2001 DRAFTING REQUEST

Senate Amendment (SA-SB55)

Received: **05/25/2001**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Shanovich (DH)**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

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Subject: **Econ. Development - bus. dev.**
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Extra Copies:

Submit via email: **NO**

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Pre Topic:

LFB:.....Shanovich (DH) -

Topic:

Funding for Forward Wisconsin, Inc.

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	kahlepj 05/25/2001	hhagen 05/28/2001		_____ _____			
/1			kfollet 05/29/2001	_____ _____	lrb_docadmin 05/29/2001		

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/?	kahlepj	1, hmh 5/28/01,	kjf 5/29	lsf/self 5/29			

FE Sent For:

<END>

increasing the 1999 Act 9 project enumeration by $350,000 and authorizing an additional $350,000 in program revenue supported general obligation bonding for the purchase of movable equipment for the aquaculture facility. Debt service on the bonds would be paid with tribal gaming revenues beginning in 2003-04. Modify the Governor's recommendation by deleting $50,000 and 1.0 position in 2002-03. The remaining funding would provide $80,000 for an aquaculture facility director based at UW-Superior starting in 2002-03 as well as $170,000 that could be used for movable equipment or other facility costs.

RCT?

5. LFB Paper #173. Alternative 4. Maintain current law (funding for agricultural development and diversification grants would remain at $400,000 GPR annually).

PJK?

6. LFB Paper #174. Modify the gaming economic development and diversification grant and loan programs as follows: (a) consolidate, into one biennial program revenue appropriation, both the gaming economic development and economic diversification grant and loan programs and create a consolidated program revenue biennial repayments appropriation for both programs; (b) reduce funding for the combined economic development and diversification appropriation by $2,750,000 PR in 2001-02 and $1,750,000 in 2002-03; (c) beginning in 2001-02, transfer annual funding of $170,700 and 1.0 gaming grants specialist position and supplies from the gaming economic development grants and loans appropriation to the Department's Native American Liaison appropriation; (d) provide that economic diversification grants and loans could be used for brownfields remediation projects; (e) expand the definition of a business that would be qualified to receive gaming economic development and diversification grants and loans to specifically include start-up businesses; and (f) authorize Commerce to make a gaming economic development grant of up to $1,000,000 to the M7 Development Corporation for constructing a multipurpose center at Lincoln Park in the City of Milwaukee (no matching funds would be required). In addition Commerce would be required to allocate $500,000 a year from the gaming economic development and diversification program for Oneida Small Business Inc. and Project 2000 to provide grants and loans for businesses located in counties in which the Oneida reservation is located or an adjacent county. Authorize grants and loans to be made to businesses that are: (a) start up; (b) small business as defined for the Rural Economic Development program or (c) owned by an Oneida tribal member.

PJK

7. LFB Paper #175. Create a separate program revenue appropriation for the manufacturing extension center grant program and provide $500,000 PR annually in tribal gaming revenues to fund the program. (The program would no longer be funded through WDF appropriations.) The grant program's sunset date of June 30, 2001, would be repealed. Create a separate program revenue appropriation for the business employees' skills training grant program (BEST) and provide $150,000 PR annually in tribal gaming revenues to fund the program. Further, adopt alternative C3 to maintain current funding levels for the Wisconsin Development Fund.

PJK

8. LFB Paper #177. Alternative 3. Maintain current law (funding for Forward Wisconsin would remain at $500,000 GPR annually).

Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 23, 2001 | Joint Committee on Finance | Paper #177

Tribal Gaming Revenue Allocations

Funding for Forward Wisconsin (Commerce -- Departmentwide and Economic Development)

[LFB 2001-03 Budget Summary: Page 175, #10]

CURRENT LAW

Forward Wisconsin is a nonprofit organization created in 1984 to attract business to the state. Forward Wisconsin focuses on promotion and marketing in an effort to attract expanding and relocating businesses to the state. The organization also markets the state as a destination for job seekers and to attract former residents to help address labor shortages. Forward Wisconsin is provided base funding of $500,000 GPR annually through Commerce. The Secretary of Commerce also serves on Forward Wisconsin's Board of Directors.

GOVERNOR

Provide $100,000 PR in 2001-02 and $200,000 PR in 2002-03 to Forward Wisconsin to be used for activities to recruit out-of-state businesses to Wisconsin. A separate program revenue appropriation would be funded from tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

DISCUSSION POINTS

1. Forward Wisconsin focuses on marketing Wisconsin to out-of-state companies to attract new businesses, jobs and increased economic activity to the state. In 2000, Forward Wisconsin created the Great Jobs Wisconsin division to recruit workers to Wisconsin from outside the state. Forward Wisconsin has a staff of nine people and offices in Madison, Eau Claire,

Milwaukee and Chicago.

2. Forward Wisconsin's marketing plan focuses on six target industries: (a) computer and data processing services; (b) plastics; (c) forest products (hardwood plywood); (d) business services; (e) biotechnology; and (e) production machinery and equipment. The secondary target is customer service centers. Forward Wisconsin uses a range of marketing tools including: (a) direct mail campaigns and follow-up telemarketing to targeted industries and geographic areas; (b) out-of-state prospecting trips to meet with CEOs interested in locating in Wisconsin; (c) trade show appearances at targeted industry expositions; (d) print advertising campaigns directed toward geographically targeted publications and target industry journals; (e) image-building campaigns; (f) special event promotion; (g) site selection and consultant education; (h) and internet information provided through the organization's website. Forward Wisconsin also provides business cost comparisons, financial information and a variety of business consulting services on a confidential, no-cost basis.

3. Forward Wisconsin conducts two major prospecting trips to major metropolitan areas, typically to Chicago and Minneapolis/St. Paul, and also conducts one or two minor prospecting trips to smaller communities or specific target industries. According to staff, a major prospecting trip takes about three months from the planning phase until it is completed and requires follow-up with CEO's who continue to show interest in expanding in Wisconsin. The major steps in planning, organizing, and conducting a prospecting trip include: (a) purchasing or obtaining a mailing of targeted CEOs for the metropolitan area; (b) developing a letter from the Governor and other direct mail pieces (such as advantages of doing business in Wisconsin); (c) mailing the letter and other information to CEOs; (d) advertising the prospecting trip in local business publications; (e) telemarketing of CEOs to make appointments with economic development team members; (f) conducting meetings with interested executives; (g) identifying leads--businesses that have an interest in expanding sometime in the near future and that may consider Wisconsin as a company location; (h) identifying prospects--businesses with plans to expand within the next 18 months that have a defined interest in Wisconsin as a company location; and (i) conducting follow-up activities to remain in contact with interested CEOs. In fiscal year 1999-00, Forward Wisconsin sent over 10,500 direct mail pieces to CEOs in the Chicago and Minneapolis/St. Paul areas and related prospecting trips generated over 220 appointments with interested business executives.

4. GreatJobsWI.com is an interactive website developed by Forward Wisconsin. Businesses can use the interactive site to post job vacancies, profile the company and download resumes posted by job seekers. Participating business receive direct e-mail notification, within 24 hours, of candidates matching new job postings. Job seekers have access to job postings, additional career information and related links. Resumes can be e-mailed directly to employers and job postings are e-mailed to all registered matching job seekers. Forward Wisconsin is using GreatJobsWI.com to take a leadership role in developing the employment section of the WI.Gov website.

5. Forward Wisconsin coordinates its economic development activities with those undertaken by the Department of Commerce. Forward Wisconsin is responsible for out-of-state

marketing and business attraction, while Commerce is responsible for existing business retention, expansion, financial programs and international development.

6. Forward Wisconsin's revenue for 2000-01 is projected to be $1,173,000. About forty-three percent ($500,000) is aid from the state through Commerce, while the remaining $673,000 is from private investment. Projected expenditures for 2000-01 are about $1.1 million.

7. Forward Wisconsin received $500,000 GPR in state funding in each fiscal year from 1984-85 through 1991-92. The organization received $400,000 GPR in 1992-93 and $500,000 GPR again for 1993-94 and 1994-95. The 1995-97 budget bill reduced annual funding to $250,000 GPR for the biennium. However, state funding was returned to the current level of $500,000 GPR in the 1997-99 biennial budget.

8. Forward Wisconsin staff indicate that the additional funding from tribal gaming revenues ($100,000 in 2001-02 and $200,000 in 2002-03) would be used to promote Wisconsin and recruit high technology firms, including biotechnology, software, computer and other technology-based manufacturing firms. The organization would be able to target cities other than Chicago and Minneapolis/St Paul for its recruiting activities. The additional funds would also be used for state workforce development, primarily for recruiting workers.

9. Staff would point to a recent study that indicated a 500% return on investment for state funds provided to Forward Wisconsin. In 2000, Forward Wisconsin sent surveys to 206 businesses that located operations in the state between 1984 and 2000. Sixty-two surveys were returned and Forward Wisconsin contracted with an economic development consultant (Relevant Economic Analysis Limited) to analyze the results. The consultant's study found that, for the year 1999, companies that Forward Wisconsin helped locate in the state; (a) employed 14,500 workers who generate nearly $1 billion in sales revenue in the state; (b) paid almost $460 million in wages and salaries; (c) purchased over $300 million of Wisconsin-based goods and services; (d) paid almost $40 million in state individual and corporate income and franchise taxes; and (e) donated $4.6 million to community interest groups. The study indicated that, in 1999, the companies Forward Wisconsin helped returned over 500% of the state's total investment in the organization and private investors saw almost twice that return on their annual contributions to Forward Wisconsin. Forward Wisconsin staff note that the study shows that providing the additional state funding would have a significant effect on economic growth in the state.

10. It is difficult to quantitatively measure the success of an economic development program since many factors are usually involved in a decision to relocate or expand a business in Wisconsin. Many of Forward Wisconsin's efforts that the organization has identified as successful were accomplished jointly with local and regional economic development organizations, state businesses and the Department of Commerce. Moreover, some economic research indicates that economic development incentives and programs have a modest effect on business location and expansion decisions. However, other economic studies have shown that incentives contribute to job growth and economic development.

11. Eight tribal gaming agreements contain government to government MOU that relate to the use of additional compact payments; two agreements propose an economic development fund. A common element in most agreements is a provision that the Governor undertake his best efforts within the scope of his authority to assure that monies paid to the state under the agreements are expended for specified purposes. With certain exceptions these purposes are: (a) economic development initiatives for benefit of tribes and/or Native Americans within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives on the reservations. However, two of the amended compact agreements do not include MOU on government-to-government matters and are silent on the issue of how the state uses the tribal gaming revenue. It could be argued that these revenues are unrestricted and may be used for any purpose.

12. The use of tribal gaming revenues to fund Forward Wisconsin activities could be viewed as promoting economic development in the state that would benefit Native American businesses and businesses affected by gaming operations. On the other hand, some would note that there is not a direct link between Forward Wisconsin activities and benefits received by gaming impacted businesses and tribal enterprises. From this view, some would question the use of tribal gaming revenues to fund Forward Wisconsin activities. In addition, the level of state funding for the organization has never exceeded $500,000 annually. Historically, Forward Wisconsin has used the state funding to leverage private contributions. However, it could be argued that the return on investment of private funds invested in the organization noted in the study should make it easier for Forward Wisconsin to obtain additional private funds to expand its activities. As a result, the additional funding from tribal gaming revenues could be deleted. On the other hand, if tribal gaming revenues are viewed as an appropriate funding source for the organization's economic development activities, another alternative could be to supplant state GPR funding with the trial gaming funds. Under this alternative, state GPR funding for the organization could be reduced by $100,000 in 2001-02 and $200,000 in 2002-03.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide $100,000 PR in 2001-02 and $200,000 PR in 2002-03 in tribal gaming revenues to Forward Wisconsin to be used for activities to recruit out-of-state businesses to Wisconsin. Create a separate program revenue appropriation for tribal gaming revenue provided to the state under state-tribal gaming compact amendments. (State funding for Forward Wisconsin would increase from $500,000 currently to $600,000 in 2001-02 and $700,000 in 2002-03.)

Alternative 1	PR
2001-03 FUNDING (Change to Base)	$300,000
[Change to Bill	*$0]*

2. Approve the Governor's recommendation to provide $100,000 PR in 2001-02 and $200,000 PR in 2002-03 in tribal gaming revenues to Forward Wisconsin to be used for activities to recruit out-of-state businesses to Wisconsin. Further, delete $100,000 GPR in 2001-02 and $200,000 GPR in 2002-03 in funding for aid to Forward Wisconsin. (Overall state funding for Forward Wisconsin would remain at $500,000 annually.)

Alternative 2	GPR	PR	TOTAL
2001-03 FUNDING (Change to Base)	- $300,000	$300,000	$0
[Change to Bill	*- $300,000*	*$0*	*- $300,000]*

3. Maintain current law. (Funding for Forward Wisconsin would remain at $500,000 GPR annually.)

Alternative 3	PR
2001-03 FUNDING (Change to Base)	$0
[Change to Bill	*- $300,000]*

Prepared by: Ron Shanovich

State of Wisconsin
2001 – 2002 LEGISLATURE

LRBb0399/1
PJK

LFB:.....Shanovich (DH) – Funding for Forward Wisconsin, Inc.

FOR 2001–03 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

SOON (5-25) D-note

At the locations indicated, amend the bill as follows:

1. Page 219, line 20: delete the material beginning with that line and ending with page 220, line 10.

2. Page 484, line 5: delete lines 5 to 10.

3. Page 574, line 2: delete lines 2 to 4.

4. Page 1589, line 20: delete the material beginning with that line and ending with page 1590, line 21.

(END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0399/?dn
PJK

Date

Ron:

This amendment deletes the new gaming appropriations for Forward Wisconsin, Inc., and all of the cross–references.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0399/1dn
PJK:hmh:kjf

May 29, 2001

Ron:

This amendment deletes the new gaming appropriations for Forward Wisconsin, Inc., and all of the cross–references.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.state.wi.us

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