

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY13 Adjusted Base	FY14 Recommended	% Change Over FY13	FY15 Recommended	% Change Over FY14
GPR	32,790,600	35,111,500	7.1	38,511,500	9.7
PR-F	20,000,000	0	-100.0	0	0.0
SEG-O	24,189,200	26,189,200	8.3	28,189,200	7.6
TOTAL	76,979,800	61,300,700	-20.4	66,700,700	8.8

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY13 Adjusted Base	FY14 Recommended	FTE Change Over FY13	FY15 Recommended	FTE Change Over FY14
TOTAL	0.00	0.00	0.00	0.00	0.00

AGENCY DESCRIPTION

The corporation was created by 2011 Wisconsin Act 7. The corporation is headed by a chief executive officer who is appointed by the Governor with the advice and consent of the Senate. The corporation is governed by a 13-member board of directors. The Governor serves as chairman of the board of directors, and appoints six members with the advice and consent of the Senate. The speaker of the Assembly and the Senate majority leader each appoints three members consisting of one majority and one minority party representative in their respective houses, and one person employed in the private sector. The secretaries of the Department of Administration and Department of Revenue also serve on the board as nonvoting members.

The corporation is the lead economic development organization in the state. The corporation is responsible for developing and implementing economic programs to provide business support, expertise and financial assistance to companies that are investing and creating jobs in the state; supporting new business start-ups and business expansion and growth; and developing and implementing any other programs related to economic development in Wisconsin.

MISSION

The corporation's mission is to lead economic development in the state by providing a positive business climate, world-class support services and economic development tools to accelerate the growth of family-supporting jobs and business start-up, attraction and growth.

Wisconsin Economic Development Corporation

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities are new.

Program 1: Promotion of Economic Development

Goal: Provide business assistance services to drive start-up, expansion or relocation to Wisconsin.

Objective/Activity: Deliver technical and financial business assistance services directly to Wisconsin businesses with in-house staff or through contracted partners.

Objective/Activity: Provide technical and financial services to help communities drive economic development by assisting communities with downtown development, public infrastructure projects and other assistance to help advance Wisconsin communities.

Objective/Activity: Provide technical support or financial investment for projects that advance target sectors or improve the state's economic development capabilities.

PERFORMANCE MEASURES

2011 AND 2012 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
1.	Businesses assisted.	N/A	N/A	1,000	1,061
1.	Communities assisted.	N/A	N/A	125	87
1.	Economic development projects.	N/A	N/A	10	14
1.	Anticipated jobs.	N/A	N/A	50,000	37,000
1.	Coinvestment leverage.	N/A	N/A	2.7:1	2.8:1

Note: Based on fiscal year.

Note: The corporation was created in 2011 and established goals in 2012.

2013, 2014 AND 2015 GOALS

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	Businesses assisted.	1,200	1,200	1,200
1.	Communities assisted.	150	150	150
1.	Economic development projects.	20	20	20
1.	Anticipated jobs.	50,000	50,000	50,000
1.	Coinvestment leverage.	3:1	3:1	3:1

Note: Based on fiscal year.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Extend Economic Development Tax Credit Authority
2. Repeal the Angel Investment Tax Credit Cap
3. Modify Tax Credit Programs
4. Increase Expenditure Authority
5. Transfer the Capital Gains Deferral and Exclusion Program
6. Federal Aids Adjustment
7. Permanent GPR Reductions

Wisconsin Economic Development Corporation

**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY14	FY15	FY14	FY15
GENERAL PURPOSE REVENUE	\$32,018.0	\$32,790.6	\$31,361.5	\$31,361.5	\$35,111.5	\$38,511.5
State Operations	32,018.0	32,790.6	31,361.5	31,361.5	35,111.5	38,511.5
FEDERAL REVENUE (1)	\$0.0	\$20,000.0	\$20,000.0	\$20,000.0	\$0.0	\$0.0
State Operations	0.0	20,000.0	20,000.0	20,000.0	0.0	0.0
PROGRAM REVENUE (2)	\$4,038.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Operations	4,038.7	0.0	0.0	0.0	0.0	0.0
SEGREGATED REVENUE (3)	\$24,189.2	\$24,189.2	\$24,189.2	\$24,189.2	\$26,189.2	\$28,189.2
State Operations	23,189.2	23,189.2	23,189.2	23,189.2	25,189.2	27,189.2
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTALS - ANNUAL	\$60,245.9	\$76,979.8	\$75,550.7	\$75,550.7	\$61,300.7	\$66,700.7
State Operations	59,245.9	75,979.8	74,550.7	74,550.7	60,300.7	65,700.7
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY14	FY15	FY14	FY15
1. Promotion of economic development	\$60,245.9	\$76,979.8	\$75,550.7	\$75,550.7	\$61,300.7	\$66,700.7
TOTALS	\$60,245.9	\$76,979.8	\$75,550.7	\$75,550.7	\$61,300.7	\$66,700.7

Wisconsin Economic Development Corporation

1. Economic Development Tax Credit Authority

The Governor recommends providing an additional \$75 million in available credits under the economic development tax credit program. The fiscal impact is an estimated reduction in tax revenue of \$0.9 million in FY14 and \$9 million in FY15.

2. Repeal the Angel Investment Tax Credit Cap

The Governor recommends modifying current law to repeal the cap on the total amounts of credits available under the angel investment tax credit program. The fiscal impact is an estimated reduction in tax revenue of \$5 million in FY15.

3. Modify Tax Credit Programs

The Governor recommends modifying current law related to tax credits to clarify eligibility, benefits and administration of various tax credit programs and provide consistent tax credit treatment by: (a) creating an exception to the definition of full-time job related to the jobs tax credit, economic development tax credit, development opportunity zone tax credit and enterprise zone tax credit programs, to allow positions working fewer than 2,080 hours per year to qualify as full-time, when those positions meet certain annual pay and benefits criteria; (b) clarifying that eligibility for job creation benefits under the jobs tax credit program requires an increase in net employment over a base year; (c) modifying the benefits under the jobs tax credit program to allow for benefits up to a certain percentage of eligible wages paid; (d) simplifying existing policy to eliminate confusion in the jobs and enterprise zone tax credit programs by standardizing the tax credit eligibility and benefit calculation based on one rate; (e) modifying eligibility for the enterprise zone tax credit program to only require a significant capital investment; and (f) expanding eligibility for the enterprise zone tax credit program to manufacturing businesses by removing a provision that limits benefits to original equipment manufacturers. The combined fiscal effect is minimal.

4. Increase Expenditure Authority

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	3,750,000	0.00	7,150,000	0.00
SEG-O	0	0.00	0	0.00	2,000,000	0.00	4,000,000	0.00
TOTAL	0	0.00	0	0.00	5,750,000	0.00	11,150,000	0.00

The Governor recommends increasing expenditure authority for the following: (a) marketing programs and activities (\$3,750,000 GPR in FY14 and \$7,150,000 GPR in FY15); and (b) seed accelerator and capital catalyst programs (\$2,000,000 SEG in FY14 and \$4,000,000 SEG in FY15).

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5. Transfer the Capital Gains Deferral and Exclusion Program

The Governor recommends transferring administration of the capital gains exclusion and capital gains deferral programs from the corporation to the Department of Revenue. See Department of Revenue, Item #18.

6. Federal Aids Adjustment

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	0	0.00	0	0.00	-20,000,000	0.00	-20,000,000	0.00
TOTAL	0	0.00	0	0.00	-20,000,000	0.00	-20,000,000	0.00

The Governor recommends reducing federal expenditure authority related to community development block grants to reflect the establishment of program authority for the distribution of the block grant funding in the Department of Administration. See Department of Administration, Item #26.

7. Permanent GPR Reductions

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-1,429,100	0.00	-1,429,100	0.00	-1,429,100	0.00	-1,429,100	0.00
TOTAL	-1,429,100	0.00	-1,429,100	0.00	-1,429,100	0.00	-1,429,100	0.00

The Governor recommends reducing funding to create additional efficiencies and balance the budget.