

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY15 Adjusted Base	FY16 Recommended	% Change Over FY15	FY17 Recommended	% Change Over FY16
GPR	32,774,700	24,874,700	-24.1	0	-100.0
SEG-O	22,776,000	22,776,000	0.0	0	-100.0
TOTAL	55,550,700	47,650,700	-14.2	0	-100.0

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY15 Adjusted Base	FY16 Recommended	FTE Change Over FY15	FY17 Recommended	FTE Change Over FY16
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 secretary/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.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

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

2013 AND 2014 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
1.	Businesses assisted.	1,200	2,085	2,140	4,272
1.	Communities assisted.	150	69	150	119
1.	Anticipated jobs impact.	50,000	37,313	20,825	32,689
1.	Coinvestment leverage.	3:1	10:1	3:1	14:1

Note: Based on fiscal year.

2015, 2016 AND 2017 GOALS

Prog. No.	Performance Measure	Goal 2015	Actual 2016	Goal 2017
1.	Businesses assisted.	2,230	2,230	2,230
1.	Communities assisted.	152	152	152
1.	Anticipated jobs impact.	22,830	22,830	22,830
1.	Coinvestment leverage.	3:1	3:1	3:1

Note: Based on fiscal year.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Consolidate into Forward Wisconsin Development Authority
2. GPR Reductions
3. Business Tax Credit Reform
4. Angel and Early Stage Seed Investment Credit Reforms
5. Historic Rehabilitation Tax Credit Reforms
6. Enterprise Zone Jobs Credit Allocation
7. Brownfields Grant Modifications
8. Qualified New Business Venture Credit Technical Modifications

Wisconsin Economic Development Corporation

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

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY16	FY17	FY16	FY17
GENERAL PURPOSE REVENUE	\$6,124.4	\$32,774.7	\$32,774.7	\$32,774.7	\$24,874.7	\$0.0
State Operations	6,124.4	32,774.7	32,774.7	32,774.7	24,874.7	0.0
SEGREGATED REVENUE (3)	\$34,776.3	\$22,776.0	\$22,776.0	\$22,776.0	\$22,776.0	\$0.0
State Operations	33,776.3	21,776.0	21,776.0	21,776.0	21,776.0	0.0
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	0.0
TOTALS - ANNUAL	\$40,900.7	\$55,550.7	\$55,550.7	\$55,550.7	\$47,650.7	\$0.0
State Operations	39,900.7	54,550.7	54,550.7	54,550.7	46,650.7	0.0
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	0.0

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

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

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY16	FY17	FY16	FY17
1. Promotion of economic development	\$40,900.7	\$55,550.7	\$55,550.7	\$55,550.7	\$47,650.7	\$0.0
TOTALS	\$40,900.7	\$55,550.7	\$55,550.7	\$55,550.7	\$47,650.7	\$0.0

Wisconsin Economic Development Corporation

1. Consolidate into Forward Wisconsin Development Authority

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	0	0.00	-24,874,700	0.00
SEG-O	0	0.00	0	0.00	0	0.00	-22,776,000	0.00
TOTAL	0	0.00	0	0.00	0	0.00	-47,650,700	0.00

The Governor recommends creating the Forward Wisconsin Development Authority by combining the corporation and the Wisconsin Housing and Economic Development Authority to provide greater coordination on economic development within a single authority. See Forward Wisconsin Development Authority, Item #1. As part of the consolidation, the Governor recommends eliminating funding to the corporation in FY17. Appropriations related to FY16 will transfer all balances to the Forward Wisconsin Development Authority when the merger is completed.

2. GPR Reductions

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-7,900,000	0.00	-7,900,000	0.00
TOTAL	0	0.00	0	0.00	-7,900,000	0.00	-7,900,000	0.00

The Governor recommends reducing expenditure authority in accordance with a reform plan that will streamline the corporation's grant programs and to realize related personnel savings.

Wisconsin Economic Development Corporation

3. Business Tax Credit Reform

The Governor recommends consolidating the jobs tax credit and economic development tax credit into a single refundable tax credit called the business development tax credit. The new tax credit may be awarded to businesses for any of four activities. Businesses may receive up to 10 percent of eligible wages for positions meeting the state's definition of full-time employment, plus a 5 percent bonus for projects in "distressed" counties, provided that the jobs created or retained, be maintained for five years and offer health insurance. Businesses may also be awarded 50 percent of eligible training costs for enhancing employees' knowledge and skills in the workplace. Further, businesses may receive 3 percent of eligible capital investment in personal property or 5 percent of capital investment in real property. In addition, the corporation may award eligible costs related to relocating or retaining a headquarters in Wisconsin as determined by the corporation. The Governor also recommends providing \$10 million annually in award authority beginning in 2016 and allowing reallocations from unused qualified new business venture credit authority subject to approval by the Joint Committee on Finance. The Governor further recommends removing all remaining economic development tax credit authority after June 30, 2015. The estimated fiscal effect is a revenue gain of \$2.25 million in FY16 and \$7.5 million in FY17 from the elimination of remaining economic development tax credit authority.

4. Angel and Early Stage Seed Investment Credit Reforms

The Governor recommends making several modifications to the angel and early stage investment credits by: (a) combining the allocation pools of the credits into a single \$30 million pool rather than having separate allocation pools for each credit; (b) increasing the maximum threshold of tax credit eligible investments to qualify as a qualified new business venture from \$8 million to \$12 million; (c) extending transferability provisions to the angel investment credit and giving the corporation the authority to charge up to a 5 percent administrative fee for credit transfers; and (d) modifying eligibility requirements, including allowing on-line retailers and technology-based physician or healthcare consulting firms to qualify as eligible investments under the credits.

5. Historic Rehabilitation Tax Credit Reforms

The Governor recommends limiting annual awards under the historic rehabilitation tax credit to \$10 million. The Governor also recommends that credits be awarded on a competitive basis with several criteria, including job creation potential, used to determine which applicants receive the credit. The Governor further recommends requiring that credits be repaid in proportion to any shortfall in job creation relative to the amounts claimed in the credit application if actual job creation is deficient within the first five years after receiving the credit. In addition, the Governor recommends that if a recipient is required to repay the federal credit, the state supplement to the credit must also be repaid. These changes begin with the 2016 tax year. The fiscal effect of this change is expected to be a revenue increase of \$7.8 million in FY17. Finally, the Governor recommends repealing the related credit for nonhistoric buildings built prior to 1936.

6. Enterprise Zone Jobs Credit Allocation

The Governor recommends increasing the enterprise zone jobs credit program allocation cap from 20 zones to 30 zones.

7. Brownfields Grant Modifications

The Governor recommends modifying the current matching requirements for brownfields grants to replace the tiered matches with a single match equal to 50 percent of the grant amount. The Governor also recommends eliminating the current law requirement that the corporation consult with the Department of Administration for brownfields grants.

8. Qualified New Business Venture Credit Technical Modifications

The Governor recommends providing the corporation with the ability to waive requirements in calculating payroll, headquarters and employment factors in determining a qualified new business venture certification if such a waiver is approved according to standards for such exceptions adopted by the corporation's board. The Governor further recommends providing a grandfather exception to the credit repayment provisions for businesses that had executed a convertible note that relied on the certification as a qualified new business venture prior to April 20, 2012, in order to avoid retroactively applied dislocations.

