

# WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

## GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY17 Adjusted Base	FY18 Recommended	% Change Over FY17	FY19 Recommended	% Change Over FY18
GPR	12,474,700	1,519,500	-87.8	16,392,500	978.8
SEG-O	22,776,000	33,731,200	48.1	25,158,200	-25.4
TOTAL	35,250,700	35,250,700	0.0	41,550,700	17.9

## FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY17 Adjusted Base	FY18 Recommended	FTE Change Over FY17	FY19 Recommended	FTE Change Over FY18
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 appoints six members with the advice and consent of the Senate. The speaker of the Assembly and the Senate majority leader each appoint 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 board elects a chairperson from its nonlegislative voting 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 advance and maximize opportunities in Wisconsin for businesses, communities and people to thrive in a globally competitive environment. The commission works with more than 600 partners across the state, including regional economic development organizations, academic institutions and industry cluster leaders.

**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**

**2015 AND 2016 GOALS AND ACTUALS**

Prog. No.	Performance Measure	Goal 2015	Actual 2015	Goal 2016	Actual 2016
1.	Businesses assisted.	2,230	5,244	2,230	3,973
1.	Communities assisted.	152	103	152	140
1.	Anticipated jobs impact.	22,830	26,822	12,134 <sup>1</sup>	26,747
1.	Coinvestment leverage.	3:1	9:1	3:1	11:1

Note: Based on fiscal year.

<sup>1</sup>Anticipated jobs impact goal was reduced due to the phase out of the Jobs and Economic Development Tax Credit programs.

**2017, 2018 AND 2019 GOALS**

Prog. No.	Performance Measure	Goal 2017 <sup>1</sup>	Goal 2018	Goal 2019
1.	Businesses assisted.	2,710	2,710	2,710
1.	Communities assisted.	206	206	206
1.	Partner organizations assisted. <sup>2</sup>	67	67	67
1.	Anticipated jobs impact.	14,973	14,973	14,973
1.	Coinvestment leverage.	8:1	8:1	8:1

Note: Based on fiscal year.

<sup>1</sup>Goals were revised for fiscal year 2017.

<sup>2</sup>New goal for the upcoming biennium.

**WISCONSIN ECONOMIC DEVELOPMENT CORPORATION**

**GOVERNOR'S BUDGET RECOMMENDATIONS**

**RECOMMENDATIONS**

1. Grant Increase
2. Appropriation Structure
3. Historic Rehabilitation Credit Limits
4. Loan Limitations
5. Enterprise Zone Jobs Credit Cap
6. Early Stage Business Investment Credit Cap
7. Angel and Early Stage Seed Credit Carryover
8. Fabrication Laboratories Grants

**Wisconsin Economic Development Corporation**

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

	ACTUAL FY16	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY18	FY19	FY18	FY19
GENERAL PURPOSE REVENUE	\$6,974.7	\$12,474.7	\$12,474.7	\$12,474.7	\$1,519.5	\$16,392.5
State Operations	6,974.7	12,474.7	12,474.7	12,474.7	1,519.5	16,392.5
SEGREGATED REVENUE (3)	\$22,776.0	\$22,776.0	\$22,776.0	\$22,776.0	\$33,731.2	\$25,158.2
State Operations	21,776.0	21,776.0	21,776.0	21,776.0	32,731.2	24,158.2
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTALS - ANNUAL	\$29,750.7	\$35,250.7	\$35,250.7	\$35,250.7	\$35,250.7	\$41,550.7
State Operations	28,750.7	34,250.7	34,250.7	34,250.7	34,250.7	40,550.7
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

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

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

	ACTUAL FY16	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY18	FY19	FY18	FY19
1. Promotion of economic development	\$29,750.7	\$35,250.7	\$35,250.7	\$35,250.7	\$35,250.7	\$41,550.7
TOTALS	\$29,750.7	\$35,250.7	\$35,250.7	\$35,250.7	\$35,250.7	\$41,550.7

**Wisconsin Economic Development Corporation**

**1. Grant Increase**

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	0	0.00	6,300,000	0.00
TOTAL	0	0.00	0	0.00	0	0.00	6,300,000	0.00

The Governor recommends increasing the corporation's support from the general fund to enhance state economic development efforts.

**2. Appropriation Structure**

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-10,955,200	0.00	-2,382,200	0.00
SEG-O	0	0.00	0	0.00	10,955,200	0.00	2,382,200	0.00
TOTAL	0	0.00	0	0.00	0	0.00	0	0.00

The Governor recommends converting the economic development surcharge appropriation into a continuing appropriation equal to all monies received under the economic development surcharge appropriation. The Governor also recommends converting the current GPR appropriation into a sum sufficient appropriation equal to the difference between SEG revenues and a total funding level of \$35,250,700 in FY18 and \$41,550,700 in FY19, except that the appropriation may not exceed \$12,474,700 in FY18 and \$18,774,700 in FY19.

**3. Historic Rehabilitation Credit Limits**

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 will first apply in tax year 2017. The estimated fiscal effects of these modifications are revenue increases of \$3 million in FY18 and \$14.1 million in FY19. See Department of Revenue, Item #3.

## **Wisconsin Economic Development Corporation**

### **4. Loan Limitations**

The Governor recommends modifying the current limitations on the corporation's lending programs to allow the corporation to initiate new loans provided that the loans are funded through the repayment of existing loans and not supported by funds from state appropriations. The Governor also recommends prohibiting the corporation from offering forgivable loans.

### **5. Enterprise Zone Jobs Credit Cap**

The Governor recommends allowing the corporation to reallocate enterprise zones that have been decertified or have expired to optimize the benefits of this program.

### **6. Early Stage Business Investment Credit Cap**

The Governor recommends increasing the limitation on the amount of credit eligible investments in a qualifying company under the angel and early stage seed credit program from \$8 million to \$12 million to enhance venture capital investment in new Wisconsin businesses. This provision is estimated to reduce revenues by \$3.2 million in FY18 and \$2.2 million in FY19.

### **7. Angel and Early Stage Seed Credit Carryover**

The Governor recommends allowing the corporation to request the reallocation of unutilized angel and early stage seed investment credits to the business development credit in the year after their initial eligible tax year to allow the corporation to reallocate known rather than estimated amounts.

### **8. Fabrication Laboratories Grants**

The Governor recommends requiring the corporation to continue its fabrication laboratories grant program at \$500,000 in each year of the biennium to be funded out of its existing appropriations.