main Street program

and the methods by which WEDC will: (1) coordinate the activities of that program with public and private sector business area revitalization; (2) solicit and use private sector funding for business area revitalization; and (3) assist municipalities to engage in revitalization of business areas.

c. Coordinate with other state and local public and private entities that provide services to municipalities undertaking revitalization projects for business areas.

d. Annually select up to five municipalities representing various geographic areas and populations to participate in the state Main Street program for five years. A municipality can participate in the program more than one time. However, WEDC may give priority to municipalities that have not previously participated in the program.

e. Develop criteria for selecting participants relating to at least the following: (1) private and public sector interest in, and commitment to revitalization of, a business area selected by the municipality; (2) potential private sector investment in the selected business area; (3) local organizational and financial commitment to employ a program manager for at least five years; (4) local assistance in paying for the services of a design consultant; and (5) local commitment to assist in training persons to direct activities related to business areas in municipalities that do not participate in the program.

f. Provide training, technical assistance, and information on the revitalization of business areas to municipalities which do not participate in the program. WEDC is authorized to charge reasonable fees for technical information and services.

According to WEDC, up to three municipalities are selected annually for the Main Street program based on a review and ranking of applications. Main Street applicants must be an active Connect Communities participant for at least one year prior to applying for the Main Street

program, and applicants must submit a letter of intent to apply for the program by December 1st of the prior year. Applicants must then host an on-site workshop with local stakeholders to discuss the application process, complete a written application, and have an in-person interview.

The Connect Communities program is not required by statute but is offered by WEDC to supplement the Main Street program and expand services to more downtown communities across the state. Interested communities submit an application through one or more preannounced application periods. Applications are determined on a competitive basis by WEDC staff, and selected municipalities must pay WEDC an annual fee of \$200 to participate in the program.

WEDC provides technical assistance through the Main Street and Connect Communities programs in the form of training, facade renderings, small business consultations, and hiring outside consultants to address topics such as business recruitment and retention, branding, historic preservation planning, and event development. Each year, WEDC develops a plan describing the following objectives of the Main Street program and the methods for: (a) coordinating with the public and private sectors; (b) soliciting private sector funds; and (c) helping municipalities engage in revitalization with assistance from individuals and organizations. WEDC also matches technical assistance from its own staff, the National Main Street Center, and outside consultants to the needs of participants. In addition, WEDC works with local communities to develop strategies to solicit private funds in support of the downtown program.

Communities are selected to participate in the state Main Street and Connect Communities programs through a competitive review process based on the following criteria:

a. *Need.* The need for the program, which may be exhibited by the municipality's vacancy



rate, excessive competition from competing areas, blight, building deterioration, and business mix issues.

b. *Organizational Capability.* The ability to bring financial and volunteer resources together according to the National Main Street Center's four-point approach to downtown revitalization.

c. *Public Sector Commitment.* The level of public sector financial and staff commitment.

d. *Private Sector Commitment.* The level of financial and volunteer commitment from local businesses and individuals.

e. *Financial Capacity.* The financial capability of the community to support the downtown revitalization, including the employment of a full-time local program manager (at least half-time, if the population of the community is 5,000 or less) to manage the effort for at least five years. A community's ability and commitment to hiring design consultants and providing training are also taken into consideration.

f. *Physical Capacity.* Ability to show sufficient building stock, businesses, and a recognizable downtown district.

g. *Historical Integrity.* Existing historic resources in the downtown and genuine interest in saving and restoring historic structures. WEDC employs a design specialist to assist eligible communities.

In addition, local Main Street and Connect Communities participants must commit to training and sharing downtown revitalization information with non-participant communities.

In 2019-20, 34 communities participated in the Main Street program and 72 communities participated in the Connect Communities program. Technical assistance was provided to 120 businesses.

**Certified Sites.** Under the certified sites program, WEDC works with Deloitte Consulting and community partners to develop consistent standards for industrial site certification in Wisconsin. Certification helps expedite the development timeline for common approvals, documentations, and assessments required for industrial use of a site. Wisconsin communities, organizations, or individuals with a site of at least 20 continuous, developable acres may be eligible for the program. The program is a technical assistance program, which provides aids to businesses through site review and analysis, outreach and training, strategy development, site search assistance, and marketing.

Due to the COVID-19 pandemic, no new site certifications are expected in 2020-21 and no funding is budgeted for the program. Instead, WEDC plans to provide site search technical assistance to up to 12 businesses and to promote the existing 21 certified sites. No new sites were certified by WEDC in 2019-20.

**Global Trade Ventures.** The Global Trade Ventures program provides Wisconsin companies access to expertise in target markets to increase and accelerate export sales. WEDC's authorized trade representatives lead Wisconsin companies on trade ventures to one or more countries while providing country-specific business services and helping to offset the cost of the venture. Services provided by WEDC include in-country market assessment, business partner search within the country, translator/interpreter services, and activities to foster cultural understanding of customers or consumers.

Eligible businesses must have established business operations in Wisconsin that manufacture, process, assemble, and/or distribute a product or perform a service with a potential to be exported. Companies with tradable services, such as engineering, architectural, information technology, or scientific research services are eligible for support

under the program. Companies are not required to be headquartered in Wisconsin to be eligible for the program, but must have export-related operations located in the state.

International professional business service providers or economic development entities seeking to build their international network or to support client companies may participate in the program, but are not eligible for funding to offset the cost of the venture. Companies that are not eligible for the program may participate, but are required to pay full market price for the trade venture. WEDC may invite a subject matter expert or industry representative if it determines the market warrants an expert or representative.

For 2020-21, the program was expanded to allow for virtual trade ventures due to the COVID-19 pandemic.

WEDC has budgeted operational funding of \$0.6 million in 2020-21 to support the Global Trade Venture program, but no monies are awarded directly to participants. Funds are used to cover the total costs of program implementation, including administration and cost of WEDC staff, marketing, in-market services, and other related costs. In 2019-20, WEDC provided \$0.8 million to support the program and supported four trade ventures to six countries for 26 businesses.

**Wisconsin Investment Pilot (WIP).** WIP provides up to \$50,000 in direct financial assistance via an investment under an agreement for future equity to businesses certified by WEDC as qualified new business ventures (QNBVs) under the early stage business investment tax credit program. WIP is intended to provide capital

to companies that have the potential to add to Wisconsin's economic base over the long-term by attracting and training a high-wage, high-skill workforce and establishing a unique competitive advantage.

The expectation is that the investment by WEDC will be matched by a WEDC certified qualified venture fund (QVF). The funds can be used as working capital and require outside funding for the business development project or funding round under consideration. Recipients are required to annually submit a performance report documenting investment activities, job creation, job retention, average wages, company financials, eligibility checklist, as well as any other contract deliverable.

Businesses certified by WEDC as QNBVs are eligible for the WIP program. Businesses that have an existing technology development loan with WEDC or are delinquent in reporting or other obligations with WEDC are not eligible for this program. The WIP program is not intended to support initial investments, and eligible businesses must provide evidence of prior outside funding rounds of at least twice the amount requested in WIP funds.

Eligible businesses are required to match funding at a rate of four to one, with a QVF providing at least a one to one match. WIP will generally require matching funds to be in the form of a convertible instrument, but may consider direct equity investment as part of the matching funds.

In 2020-21, \$500,000 is budgeted for WIP to invest in 10 businesses.

## ATTACHMENT I

### Partners Contracting with WEDC in 2020-21

<u>Contracted Partner</u>	<u>2020-21 Budgeted Expenditures</u>	<u>Service Provided</u>
Global Network of Authorized Trade Representatives	\$207,100	Provide market assessments and partner searches for Wisconsin companies in foreign markets, resolve export problems, and support export needs. Authorized trade representatives travel to Wisconsin to better understand the export needs of Wisconsin companies.
BrightStar Wisconsin Foundation	50,000	Solicits private donations for its nonprofit, statewide investment fund to be invested in high-growth potential early-stage companies, providing them capital to expand their business and create jobs.
Center for Technology Commercialization	540,000	Provides statewide access to business development services for early-stage companies and entrepreneurs. Implements and manages the Ideadvance Seed fund, administers training grants for statewide approved applicants, implements the federal Small Business Innovation Research program, administers grants to finance business startups, and assists research and development activities to achieve commercialization.
Minority Chambers of Commerce	900,000	Support minority business development through direct grant assistance to qualifying minority business entities or revolving loan fund technical assistance and organizational support.
Regional Economic Development Organizations	775,000	Collaborate with other state, municipal, and county economic development organizations, as well as the private sector, to leverage funding at the regional level to support WEDC's priorities. State law requires WEDC to provide annual grants to these organizations to fund marketing activities equal to the amount of matching funds the organization obtains from non-WEDC or state sources, but not more than \$100,000 annually.
Wisconsin Center for Manufacturing and Productivity	1,250,000	Provides specialized advisory and implementation services to Wisconsin small and mid-size manufacturers at below-market rates. Services are delivered through the Wisconsin Manufacturing Extension Partnership and the UW-Stout Manufacturing Outreach Center.
Wisconsin Procurement Institute	350,000	Assists Wisconsin businesses in creating, developing, and growing their federal, state, and local government sales, revenues, profits, and jobs by providing access to state and federal contracting opportunities.
Wisconsin Technology Council	310,000	Provides local support for increasing seed, early-stage and expansion-stage financing. Helps build statewide angel network capital capacity to increase seed-stage and expansion-stage equity investments in Wisconsin companies.
Wisconsin Women's Business Initiative Corporation	<u>350,000</u>	Economic development services statewide, such as business education and financing to Wisconsin entrepreneurs, supporting small and rural entrepreneurs as they grow and expand their business, and providing services to start-ups and early-stage companies.
Total*	\$4,732,100	

Source: Wisconsin Economic Development Corporation

\* An additional \$51,035 of funding budgeted for partner contracts remains uncommitted as of December 31, 2020.

## ATTACHMENT II

### Summary of WEDC's Loan Portfolio Activity from June 30, 2011, through June 30, 2020

	<u>Business Opportunity Loan Fund</u>			<u>Technology Development Loans -- State Funds</u>			<u>Technology Development Loans -- Federal Funds</u>			<u>Loan Programs No Longer Active</u>			<u>Total</u>		
	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>
<b>Loans Receivable</b>															
<b>7/1/2011</b>				\$11,553,669	61	\$189,404				\$29,874,153	158	\$189,077	\$41,427,822	219	\$189,168
Draws				1,621,470	10	162,147				12,871,702	24	536,321	14,493,172	34	426,270
Repayments				829,399	25	33,176				2,765,811	117	23,639	3,595,210	142	25,318
Write Offs	Not Active in 2011-12			0	0	N.A.	Not Active in 2011-12			0	0	N.A.	0	0	N.A.
Forgiven				0	0	N.A.				0	0	N.A.	0	0	N.A.
<b>Loans Receivable</b>															
<b>6/30/2012</b>				12,345,740	68	181,555				39,980,044	162	246,790	52,325,784	230	227,503
Interest Received				159,720						523,163			682,883		
Interest Accrued				572,027						1,291,729			1,863,756		
<b>Loans Receivable</b>															
<b>7/1/2012</b>				12,345,740	68	181,555	\$0	0	N.A.	39,980,044	162	246,790	52,325,784	230	227,503
Draws				2,044,541	12	170,378	3,885,000	7	\$555,000	8,741,523	19	460,080	14,671,064	38	386,081
Repayments				1,213,254	24	50,552	0	1	0	2,968,316	98	30,289	4,181,570	123	33,997
Write Offs	Not Active in 2012-13			925,565	7	132,224	0	0	N.A.	1,347,748	21	64,178	2,273,312	28	81,190
Forgiven				0	0	N.A.	0	0	N.A.	0	0	N.A.	0	0	N.A.
<b>Loans Receivable</b>															
<b>6/30/2013</b>				12,251,462	67	182,858	3,885,000	7	555,000	44,405,503	132	336,405	60,541,965	206	293,893
Interest Received				166,775			3,334			306,203			476,312		
Interest Accrued				657,156			61,767			1,876,842			2,595,765		
<b>Loans Receivable</b>															
<b>7/1/2013</b>	\$0	0	N.A.	12,251,462	67	182,858	3,885,000	7	555,000	44,405,503	132	336,405	60,541,965	206	293,893
Draws	6,573,126	8	\$821,641	2,937,232	15	195,815	313,563	2	156,782	7,285,520	11	662,320	17,109,441	36	475,262
Repayments	0	0	N.A.	1,052,167	32	32,880	55,841	3	18,614	2,358,042	77	30,624	3,466,050	112	30,947
Write Offs	0	0	N.A.	899,882	5	179,976	0	0	N.A.	4,813,136	8	601,642	5,713,017	13	439,463
Forgiven	0	0	N.A.	30,460	1	30,460	0	0	N.A.	1,967,500	5	393,500	1,997,960	6	332,993
<b>Loans Receivable</b>															
<b>6/30/2014</b>	6,573,126	8	821,641	13,206,185	71	186,003	4,142,722	9	460,302	42,552,346	118	360,613	66,474,379	206	322,691
Interest Received	0			309,490			75,139			386,043			770,673		
Interest Accrued	77,203			711,749			121,744			2,080,294			2,990,989		

	<u>Business Opportunity Loan Fund</u>			<u>Technology Development Loans -- State Funds</u>			<u>Technology Development Loans -- Federal Funds</u>			<u>Loan Programs No Longer Active</u>			<u>Total</u>		
	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>
<b>Loans Receivable</b>															
<b>7/1/2014</b>	\$6,573,126	8	\$821,641	\$13,206,185	71	\$186,003	\$4,142,722	9	\$460,302	\$42,552,346	118	\$360,613	\$66,474,379	206	\$322,691
Draws	11,698,428	17	688,143	2,251,080	14	160,791	1,000,000	1	1,000,000	500,000	2	250,000	15,449,508	34	454,397
Repayments	785,998	6	131,000	1,672,469	39	42,884	189,057	6	31,510	2,885,834	73	39,532	5,533,359	124	44,624
Write Offs	0	0	N.A.	391,234	3	130,411	0	0	N.A.	1,171,601	6	195,267	1,562,835	9	173,648
Forgiven	50,000	1	50,000	0	0	N.A.	0	0	N.A.	1,691,332	3	563,777	1,741,332	4	435,333
<b>Loans Receivable</b>															
<b>6/30/2015</b>	17,435,556	21	830,265	13,393,562	72	186,022	4,953,665	10	495,367	37,303,578	99	376,804	73,086,362	202	361,814
Interest Received	101,944			357,066			90,607			402,351			951,968		
Interest Accrued	358,782			846,279			179,986			2,326,445			3,711,491		
<b>Loans Receivable</b>															
<b>7/1/2015</b>	17,435,556	21	830,265	13,393,562	72	186,022	4,953,665	10	495,367	37,303,578	99	376,804	73,086,362	202	361,814
Draws	12,884,399	17	757,906	4,563,780	15	304,252	700,000	2	350,000	373,667	2	186,834	18,521,846	36	514,496
Repayments	2,744,362	15	182,957	2,484,531	44	56,467	1,182,103	7	168,872	2,739,567	66	41,509	9,150,562	132	69,322
Write Offs	0	0	N.A.	1,482,385	7	211,769	0	0	N.A.	965,657	3	321,886	2,448,042	10	244,804
Forgiven	0	0	N.A.	0	0	N.A.	0	0	N.A.	6,689,321	9	743,258	6,689,321	9	743,258
<b>Loans Receivable</b>															
<b>6/30/2016</b>	27,575,593	35	787,874	13,990,426	73	191,650	4,471,563	11	406,506	27,282,700	68	401,216	73,320,283	187	392,087
Interest Received	237,872			504,673			177,825			380,847			1,301,218		
Interest Accrued	835,771			670,137			173,319			2,007,975			3,687,203		
<b>Loans Receivable</b>															
<b>7/1/2016</b>	27,575,593	35	787,874	13,990,426	73	191,650	4,471,563	11	406,506	27,282,700	68	401,216	73,320,283	187	392,087
Draws	5,810,729	6	968,455	2,654,300	10	265,430	1,420,000	7	202,857	140,033	1	140,033	10,025,063	24	417,711
Repayments	240,909	19	12,679	2,668,457	49	54,458	511,458	6	85,243	5,310,796	49	108,384	8,731,619	123	70,989
Write Offs	0	0	N.A.	824,226	3	274,742	0	0	N.A.	4,803	1	4,803	829,028	4	207,257
Forgiven	0	0	N.A.	0	0	N.A.	0	0	N.A.	3,215,606	8	401,951	3,215,606	8	401,951
<b>Loans Receivable</b>															
<b>6/30/2017</b>	33,145,414	40	828,635	13,152,044	71	185,240	5,380,105	18	298,895	18,891,529	48	393,574	70,569,092	177	398,695
Interest Received	203,586			687,754			117,386			592,298			1,601,025		
Interest Accrued	719,837			433,057			241,955			2,507,895			3,902,744		

	Business Opportunity Loan Fund			Technology Development Loans -- State Funds			Technology Development Loans -- Federal Funds			Loan Programs No Longer Active*			Total		
	Amount	Number	Average	Amount	Number	Average	Amount	Number	Average	Amount	Number	Average	Amount	Number	Average
<b>Loans Receivable</b>															
<b>7/1/2017</b>	\$33,145,414	40	\$828,635	\$13,152,044	71	\$185,240				\$24,271,634	66	\$367,752	\$70,569,092	177	\$398,695
Draws	2,715,000	5	543,000	2,618,000	10	261,800				0	0	N.A.	5,333,000	15	355,533
Repayments	5,011,028	29	172,794	2,252,901	44	51,202				2,830,582	41	69,039	10,094,511	114	88,548
Write Offs	3,000,000	2	1,500,000	403,709	4	100,927				1,116,000	1	1,116,000	4,519,709	7	645,673
Forgiven	468,750	1	468,750	0	0	N.A.				5,928,620	4	1,482,155	6,397,300	5	1,279,474
<b>Loans Receivable</b>															
<b>6/30/2018</b>	27,380,636	40	684,516	13,113,434	67	195,723				14,396,432	47	306,307	54,890,502	151	363,307
Interest Received	698,012			493,128						426,880			1,618,020		
Interest Accrued	1,139,614			596,245						877,940			2,613,799		
<b>Loans Receivable</b>															
<b>7/1/2018</b>				13,113,434	67	195,723				41,777,068	87	480,196	54,890,502	154	356,432
Draws				3,030,997	10	303,100				500,000	1	500,000	3,530,997	11	321,000
Repayments				1,969,749	30	65,658				5,150,530	45	114,456	7,120,279	75	94,937
Write Offs			Not Active in 2018-19	431,959	4	107,990				4,651,456	5	930,291	5,083,415	9	564,824
Forgiven				0	0	N.A.				824,000	2	412,000	824,000	2	412,000
<b>Loans Receivable</b>															
<b>6/30/2019</b>				13,742,723	72	190,871				31,651,082	73	433,576	45,393,805	145	313,061
Interest Received				515,841						1,559,037			2,074,878		
Interest Accrued				705,334						1,027,428			1,732,762		
<b>Loans Receivable</b>															
<b>7/1/2019</b>				13,742,723	72	190,871				31,651,082	73	433,576	45,393,805	145	313,061
Draws				3,023,984	12	251,999				0	0	N.A.	3,023,984	12	251,999
Repayments				2,674,475	43	62,197				5,780,023	55	105,091	8,454,498	98	86,270
Write Offs			Not Active in 2019-20	0	0	N.A.				1,337,003	4	334,251	1,337,003	4	334,251
Forgiven				0	0	N.A.				3,150,000	4	787,500	3,150,000	4	787,500
<b>Loans Receivable</b>															
<b>6/30/2020</b>				14,092,232	72	195,725				21,384,056	60	356,401	35,476,288	132	268,760
Interest Received				636,364						828,920			1,465,284		
Interest Accrued				857,022						443,588			1,300,610		

\* One loan was issued under the business development loan program in 2019-20. All activities are shown with inactive programs because the program was later suspended as part of reassignment of priorities to address the COVID-19 pandemic.

Source: Wisconsin Economic Development Corporation

**ATTACHMENT III**

**Grant Awards Contracted by WEDC: 2012-13 through 2019-20**

	2012-13			2013-14		
	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>
Brownfield Site Assessment Grant	\$456,000	9	\$50,667	\$1,472,722	17	\$86,631
Brownfields Grant	2,744,225	9	304,914	3,839,275	11	349,025
Capacity Building Grants	199,700	4	49,925	125,000	3	41,667
Capital Catalyst Program	250,000	2	125,000	1,690,000	7	241,429
Community Development						
Investment Grants	115,000	5	23,000	1,265,234	15	84,349
Entrepreneurial Micro-Grants	306,700	1	306,700	200,000	1	200,000
ExporTech	408,600	2	204,300	142,500	1	142,500
Global Business Development Grants	370,823	34	10,907	587,643	53	11,088
Idle Sites Redevelopment	Not active in 2012-13			5,118,000	6	853,000
Minority Business Development						
Revolving Loan Fund	300,000	2	150,000	500,000	4	125,000
Seed Accelerator Program	350,000	2	175,000	498,750	4	124,688
Targeted Industry Projects	223,000	3	74,333	1,231,803	15	82,120
Workforce Training Grants	<u>752,592</u>	<u>6</u>	<u>125,432</u>	<u>490,774</u>	<u>4</u>	<u>122,694</u>
<b>Total</b>	<b>\$6,476,640</b>	<b>79</b>	<b>\$81,983</b>	<b>\$17,161,701</b>	<b>141</b>	<b>\$121,714</b>

	2014-15			2015-16		
	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>
Brownfield Site Assessment Grant	\$1,374,029	14	\$98,145	\$1,125,663	13	\$86,589
Brownfields Grant	4,575,034	13	351,926	5,939,498	15	395,967
Capacity Building Grants	327,500	5	65,500	483,000	11	43,909
Capital Catalyst Program	660,000	2	330,000	1,600,000	4	400,000
Community Development						
Investment Grants	5,490,746	23	238,728	4,450,929	18	247,274
Entrepreneurial Micro-Grants	200,000	1	200,000	175,000	1	175,000
ExporTech	226,250	1	226,250	210,000	1	210,000
Fabrication Laboratories Grant	Not active in 2014-15			574,119	24	23,922
Global Business Development Grants	1,256,100	60	20,935	870,125	58	15,002
Idle Sites Redevelopment	3,417,250	4	854,313	0	0	0
Minority Business Development						
Revolving Loan Fund	225,000	2	112,500	400,000	4	100,000
St. Croix Valley						
Business Incubator Grant (One-Time)	Not active in 2014-15			250,000	1	250,000
SBIR/STTR Matching Grant Program	1,000,000	1	1,000,000	1,275,000	1	1,275,000
Seed Accelerator Program	1,058,557	9	117,617	875,490	8	109,436
Targeted Industry Projects	1,488,000	11	135,273	2,935,000	8	366,875
Workforce Training Grants	<u>196,565</u>	<u>2</u>	<u>98,283</u>	<u>200,000</u>	<u>1</u>	<u>200,000</u>
<b>Total</b>	<b>\$21,495,031</b>	<b>148</b>	<b>\$145,237</b>	<b>\$21,363,824</b>	<b>168</b>	<b>\$127,166</b>





## ATTACHMENT IV

### Tax Credits Contracted and Verified by WEDC: 2011-12 through 2019-20

	Tax Credits Contracted <sup>1</sup>			Tax Credits Verified		
	Total Amount	Number of Awardees	Average Credit	Total Amount	Number of Awardees	Average Credit
<b>2011-12</b>						
Enterprise Zones	\$61,000,000	3	\$20,333,333	\$6,970,000	3	\$2,323,333
Jobs	12,364,000	10	1,236,400	3,514,424	4	878,606
Economic Development	28,239,750	72	392,219	8,197,874	59	138,947
Early Stage Seed and Angel Business Investment <sup>2</sup>	19,271,250	41	470,030	N.A.	N.A.	N.A.
Development Opportunity Zones	2,705,000	7	386,429	323,237	4	80,809
Other Credits No Longer Available	N.A.	N.A.	N.A.	3,734,918	25	149,397
Total:	\$123,580,000			\$22,740,453		
<b>2012-13</b>						
Enterprise Zones	\$62,500,000	1	\$62,500,000	\$31,796,658	7	\$4,542,380
Jobs	9,430,000	8	1,178,750	4,602,442	16	287,653
Economic Development	40,746,455	81	503,043	20,389,807	135	151,036
Early Stage Seed and Angel Business Investment <sup>2</sup>	21,475,075	45	477,224	N.A.	N.A.	N.A.
Development Opportunity Zones	0	0	N.A.	860,147	6	143,358
Other Credits No Longer Available	N.A.	N.A.	N.A.	2,564,408	11	233,128
Total	\$134,151,530			\$60,213,462		
<b>2013-14</b>						
Enterprise Zones	\$18,300,000	2	\$9,150,000	\$37,977,269	8	\$4,747,159
Jobs	30,790,500	16	1,924,406	4,926,356	22	223,925
Economic Development	25,291,980	63	401,460	24,829,383	165	150,481
Early Stage Seed and Angel Business Investment <sup>2</sup>	12,511,400	26	481,208	N.A.	N.A.	N.A.
Development Opportunity Zones	2,794,000	4	698,500	756,904	6	126,151
Supplement to the Federal Historic Rehabilitation Credit	5,056,912	12	421,409	N.A.	N.A.	N.A.
Other Credits No Longer Available	N.A.	N.A.	N.A.	1,962,665	7	280,381
Total	\$94,744,792			\$70,452,577		
<b>2014-15</b>						
Enterprise Zones	\$30,000,000	3	\$10,000,000	\$44,574,735	11	\$4,052,248
Jobs	20,625,000	24	859,375	9,486,158	32	296,442
Economic Development	18,262,125	50	365,243	18,515,605	159	116,450
Early Stage Seed and Angel Business Investment <sup>2</sup>	23,650,000	26	909,615	N.A.	N.A.	N.A.
Development Opportunity Zones	655,000	1	655,000	2,160,141	8	270,018
Supplement to the Federal Historic Rehabilitation Credit	78,131,412	48	1,627,738	N.A.	N.A.	N.A.
Other Credits No Longer Available	N.A.	N.A.	N.A.	1,246,000	4	311,500
Total	\$171,323,537			\$75,982,639		

	Tax Credits Contracted <sup>1</sup>			Tax Credits Verified		
	Total Amount	Number of Awardees	Average Credit	Total Amount	Number of Awardees	Average Credit
<b>2015-16</b>						
Enterprise Zones	\$23,500,000	2	\$11,750,000	\$11,016,750	3	\$3,672,250
Business Development <sup>3</sup>	6,813,000	17	400,765	0	0	N.A.
Jobs <sup>3</sup>	15,445,000	17	908,529	3,415,626	12	284,636
Economic Development <sup>3</sup>	16,604,400	32	518,888	7,577,930	59	128,439
Early Stage Seed and Angel Business Investment <sup>2</sup>	22,735,282	40	568,382	N.A.	N.A.	N.A.
Development Opportunity Zones	1,863,750	2	931,875	490,707	2	245,354
Supplement to the Federal Historic Rehabilitation Credit	51,340,308	34	1,510,009	N.A.	N.A.	N.A.
Other Credits No Longer Available	<u>N.A.</u>	N.A.	N.A.	<u>3,358,000</u>	2	1,679,000
Total	\$138,301,740			\$25,859,013		
<b>2016-17</b>						
Enterprise Zones	\$76,500,000	5	\$15,300,000	\$42,232,804	14	\$3,016,628
Business Development	29,269,000	62	472,081	6,285,843	39	161,175
Early Stage Seed and Angel Business Investment <sup>2</sup>	22,986,250	41	560,640	N.A.	N.A.	N.A.
Development Opportunity Zones	0	0	N.A.	\$1,446,711	5	1,446,711
Supplement to the Federal Historic Rehabilitation Credit	107,931,708	67	1,610,921	N.A.	N.A.	N.A.
Other Credits No Longer Available	<u>N.A.</u>	N.A.	N.A.	<u>25,056,147</u>	123	203,709
Total	\$236,686,958			\$75,021,505		
<b>2017-18</b>						
Electronics and Information						
Technology Manufacturing Zone <sup>4</sup>	\$2,850,000,000	1	\$2,850,000,000	\$0	0	N.A.
Enterprise Zones	104,500,000	5	20,900,000	40,673,267	19	\$2,140,698
Business Development	15,613,800	38	410,889	13,456,438	71	192,288
Early Stage Seed and Angel Business Investment <sup>2</sup>	14,937,500	54	276,620	N.A.	N.A.	N.A.
Development Opportunity Zones	0	0	N.A.	629,787	3	209,929
Supplement to the Federal Historic Rehabilitation Credit	77,544,200	27	2,872,007	N.A.	N.A.	N.A.
Other Credits No Longer Available	<u>N.A.</u>	N.A.	N.A.	<u>18,844,740</u>	67	281,265
Total	\$3,062,595,500			\$73,800,254		
<b>2018-19</b>						
Electronics and Information						
Technology Manufacturing Zone <sup>4</sup>	\$0	0	N.A.	\$0	0	N.A.
Enterprise Zones	106,000,000	3	\$35,333,333	77,480,698	38	\$2,038,966
Business Development	26,185,000	45	581,889	16,907,488	72	234,826
Early Stage Seed and Angel Business Investment <sup>2</sup>	18,107,500	41	441,646	N.A.	N.A.	N.A.
Development Opportunity Zones	0	0	N.A.	14,680	1	14,680
Supplement to the Federal Historic Rehabilitation Credit	10,252,977	13	788,691	N.A.	N.A.	N.A.
Other Credits No Longer Available	<u>N.A.</u>	N.A.	N.A.	<u>9,454,942</u>	29	326,032
Total	\$160,545,477			\$103,857,808		

	Tax Credits Contracted <sup>1</sup>			Tax Credits Verified		
	Total Amount	Number of Awardees	Average Credit	Total Amount	Number of Awardees	Average Credit
<b>2019-20</b>						
Electronics and Information						
Technology Manufacturing Zone <sup>4</sup>	\$0	0	N.A.	\$0	0	N.A.
Enterprise Zones	0	0	N.A.	79,227,773	23	\$3,444,686
Business Development	9,700,000	23	\$421,739	16,466,934	83	198,397
Early Stage Seed and Angel						
Business Investment <sup>2</sup>	25,084,750	46	545,321	N.A.	N.A.	N.A.
Development Opportunity Zones	0	0	N.A.	0	0	N.A.
Supplement to the Federal Historic						
Rehabilitation Credit	36,122,156	24	1,505,090	N.A.	N.A.	N.A.
Other Credits No Longer Available	<u>N.A.</u>	N.A.	N.A.	<u>2,939,191</u>	35	83,977
<b>Total</b>	<b>\$70,906,906</b>			<b>\$98,633,898</b>		

<sup>1</sup> Amounts shown include new contracts for tax credits executed in the fiscal year indicated. These amounts do not include amendments that are made to the underlying contract in a future year.

<sup>2</sup> According to WEDC, the early stage seed and angel business investment credits are verified by WEDC on a calendar year basis and are not tracked on a fiscal year basis. WEDC verified investment credits of \$11.3 million for 2011, \$12.0 million for 2012, \$8.8 million for 2013, \$12.4 million for 2014, \$18.3 million for 2015, \$18.3 million for 2016, \$10.8 million for 2017, \$17.1 million for 2018, and \$14.6 million for 2019.

<sup>3</sup> The jobs tax credit and the economic development tax credit were sunset after December 31, 2015, and were consolidated under the business development credit. The business development credit took effect on January 1, 2015.

<sup>4</sup> All available credits were awarded in 2017-18. As of December 31, 2020, WEDC has not verified any credits under the program.

Source: Wisconsin Economic Development Corporation

## APPENDIX

### Coronavirus Relief Fund Programs

On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law and provided federal funding from the Coronavirus Relief Fund (CRF) to distribute directly to state, local, tribal, and territorial governments to address the public health and economic impacts of the COVID-19 pandemic. Of this funding, \$78.0 million was allocated to WEDC and \$165 million was allocated to DOR for economic development programs. The temporary small business grant programs jointly developed with DOR are described below.

**"We're All In" Small Business Grants - Phase 1.** The "We're All In" Small Business Grant program - Phase 1 provided grants of \$2,500 to up to 30,000 Wisconsin small businesses for a total of \$75.0 million from the CRF. Grant funds could be used for any operating costs, including, but not limited to, wages and salaries, rent, mortgages and inventory, and for health and safety improvements. Grant recipients were required to pledge to observe certain health safety best practices in their facilities intended to protect employees, customers, and the communities in which they operate.

To be eligible, a business must: (a) be a Wisconsin-based, for-profit business; (b) employ 20 or fewer full-time equivalent employees, including the owner; (c) earn greater than \$0 but less than \$1 million in annual revenues (gross sales and receipts); and (d) have started operating prior to January 1, 2020, and have been in business as of February, 2020. The business must not be part of a national chain, unless the business is a third-party franchise. The following industries were ineligible for the program: crop production; animal production or aquaculture; and lessors of residential buildings and dwellings.

The online grant application was accessible from June 15, 2020, through June 26, 2020. As of

September 30, 2020, WEDC indicated that approximately \$65.3 million had been distributed to 26,122 businesses in Wisconsin.

**"We're All In" Small Business Grant Program - Phase 2.** Phase 2 was designed using input from WEDC and was administered by DOR. The program provided \$5,000 grants to up to 24,000 Wisconsin small businesses using \$120.0 million from the CRF. Grants could be used for the same purposes, and grant recipients must follow the same guidelines, as in Phase 1 of the program (described above).

To be eligible, a business must: (a) have started operating prior to January 1, 2020, operated in 2020, and suffered an economic loss as a result of the COVID-19 pandemic; (b) have filed their 2019 federal and Wisconsin income or franchise tax return (certain exceptions apply to non-calendar year filers); (c) earn greater than \$0 but less than \$1 million in annual revenues (gross receipts less returns and allowances); (d) employ 50 or fewer full-time equivalent employees, including the owner; (e) have at least 75% of the business's 2019 value of real and tangible personal property located in Wisconsin; and (f) have 75% of the business's labor costs be for services performed in Wisconsin. According to DOR, priority was given first to eligible businesses that are in an industry with the greatest negative impact due to the COVID-19 pandemic, second to businesses that did not receive a grant in Phase 1, third to businesses that have minority ownership, and fourth to all other businesses. The same industries ineligible for Phase 1 were also ineligible for Phase 2 grants.

The online grant program was accessible from October 19, 2020, through November 2, 2020. According to DOR, all award notifications were made by November 30, 2020, and grants were issued by December 4, 2020.

**"We're All In" Small Business Grants for Restaurants - Phase 3.** A separate program administered by DOR provided grants of up to \$20,000 to more than 2,000 Wisconsin small businesses using \$45.0 million in CRF funding. Unlike previous phases of the "We're All In" grant program, businesses did not have to apply for the grants. Instead, DOR identified and contacted businesses through the Department's business tax records.

DOR identified businesses that primarily operated in one of the following industries: (a) food services and drinking places; (b) amusement, gambling, and recreation industries; or (c) beverage and tobacco product manufacturing, if the business has a brewpub permit with DOR. Additionally, to be eligible, a business must: (1) have suffered economic damages in 2020 from the COVID-19 pandemic; (2) earn greater than \$1 million but less than \$7 million in annual revenues; and (3) have an active sales tax account.

According to DOR, pre-qualified applicants were contacted on December 11, 2020, to confirm their eligibility, and were required to respond by December 18, 2020. All grants were to be issued no later than December 30, 2020.

**Grants to Small Businesses - Innovation Contest.** The "We're All Innovating" contest was a grant program administered by WEDC in conjunction with the Wisconsin Technology Council to support innovative startup and established small companies to introduce innovations responding to the impacts of the COVID-19 pandemic, including new business models and best practices for operations that would otherwise remain dormant. Grants were available to businesses having 50 or fewer employees, with the CRF providing funding of \$3.0 million for the program.

The contest categories and scoring criteria were based on three innovation categories for which applicants were grouped into three business size categories, such that there were nine first place awards. The three business size categories were: (a) new businesses and businesses with five or fewer full-time employees; (b) businesses having between six and 20 full-time employees; and (c) business having between 21 and 50 full-time employees. Innovation categories eligible for the program included technical innovations to address COVID-19 health impacts, technical innovations to address COVID-19 business impacts, and operational innovations to address COVID-19 business impacts. The review committee consisted of industry experts throughout the state and considered several factors, including the significance of the innovation, the need for, and impact of, grant support, and the impact of the innovation on rural or ethnically diverse communities.

Businesses participating in the contest could receive awards of up to \$18,000 to help offset costs incurred from March 1, 2020, through December 30, 2020. In addition, the first place proposal in each innovation category was eligible for an additional grant of \$20,000, and the overall winning proposal could receive an additional \$30,000 (such that the top proposal could receive up to \$68,000 overall). Awardees were required to complete performance reports at three and 12 months after receiving a grant to document project progress and innovation results.

WEDC began accepting applications for the contest on September 29, 2020, and the deadline to submit an application was October 18, 2020. Judging for the contest took place in late October through early November, with grant announcements made December 7, 2020.