

## WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY21 Adjusted Base	FY22 Recommended	% Change Over FY21	FY23 Recommended	% Change Over FY22
GPR	12,550,700	329,050,700	2,521.8	16,050,700	-95.1
PR-S	0	390,000	0.0	390,000	0.0
SEG-O	29,000,000	35,500,000	22.4	40,500,000	14.1
<b>TOTAL</b>	<b>41,550,700</b>	<b>364,940,700</b>	<b>778.3</b>	<b>56,940,700</b>	<b>-84.4</b>

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY21 Adjusted Base	FY22 Recommended	FTE Change Over FY21	FY23 Recommended	FTE Change Over FY22
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### 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 16-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 five members consisting of four majority party representatives and one minority party representative in their respective houses. 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 advance and maximize opportunities in Wisconsin for businesses, communities and people to thrive in a globally competitive environment. The corporation partners with more than 600 organizations across the state, including regional economic development organizations, academic institutions and industry 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

### 2019 AND 2020 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2019	Actual 2019	Goal 2020	Actual 2020
1.	Businesses assisted.	4,576	4,332	4,576	5,507
1.	Communities assisted.	167	138	167	152
1.	Partner organizations assisted.	63	64	63	52
1.	Anticipated jobs impact.	15,105	21,476	15,105	11,424
1.	Coinvestment leverage.	8:1	11:1	8:1	12:1

Note: Based on fiscal year.

### 2021, 2022 AND 2023 GOALS

Prog. No.	Performance Measure	Goal 2021 <sup>1</sup>	Goal 2022	Goal 2023
1.	Businesses assisted.	36,246 <sup>2</sup>	6,246	6,246
1.	Communities assisted.	102	102	102
1.	Partner organizations assisted.	98	98	98
1.	Anticipated jobs impact.	13,770	13,770	13,770
1.	Coinvestment leverage.	8:1	8:1	8:1

Note: Based on fiscal year.

<sup>1</sup>Goals were revised for 2021.

<sup>2</sup>Includes one-time goal of 30,000 businesses assisted through the We're All In Small Business Grant.

## **WISCONSIN ECONOMIC DEVELOPMENT CORPORATION**

### **GOVERNOR'S BUDGET RECOMMENDATIONS**

#### **RECOMMENDATIONS**

1. Pandemic Recovery Funding
2. Venture Capital Program
3. Underserved Community Grants
4. Block Grant Increase
5. Regional Economic Development Organization Funding
6. Tribal Economic Development
7. Enterprise Zone Jobs Credit Limit
8. Enterprise Zone Jobs Credit and Business Development Credit Wage Minimums
9. Cooperative Feasibility Grants
10. Renewable Energy Incentive for Business Development Credit
11. Main Street Program Technical Modifications
12. Data Sharing with the Department of Revenue
13. Streamline Reporting Requirements
14. Business Development Tax Credit Technical Modifications
15. Brownfields Program Modifications
16. Tax Credit Base Year Employment Methodology
17. Economic Development Fund Interest and Unexpended Balances
18. Economic Development Surcharge Sum Sufficient Reestimate

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

	ACTUAL FY20	ADJUSTED BASE FY21	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY22	FY23	FY22	FY23
GENERAL PURPOSE REVENUE	\$4,936.7	\$12,550.7	\$12,550.7	\$12,550.7	\$329,050.7	\$16,050.7
State Operations	4,936.7	12,550.7	12,550.7	12,550.7	129,050.7	16,050.7
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	200,000.0	0.0
PROGRAM REVENUE (2)	\$0.0	\$0.0	\$0.0	\$0.0	\$390.0	\$390.0
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	390.0	390.0
SEGREGATED REVENUE (3)	\$35,614.1	\$29,000.0	\$29,000.0	\$29,000.0	\$35,500.0	\$40,500.0
State Operations	34,614.1	28,000.0	28,000.0	28,000.0	34,500.0	39,500.0
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTALS - ANNUAL	\$40,550.7	\$41,550.7	\$41,550.7	\$41,550.7	\$364,940.7	\$56,940.7
State Operations	39,550.7	40,550.7	40,550.7	40,550.7	163,550.7	55,550.7
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	200,390.0	390.0

(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 FY20	ADJUSTED BASE FY21	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY22	FY23	FY22	FY23
1. Promotion of economic development	\$40,550.7	\$41,550.7	\$41,550.7	\$41,550.7	\$364,940.7	\$56,940.7
TOTALS	\$40,550.7	\$41,550.7	\$41,550.7	\$41,550.7	\$364,940.7	\$56,940.7

**1. Pandemic Recovery Funding**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	200,000,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	200,000,000	0.00	0	0.00

The Governor recommends creating a biennial appropriation to provide the corporation with \$200 million to assist Wisconsin small businesses in recovering from the COVID-19 pandemic, including assistance for the retention of current employees and the rehiring of former employees. The Governor also recommends that the corporation coordinate as necessary with the Department of Revenue for the administration of this initiative.

**2. Venture Capital Program**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	100,000,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	100,000,000	0.00	0	0.00

The Governor recommends creating a venture capital program located at the corporation with \$100 million in one-time GPR funding in a continuing appropriation in FY22. The program will be required to be a fund of funds investment program. The program will specify that no investment made by the fund of funds in a recipient venture capital fund may exceed \$25 million. Venture capital funds receiving investment from the fund of funds program must commit to invest that amount in Wisconsin and that these investments must attain at least a one-to-one match with private sources, such that the program as a whole attains a required match rate of two private dollars for every state dollar invested. Investments made by the fund of funds program will be reinvested in perpetuity and no repayment to the state is required. The program will require that at least 20 percent of the total funds under management be invested in minority-owned or women-owned firms or in businesses that are located in underserved areas. The Governor also recommends requiring the corporation to establish an oversight board with various enumerated responsibilities related to the establishment and management of the program.

**3. Underserved Community Grants**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	5,000,000	0.00	0	0.00
SEG-O	0	0.00	0	0.00	0	0.00	5,000,000	0.00
<b>TOTAL</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>5,000,000</b>	<b>0.00</b>	<b>5,000,000</b>	<b>0.00</b>

The Governor recommends providing \$5 million GPR in FY22 to promote entrepreneurship in underserved communities. The Governor also recommends providing \$5 million in SEG revenues beginning in FY23 from marijuana tax revenues through the community reinvestment fund to promote entrepreneurship in underserved communities.

**4. Block Grant Increase**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	10,000,000	0.00	10,000,000	0.00
<b>TOTAL</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>10,000,000</b>	<b>0.00</b>	<b>10,000,000</b>	<b>0.00</b>

The Governor recommends increasing the corporation's total block grant funding from \$41,550,700 to \$51,550,700 in each year of the biennium. The Governor also recommends reverting future funding levels to \$41,550,700 beginning in FY24.

**5. Regional Economic Development Organization Funding**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	8,000,000	0.00	0	0.00
<b>TOTAL</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>8,000,000</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

The Governor recommends providing funding on a one-time basis to regional economic development organizations to support those organizations' pandemic recovery efforts across Wisconsin.

**6. Tribal Economic Development**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	0	0.00	0	0.00	390,000	0.00	390,000	0.00
TOTAL	0	0.00	0	0.00	390,000	0.00	390,000	0.00

The Governor recommends providing tribal gaming revenue to create a small business economic development grant program for Native American small business owners.

**7. Enterprise Zone Jobs Credit Limit**

The Governor recommends creating a 30-zone limit on the Enterprise Zone Jobs Credit program and specifying that any zones that have their certification revoked or that expire may be reutilized by the corporation. The Governor also recommends repealing provisions allowing the corporation to designate any number of enterprise zones subject to the Joint Committee on Finance's passive review process.

**8. Enterprise Zone Jobs Credit and Business Development Credit Wage Minimums**

The Governor recommends increasing the wage thresholds for the enterprise zone jobs tax credit and the business development tax credit to increase the \$30,000 minimum for tier two counties under the enterprise zone jobs tax credit to \$37,000 and to increase the 150 percent of the federal minimum wage threshold for tier one counties under the enterprise zone jobs tax credit and for all business development tax credit awards to \$27,900 beginning with awards made in 2022. The Governor also recommends providing indexing adjustments for those thresholds in future years.

**9. Cooperative Feasibility Grants**

The Governor recommends directing the corporation to allocate \$200,000 annually in each year for cooperative feasibility studies and specifying that the corporation shall make such awards in consultation with the Cooperative Network.

**10. Renewable Energy Incentive for Business Development Credit**

The Governor recommends creating a new earnings activity for the Business Development Credit for energy efficiency and renewable energy project expenditures by a business, specifying that the corporation may provide an incentive of up to 25 percent of expenditures on real or personal property for such projects.

### **11. Main Street Program Technical Modifications**

The Governor recommends making technical modifications to the Main Street Program statutes to bring the statutory language into compliance with current federal statutes and practice.

### **12. Data Sharing with the Department of Revenue**

The Governor recommends enabling greater data sharing between the corporation and the Department of Revenue to enhance verification efforts and improve economic development program integrity.

### **13. Streamline Reporting Requirements**

The Governor recommends aligning the corporation's economic development planning report with the corporation's fiscal year instead of its current calendar year basis. The Governor also recommends removing obsolete reporting requirements for a repealed tax credit program.

### **14. Business Development Tax Credit Technical Modifications**

The Governor recommends technical modifications to the business development tax credit to align the definition of eligible training costs with the definition used for the enterprise zone jobs tax credit and to clarify the eligibility of employees under the headquarters retention earnings category.

### **15. Brownfields Program Modifications**

The Governor recommends making modifications to the statutory requirements related to the Brownfields and Brownfields Site Assessment Grant Programs to provide greater program flexibility while still retaining the responsibility and stewardship of these programs.

### **16. Tax Credit Base Year Employment Methodology**

The Governor recommends providing the corporation with the ability, for the Enterprise Zone Jobs Tax Credit program, to identify the certification date and to establish the base year as the 12 months before that date instead of the corresponding tax year. This change will help to better align the base employment used for assessing project job creation and retention with the time at which the contract is executed.

### **17. Economic Development Fund Interest and Unexpended Balances**

The Governor recommends clarifying that the interest earnings in the economic development fund as well as any unspent amounts appropriated under the Department of Revenue's administrative appropriation for the economic development surcharge shall be annually transferred to the corporation.



**18. Economic Development Surcharge Sum Sufficient Reestimate**

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-6,500,000	0.00	-6,500,000	0.00
SEG-O	0	0.00	0	0.00	6,500,000	0.00	6,500,000	0.00
<b>TOTAL</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

The Governor recommends reestimating both the operations and programs GPR appropriation and the economic development fund; operations and programs SEG appropriation to reflect anticipated revenues under the economic development surcharge.

