



lw: 1/30/07
State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0304/2
CTS:wlj:pww
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E. J. G. f

DOA:.....Griffin, BB0032 - Streamlining the Wisconsin Development Fund
FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

d-note

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

This bill changes the way the Department of Commerce (department) awards grants and loans from the Wisconsin development fund (WDF). Generally, the department is authorized under current law to make grants and loans from the WDF to businesses and local governments for promoting economic development and creating and retaining jobs.

Under current law, the department may make any of the following from the WDF: 1) a grant to a person for capitalizing a revolving loan fund whose purpose is to promote local or regional economic development; 2) a "rapid response" loan to a person for the purchase of equipment or the purchase, renovation, or construction of a building; 3) a grant to a business group to investigate the reorganization or new incorporation of an existing business as an employee-owned business; 4) a grant to a small business for preparing a proposal for a federal program ("small business" is defined as a business operating for profit with 250 or fewer employees); 5) a grant to fund the preliminary stages of the expansion or start-up of a business that is or will be located in an urban area in this state; 6) grants to the Wisconsin Procurement Institute to further the Institute's efforts to secure federal government contracts and create jobs in the state; 7) a grant or loan to a person or small business for expenses related to the commercialization of a technologically innovative product, process, or service.

Current law also authorizes the department, at the request of the Development Finance Board (board), to make grants and loans from the WDF under the technology development, customized labor training, major economic development, and technology and pollution control and abatement programs. Under the technology development program, the board may award a grant or loan to a business or consortium for technical research intended to result in the development of, the initial commercialization of, or the improvement of an industrial product or process. Under the customized labor training program, the board may award a grant or loan to a business for labor training. Under the major economic development program, the board may award a grant or loan to a major economic development project that is not eligible for technology development or customized labor training grants or loans. "Major economic development project" is defined as a project that is necessary to retain or create a significant number of jobs in a political subdivision, will lead to significant capital investment in the state, or will make a significant contribution to the state's economy. Under the technology and pollution control and abatement program, the board may award a grant or loan to a new or expanding business, a municipality or other public entity, or a nonprofit organization for research into, and development of, products and processes involving certain types of pollution or waste and the marketing of such products and processes.

Under current law, there are specific conditions and limitations that apply to the department's authority to make a grant or loan under the technology development, customized labor training, major economic development, and technology and pollution control and abatement programs. These programs are also subject to a set of conditions and limitations that apply to all four. These conditions and limitations permit the board to award a grant or loan only if it has made certain determinations and considered certain factors. The board must determine that the project serves a public purpose, that the project is not likely to occur without a WDF grant or loan, and that the recipient will contribute at least 25 percent of the cost of the project from funds not provided by the state. The board must consider, among other factors, the extent to which the project will retain or increase employment in this state, the extent to which the project will contribute to the economic growth of this state, the financial soundness of the business, and whether the project will be located in a targeted area. Currently, the board decides whether a project will be located in a targeted area based on a number of considerations including an area's employment rate and median household income.

This bill eliminates the technology development, customized labor training, major economic development, and technology and pollution control and abatement programs, as well as the programs for revolving loan fund capitalization, rapid response loans, employee ownership assistance, urban area early planning, and the Wisconsin Procurement Institute. The bill authorizes the department, at the request of the board, to make a grant or loan of WDF funds to an eligible recipient for eligible activities. The bill defines "eligible recipient" as a governing body or person who is eligible to receive a grant or loan. Under the bill, "eligible activities" means any of the following: capital financing; worker training; entrepreneurial development; providing assistance to technology-based businesses or to businesses at a foreign

trade show or event; promoting urban or regional economic development; establishing revolving loan funds; providing working capital; and promoting employee ownership through conducting studies to investigate the reorganization of existing businesses as employee-owned businesses and implementing such studies.

Under the bill, the board is required to consider a number of factors in deciding whether to award a WDF grant or loan, including whether the project serves a public purpose and whether the project might not occur without a WDF grant or loan. Under the bill, the board is not required to make any factual determinations in order to award a grant or loan. The bill eliminates certain factors from the board's consideration of whether a project will be located in a targeted area. The bill also eliminates priority requirements that currently apply to the technology development, customized labor training, and major economic development programs; the board is no longer required to: 1) give priority to grants or loans to recipients who use techniques that reduce or eliminate the use of ozone-depleting substances; 2) give more favorable terms on grants and loans awarded to projects that will be located in targeted areas; 3) give priority to grants or loans to recipients who will give hiring priority to recipients of aid to families with dependent children; or 4) give priority to grants and loans for projects related to brownfields redevelopment.

The bill requires the department to establish procedures and conditions for WDF grants and loans, including a matching requirement of at least 25 percent. The bill also changes the definition of "small business," for purposes of WDF grants for preparing the federal program proposals, to mean a business with fewer than 100 employees.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.143 (1) (c) of the statutes is amended to read:

2 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
3 *assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,
4 ~~560.16, 560.175, and 560.26~~ ^{s. 560.24}, subject to s. 560.24 (3); for grants and loans
5 under ss. ~~s. 560.275 (2), 560.62, 560.63, and 560.66;~~ ^{r.s. and 560.251} for loans under s. 560.147 and
6 subch. V of ch. 560; for reimbursements under s. 560.167; for providing assistance
7 under s. 560.06; for the costs specified in s. 560.607; for the loan under 1999
8 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin Act 27, section

1 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act 27, section 9110
 2 (6g), 1999 Wisconsin Act 9, section 9110 (5), and 2003 Wisconsin Act 33, section 9109
 3 (1d) and (2q); and for providing up to \$100,000 annually for the continued
 4 development of a manufacturing and advanced technology training center in Racine.
 5 Of the amounts in the schedule, \$50,000 shall be allocated in each of fiscal years
 6 1997-98 and 1998-99 for providing the assistance under s. 560.06 (1).
 7 Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000 shall be
 8 allocated in each of 4 consecutive fiscal years, beginning with fiscal year 1998-99,
 9 for grants and loans under s. 560.62 (1) (a).

10 ~~**** This is reconciled s. 20.143 (i) (c). This section has been~~
 SECTION 2. 20.143 (1) (ie) of the statutes is amended to read: affected by drafts with
 11 20.143 (1) (ie) Wisconsin development fund, repayments. All moneys received the following LRB #s: LRB-1307 and LRB-1308

12 in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., ~~s. 560.147, 2005~~
 13 ~~stats., s. 560.16, 1995 stats., s. 560.165, 1993 stats., s. 560.275 (2), 2005 stats., s.~~ ss. 560.126 and
 14 ~~560.62, 2005 stats., s. 560.63, 2005 stats., s. 560.66, 2005 stats., subch. V of ch. 560~~ ss. 560.251 and
 15 ~~except s. 560.65, and 1989 Wisconsin Act 336, section 3015 (1m), 1989 Wisconsin Act~~
 16 336, section 3015 (2m), 1989 Wisconsin Act 336, section 3015 (3gx), 1997 Wisconsin
 17 Act 27, section 9110 (7f), 1997 Wisconsin Act 310, section 2 (2d), and 1999 Wisconsin
 18 Act 9, section 9110 (4), to be used for grants and loans under ~~s. 560.275 (2) and subch.~~ ss. 560.126 and
 19 V of ch. 560 except s. 560.65, for loans under s. 560.147, ~~for grants under~~ plain text
 20 ~~and 560.175, for assistance under s. 560.06 (2), for the loan under 1999 Wisconsin Act~~ s. 560.251
 21 9, section 9110 (4), for the grant under 2001 Wisconsin Act 16, section 9110 (7g), for
 22 the grants under 2003 Wisconsin Act 33, section 9109 (1d) and (2q), and for
 23 reimbursements under s. 560.167.

24 SECTION 3. 84.185 (1) (ce) of the statutes is amended to read:
 25 84.185 (1) (ce) "Job" has the meaning specified in s. 560.60 (10) 560.17 (1) (bm).

~~**** This is reconciled s. 20.143 (i) (ie). This section has been~~
 affected by drafts with the following LRB #s: LRB-1307 and LRB-1440,

LRB-0304 and

LRB-0304,

1 **SECTION 4.** 84.185 (1) (cm) of the statutes is amended to read:

2 84.185 (1) (cm) “Political subdivision” has the meaning specified in s. 560.60
3 (13) means a county, city, town, or village.

4 **SECTION 5.** 234.01 (4n) (a) 3m. e. of the statutes is amended to read:

5 234.01 (4n) (a) 3m. e. The facility is located in a targeted area, as determined
6 by the authority after considering the factors set out in s. ~~560.605 (2m) (a) to (h)~~
7 560.605 (2m) (c), 2005 stats., s. 560.605 (2m) (d), 2005 stats., s. 560.605 (2m) (e), 2005
8 stats., and s. 560.605 (2m) (a), (b), and (f) to (h).

9 **SECTION 6.** 292.11 (7) (d) 1m. b. of the statutes is amended to read:

10 292.11 (7) (d) 1m. b. An area designated by the local governmental unit if the
11 area consists of 2 or more properties affected by a contiguous region of groundwater
12 contamination or contains 2 or more properties that are brownfields, as defined in
13 s. ~~560.60 (1v)~~ 560.13 (1) (a).

14 **SECTION 7.** 292.255 of the statutes is amended to read:

15 **292.255 Report on brownfield efforts.** The department of natural
16 resources, the department of administration, and the department of commerce shall
17 submit a report evaluating the effectiveness of this state’s efforts to remedy the
18 contamination of, and to redevelop, brownfields, as defined in s. ~~560.60 (1v)~~ 560.13
19 (1) (a).

20 **SECTION 8.** 560.045 (1) of the statutes is amended to read:

21 560.045 (1) To the extent allowed under federal law or regulation, the
22 department shall give priority in the awarding of grants under housing programs to
23 grants for projects related to the redevelopment of brownfields, as defined in s.
24 ~~560.60 (1v)~~ 560.13 (1) (a).

25 **SECTION 9.** 560.135 (5) (a) of the statutes is amended to read:

1 560.135 (5) (a) The factors under s. 560.605 ~~(2) (a) to (e)~~ (1) (j) to (n).

2 **SECTION 10.** 560.135 (5) (b) of the statutes is amended to read:

3 560.135 (5) (b) Whether the project will be located in a targeted area, as
4 determined by the board after considering the factors under s. 560.605 ~~(2m) (a) to (h)~~
5 (2m) (a), (b), and (f) to (h).

6 **SECTION 11.** 560.14 (1) (ar) of the statutes is amended to read:

7 560.14 (1) (ar) "Brownfields" has the meaning given in s. ~~560.60 (1v)~~ 560.13 (1)
8 (a).

9 **SECTION 12.** 560.145 of the statutes is repealed.

10 **SECTION 13.** 560.147 of the statutes is repealed.

11 **SECTION 14.** 560.15 (2) (d) of the statutes is repealed.

12 **SECTION 15.** 560.16 of the statutes is repealed.

13 **SECTION 16.** 560.17 (1) (am) of the statutes is amended to read:

14 560.17 (1) (am) "Brownfields" has the meaning given in s. ~~560.60 (1v)~~ 560.13
15 (1) (a).

16 **SECTION 17.** 560.17 (1) (bm) of the statutes is amended to read:

17 560.17 (1) (bm) "Job" ~~has the meaning given in s. 560.60 (10)~~ means a position
18 providing full-time equivalent employment. "Job" does not include initial training
19 before an employment position begins.

20 **SECTION 18.** 560.175 of the statutes is repealed.

21 **SECTION 19.** 560.26 of the statutes is repealed.

22 **SECTION 20.** 560.60 (1m) of the statutes is repealed.

23 **SECTION 21.** 560.60 (1v) of the statutes is repealed.

24 **SECTION 22.** 560.60 (3) of the statutes is repealed.

25 **SECTION 23.** 560.60 (3m) of the statutes is created to read:

1 560.60 (3m) "Eligible activities" means any of the following:

2 (a) Capital financing.

3 (b) Worker training.

4 (c) Entrepreneurial development.

5 (d) Providing assistance to technology-based businesses or to businesses at a
6 foreign trade show or event.

7 (e) Promoting urban or regional economic development.

8 (f) Establishing revolving loan funds.

9 (g) Providing working capital.

10 (h) Promoting employee ownership through all of the following:

11 1. Conducting feasibility studies to investigate the reorganization or new
12 incorporation of existing businesses as employee-owned businesses.

13 2. Implementing feasibility studies under subd. 1.

14 **SECTION 24.** 560.60 (4) of the statutes is amended to read:

15 560.60 (4) "Eligible recipient" means a governing body or a person who is
16 eligible to receive a grant or loan under s. ~~560.62~~, a grant or loan under s. ~~560.63~~ or
17 a grant or loan under s. ~~560.65~~ 560.61.

18 **SECTION 25.** 560.60 (8) of the statutes is repealed.

19 **SECTION 26.** 560.60 (10) of the statutes is repealed.

20 **SECTION 27.** 560.60 (11) of the statutes is repealed.

21 **SECTION 28.** 560.60 (13) of the statutes is repealed.

22 **SECTION 29.** 560.60 (15) of the statutes is amended to read:

23 560.60 (15) "Small business" means a business ~~operating for profit~~, with ~~250~~
24 or fewer than 100 employees, including employees of any subsidiary or affiliated
25 organization.

1 **SECTION 30.** 560.60 (17) of the statutes is repealed.

2 **SECTION 31.** 560.60 (18m) of the statutes is repealed.

3 **SECTION 32.** 560.605 (1) (intro.) of the statutes is amended to read:

4 560.605 (1) (intro.) The Upon receipt of an application by an eligible recipient,
5 the board may consider any of the following in determining whether to award a grant
6 or loan under s. 560.61 upon the receipt and consideration of an application by an
7 eligible recipient for a project under ss. 560.62 to 560.66, if the board determines all
8 of the following:

9 **SECTION 33.** 560.605 (1) (a) of the statutes is amended to read:

10 560.605 (1) (a) The Whether the project serves a public purpose.

11 **SECTION 34.** 560.605 (1) (b) of the statutes is amended to read:

12 560.605 (1) (b) The Whether the project will retain or increase employment in
13 this state.

14 **SECTION 35.** 560.605 (1) (c) of the statutes is amended to read:

15 560.605 (1) (c) The Whether the project is not likely to might not occur without
16 the grant or loan.

17 **SECTION 36.** 560.605 (1) (d) of the statutes is amended to read:

18 560.605 (1) (d) Financing Whether financing is unavailable available from any
19 other another source on reasonably equivalent terms.

20 **SECTION 37.** 560.605 (1) (e) of the statutes is amended to read:

21 560.605 (1) (e) Except as provided in s. 560.68 (6), the eligible recipient
22 receiving the grant or loan will contribute, from The extent to which the project will
23 be financed with funds not provided by this state, not less than 25% of the cost of the
24 project.

25 **SECTION 38.** 560.605 (1) (f) of the statutes is repealed.

1 **SECTION 39.** 560.605 (1) (g) of the statutes is amended to read:

2 560.605 (1) (g) Funds Whether funds from the grant or loan under s. 560.62,
3 560.63, 560.65 or 560.66 will not be used to pay overhead costs, ~~except as provided~~
4 in s. 560.65 (1m) (b), or to replace funds from ~~any other~~ another source.

5 **SECTION 40.** 560.605 (1) (h) of the statutes is amended to read:

6 560.605 (1) (h) The Whether the project will not displace any workers in this
7 state.

8 **SECTION 41.** 560.605 (1) (i) of the statutes is repealed.

9 **SECTION 42.** 560.605 (1) (p) of the statutes is amended to read:

10 560.605 (1) (p) For an ethanol production facility on which construction begins
11 after July 27, 2005, whether a competitive bidding process is used for the
12 construction of the ethanol production facility.

13 **SECTION 43.** 560.605 (2) (intro.) of the statutes is repealed.

14 **SECTION 44.** 560.605 (2) (a) of the statutes is renumbered 560.605 (1) (j).

15 **SECTION 45.** 560.605 (2) (b) of the statutes is renumbered 560.605 (1) (k).

16 **SECTION 46.** 560.605 (2) (c) of the statutes is renumbered 560.605 (1) (L).

17 **SECTION 47.** 560.605 (2) (d) of the statutes is renumbered 560.605 (1) (m) and
18 amended to read:

19 560.605 (1) (m) The financial soundness of the ~~business~~ eligible recipient.

20 **SECTION 48.** 560.605 (2) (e) of the statutes is renumbered 560.605 (1) (n).

21 **SECTION 49.** 560.605 (2) (f) of the statutes is renumbered 560.605 (1) (o).

22 **SECTION 50.** 560.605 (2m) (intro.) of the statutes is amended to read:

23 560.605 (2m) (intro.) When considering whether a project under s. 560.62,
24 560.63 or 560.66 will be located in a targeted area, the board shall may consider all
25 any of the following:

1 SECTION 51. 560.605 (2m) (c) of the statutes is repealed.

2 SECTION 52. 560.605 (2m) (d) of the statutes is repealed.

3 SECTION 53. 560.605 (2m) (e) of the statutes is repealed.

4 SECTION 54. 560.605 (4) of the statutes is repealed.

5 SECTION 55. 560.605 (5) of the statutes is repealed.

6 SECTION 56. 560.605 (5m) of the statutes is repealed.

7 SECTION 57. 560.605 (6) of the statutes is repealed.

8 SECTION 58. 560.607 (1) of the statutes is amended to read:

9 560.607 (1) Evaluations of proposed technical research projects under s.
10 560.62.

11 SECTION 59. 560.61 (intro.) and (1) of the statutes are consolidated,
12 renumbered 560.61 and amended to read:

13 **560.61 Wisconsin development fund.** At the request of the board, the
14 department shall do all of the following: (1) ~~Make~~ may make a grant or loan to an
15 eligible recipient for a project that meets the criteria for funding under s. 560.605 (1)
16 and (2) ~~and~~ under s. 560.62, 560.63, 560.65 or 560.66, whichever is appropriate, from
17 the appropriations under s. 20.143 (1) (c) ~~and~~ ² (ie) for eligible activities.

18 SECTION 60. 560.61 (3) of the statutes is repealed.

19 SECTION 61. 560.62 of the statutes is repealed.

20 SECTION 62. 560.63 of the statutes is repealed.

21 SECTION 63. 560.65 of the statutes is repealed.

22 SECTION 64. 560.66 of the statutes is repealed.

23 SECTION 65. 560.68 (1m) of the statutes is created to read:

^ and (tm)
2

LRB-0304
and

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**** This is reconciled s. 560.61. This section has been affected by drafts with the following LRB #s: LRB-1440.

1 560.68 (1m) The department shall establish criteria for the award of grants
2 and loans under s. 560.61, including the types of projects that are eligible for funding
3 and the types of eligible projects that will receive priority.

4 **SECTION 66.** 560.68 (2m) of the statutes is created to read:

5 560.68 (2m) The department shall determine conditions applicable to a grant
6 or loan under s. 560.61.

7 **SECTION 67.** 560.68 (3) of the statutes is amended to read:

8 560.68 (3) The department may charge a grant or loan recipient an origination
9 fee of ~~up to~~ not more than 2% of the grant or loan amount if the grant or loan equals
10 or exceeds \$200,000 and is awarded under s. 560.63 or 560.66. The department shall
11 deposit all origination fees collected under this subsection in the appropriation
12 account under s. 20.143 (1) (gm).

13 **SECTION 68.** 560.68 (5) of the statutes is renumbered 560.68 (5) (intro.) and
14 amended to read:

15 560.68 (5) (intro.) The department, with the approval of the board, shall
16 develop procedures ~~to evaluate~~ related to grants and loans under s. 560.61 for all of
17 the following:

18 (b) Evaluating applications, monitor.

19 (c) Monitoring project performance and audit.

20 (d) Auditing the grants and loans awarded under this subchapter.

21 **SECTION 69.** 560.68 (5) (a) of the statutes is created to read:

22 560.68 (5) (a) Submitting applications for grants and loans.

23 **SECTION 70.** 560.68 (6) of the statutes is amended to read:

24 560.68 (6) ~~If appropriate, the~~ The board may shall require that more, as a
25 condition of a grant or loan, that a recipient contribute to a project an amount that

1 is not less than 25% of the cost of any project or category of projects be paid from funds
2 not provided by this state amount of the grant or loan.

3 **SECTION 71.** 560.68 (7) (a) of the statutes is amended to read:

4 560.68 (7) (a) Publish and disseminate information about the projects under
5 ~~ss. 560.62 to 560.66~~ that may be funded by a grant or loan under s. 560.61 and the
6 about procedures for applying for grants and loans under s. 560.61.

7 **SECTION 9308. Initial applicability; Commerce.**

8 (1) WISCONSIN DEVELOPMENT FUND RESTRUCTURING. The treatment of sections
9 20.143 (1) (c) and (ie), 84.185 (1) (ce) and (cm), 243.01 (4n) (a) 3m. e., 292.11 (7) (d)
10 1m. b., 292.255, 560.045 (1), 560.135 (5) (a) and (b), 560.14 (1) (ar), 560.145, 560.147,
11 560.15 (2) (d), 560.16, 560.17 (1) (am) and (bm), 560.175, 560.26, 560.60 (1m), (1v),
12 (3), (3m), (4), (8), (10), (11), (13), (15), (17), and (18m), 560.605 (1) (intro.), (a), (b), (c),
13 (d), (e), (f), (g), (h), (i), and (p), (2) (intro.), (a), (b), (c), (d), (e), and (f), (2m) (intro.), (c),
14 (d), and (e), (4), (5), (5m), and (6), 560.607 (1), 560.61 (intro.), (1), and (3), 560.62,
15 560.63, 560.65, 560.66, and 560.68 (1m), (2m), (3), (6), and (7) (a) of the statutes, the
16 renumbering and amendment of section 560.68 (5) of the statutes, and the creation
17 of section 560.68 (5) (a) of the statutes first apply to applications for grants and loans
18 received on the effective date of this subsection.

19 (END)

D-Note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0304/3dn
CTS:.....

Jenna Griffin and Andrew Miner:

This draft reconciles LRB-0304/2, LRB-1307/1, and LRB-1440/2. LRB-0304, LRB-1307, and LRB-1440 should continue to appear in the final bill.

compiled

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail:
christopher.sundberg@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

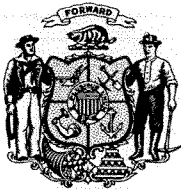
LRB-0304/3dn
CTS:kjf:nwn

January 30, 2007

Jenna Griffin and Andrew Miner:

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Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail:
christopher.sundberg@legis.wisconsin.gov



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0304/3
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DOA:.....Griffin, BB0032 - Streamlining the Wisconsin Development Fund
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Current law also authorizes the department, at the request of the Development Finance Board (board), to make grants and loans from the WDF under the technology development, customized labor training, major economic development, and technology and pollution control and abatement programs. Under the technology development program, the board may award a grant or loan to a business or consortium for technical research intended to result in the development of, the initial commercialization of, or the improvement of an industrial product or process. Under the customized labor training program, the board may award a grant or loan to a business for labor training. Under the major economic development program, the board may award a grant or loan to a major economic development project that is not eligible for technology development or customized labor training grants or loans. "Major economic development project" is defined as a project that is necessary to retain or create a significant number of jobs in a political subdivision, will lead to significant capital investment in the state, or will make a significant contribution to the state's economy. Under the technology and pollution control and abatement program, the board may award a grant or loan to a new or expanding business, a municipality or other public entity, or a nonprofit organization for research into, and development of, products and processes involving certain types of pollution or waste and the marketing of such products and processes.

Under current law, there are specific conditions and limitations that apply to the department's authority to make a grant or loan under the technology development, customized labor training, major economic development, and technology and pollution control and abatement programs. These programs are also subject to a set of conditions and limitations that apply to all four. These conditions and limitations permit the board to award a grant or loan only if it has made certain determinations and considered certain factors. The board must determine that the project serves a public purpose, that the project is not likely to occur without a WDF grant or loan, and that the recipient will contribute at least 25 percent of the cost of the project from funds not provided by the state. The board must consider, among other factors, the extent to which the project will retain or increase employment in this state, the extent to which the project will contribute to the economic growth of this state, the financial soundness of the business, and whether the project will be located in a targeted area. Currently, the board decides whether a project will be located in a targeted area based on a number of considerations including an area's employment rate and median household income.

This bill eliminates the technology development, customized labor training, major economic development, and technology and pollution control and abatement programs, as well as the programs for revolving loan fund capitalization, rapid response loans, employee ownership assistance, urban area early planning, and the Wisconsin Procurement Institute. The bill authorizes the department, at the request of the board, to make a grant or loan of WDF funds to an eligible recipient for eligible activities. The bill defines "eligible recipient" as a governing body or person who is eligible to receive a grant or loan. Under the bill, "eligible activities" means any of the following: capital financing; worker training; entrepreneurial development; providing assistance to technology-based businesses or to businesses at a foreign

trade show or event; promoting urban or regional economic development; establishing revolving loan funds; providing working capital; and promoting employee ownership through conducting studies to investigate the reorganization of existing businesses as employee-owned businesses and implementing such studies.

Under the bill, the board is required to consider a number of factors in deciding whether to award a WDF grant or loan, including whether the project serves a public purpose and whether the project might not occur without a WDF grant or loan. Under the bill, the board is not required to make any factual determinations in order to award a grant or loan. The bill eliminates certain factors from the board's consideration of whether a project will be located in a targeted area. The bill also eliminates priority requirements that currently apply to the technology development, customized labor training, and major economic development programs; the board is no longer required to: 1) give priority to grants or loans to recipients who use techniques that reduce or eliminate the use of ozone-depleting substances; 2) give more favorable terms on grants and loans awarded to projects that will be located in targeted areas; 3) give priority to grants or loans to recipients who will give hiring priority to recipients of aid to families with dependent children; or 4) give priority to grants and loans for projects related to brownfields redevelopment.

The bill requires the department to establish procedures and conditions for WDF grants and loans, including a matching requirement of at least 25 percent. The bill also changes the definition of "small business," for purposes of WDF grants for preparing the federal program proposals, to mean a business with fewer than 100 employees.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.143 (1) (c) of the statutes is amended to read:
2 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
3 *assistance.* Biennially, the amounts in the schedule for grants under ~~ss. 560.145,~~
4 ~~560.16, 560.175, and 560.26~~ ss. 560.24, subject to s. 560.24 (3), and 560.251; for
5 grants and loans under ~~ss. s. 560.275 (2), 560.62, 560.63, and 560.66;~~ for loans under
6 ~~s. 560.147~~ and subch. V of ch. 560; for reimbursements under s. 560.167; for providing
7 assistance under s. 560.06; for the costs specified in s. 560.607; for the loan under
8 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin Act 27,

SECTION 1

1 section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act 27,
2 section 9110 (6g), 1999 Wisconsin Act 9, section 9110 (5), and 2003 Wisconsin Act 33,
3 section 9109 (1d) and (2q); and for providing up to \$100,000 annually for the
4 continued development of a manufacturing and advanced technology training center
5 in Racine. Of the amounts in the schedule, \$50,000 shall be allocated in each of fiscal
6 years 1997-98 and 1998-99 for providing the assistance under s. 560.06 (1).
7 ~~Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000 shall be~~
8 ~~allocated in each of 4 consecutive fiscal years, beginning with fiscal year 1998-99,~~
9 ~~for grants and loans under s. 560.62 (1) (a).~~

***NOTE: This is reconciled s. 20.143 (1) (c). This section has been affected by drafts
with the following LRB #s: -0304 and -1307

10 **SECTION 2.** 20.143 (1) (ie) of the statutes is amended to read:

11 20.143 (1) (ie) *Wisconsin development fund, repayments.* All moneys received
12 in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., ~~s. ss. 560.126~~
13 ~~and 560.147, 2005 stats.,~~ s. 560.16, 1995 stats., s. 560.165, 1993 stats., ~~s. ss. 560.251~~
14 ~~and 560.275 (2), 2005 stats.,~~ s. 560.62, 2005 stats., s. 560.63, 2005 stats., s. 560.66,
15 ~~2005 stats.,~~ subch. V of ch. 560 ~~except s. 560.65,~~ ~~and~~ 1989 Wisconsin Act 336, section
16 3015 (1m), 1989 Wisconsin Act 336, section 3015 (2m), 1989 Wisconsin Act 336,
17 section 3015 (3gx), 1997 Wisconsin Act 27, section 9110 (7f), 1997 Wisconsin Act 310,
18 section 2 (2d), and 1999 Wisconsin Act 9, section 9110 (4), to be used for grants and
19 loans under ~~s. ss. 560.126 and 560.275 (2)~~ and subch. V of ch. 560 ~~except s. 560.65,~~
20 ~~for loans under s. 560.147, for grants under ss. 560.16 and 560.175~~ ~~s. 560.251,~~ for
21 assistance under s. 560.06 (2), for the loan under 1999 Wisconsin Act 9, section 9110
22 (4), for the grant under 2001 Wisconsin Act 16, section 9110 (7g), for the grants under

1 2003 Wisconsin Act 33, section 9109 (1d) and (2q), and for reimbursements under s.
2 560.167.

***NOTE: This is reconciled s. 20.143 (1) (ie). This section has been affected by
drafts with the following LRB #s: -0304, -1307, and -1440.

3 **SECTION 3.** 84.185 (1) (ce) of the statutes is amended to read:

4 84.185 (1) (ce) "Job" has the meaning specified in s. ~~560.60 (10)~~ 560.17 (1) (bm).

5 **SECTION 4.** 84.185 (1) (cm) of the statutes is amended to read:

6 84.185 (1) (cm) "Political subdivision" ~~has the meaning specified in s. 560.60~~
7 (13) means a county, city, town, or village.

8 **SECTION 5.** 234.01 (4n) (a) 3m. e. of the statutes is amended to read:

9 234.01 (4n) (a) 3m. e. The facility is located in a targeted area, as determined
10 by the authority after considering the factors set out in s. ~~560.605 (2m) (a) to (h)~~
11 560.605 (2m) (c), 2005 stats., s. 560.605 (2m) (d), 2005 stats., s. 560.605 (2m) (e), 2005
12 stats., and s. 560.605 (2m) (a), (b), and (f) to (h).

13 **SECTION 6.** 292.11 (7) (d) 1m. b. of the statutes is amended to read:

14 292.11 (7) (d) 1m. b. An area designated by the local governmental unit if the
15 area consists of 2 or more properties affected by a contiguous region of groundwater
16 contamination or contains 2 or more properties that are brownfields, as defined in
17 s. ~~560.60 (1v)~~ 560.13 (1) (a).

18 **SECTION 7.** 292.255 of the statutes is amended to read:

19 **292.255 Report on brownfield efforts.** The department of natural
20 resources, the department of administration, and the department of commerce shall
21 submit a report evaluating the effectiveness of this state's efforts to remedy the
22 contamination of, and to redevelop, brownfields, as defined in s. ~~560.60 (1v)~~ 560.13
23 (1) (a).

1 **SECTION 8.** 560.045 (1) of the statutes is amended to read:

2 560.045 (1) To the extent allowed under federal law or regulation, the
3 department shall give priority in the awarding of grants under housing programs to
4 grants for projects related to the redevelopment of brownfields, as defined in s.
5 ~~560.60 (1v)~~ 560.13 (1) (a).

6 **SECTION 9.** 560.135 (5) (a) of the statutes is amended to read:

7 560.135 (5) (a) The factors under s. 560.605 ~~(2) (a) to (e)~~ (1) (j) to (n).

8 **SECTION 10.** 560.135 (5) (b) of the statutes is amended to read:

9 560.135 (5) (b) Whether the project will be located in a targeted area, as
10 determined by the board after considering the factors under s. 560.605 ~~(2m) (a) to (h)~~
11 (2m) (a), (b), and (f) to (h).

12 **SECTION 11.** 560.14 (1) (ar) of the statutes is amended to read:

13 560.14 (1) (ar) "Brownfields" has the meaning given in s. ~~560.60 (1v)~~ 560.13 (1)
14 (a).

15 **SECTION 12.** 560.145 of the statutes is repealed.

16 **SECTION 13.** 560.147 of the statutes is repealed.

17 **SECTION 14.** 560.15 (2) (d) of the statutes is repealed.

18 **SECTION 15.** 560.16 of the statutes is repealed.

19 **SECTION 16.** 560.17 (1) (am) of the statutes is amended to read:

20 560.17 (1) (am) "Brownfields" has the meaning given in s. ~~560.60 (1v)~~ 560.13
21 (1) (a).

22 **SECTION 17.** 560.17 (1) (bm) of the statutes is amended to read:

23 560.17 (1) (bm) "Job" ~~has the meaning given in s. 560.60 (10)~~ means a position
24 providing full-time equivalent employment. "Job" does not include initial training
25 before an employment position begins.

1 **SECTION 18.** 560.175 of the statutes is repealed.

2 **SECTION 19.** 560.26 of the statutes is repealed.

3 **SECTION 20.** 560.60 (1m) of the statutes is repealed.

4 **SECTION 21.** 560.60 (1v) of the statutes is repealed.

5 **SECTION 22.** 560.60 (3) of the statutes is repealed.

6 **SECTION 23.** 560.60 (3m) of the statutes is created to read:

7 560.60 (3m) "Eligible activities" means any of the following:

8 (a) Capital financing.

9 (b) Worker training.

10 (c) Entrepreneurial development.

11 (d) Providing assistance to technology-based businesses or to businesses at a
12 foreign trade show or event.

13 (e) Promoting urban or regional economic development.

14 (f) Establishing revolving loan funds.

15 (g) Providing working capital.

16 (h) Promoting employee ownership through all of the following:

17 1. Conducting feasibility studies to investigate the reorganization or new
18 incorporation of existing businesses as employee-owned businesses.

19 2. Implementing feasibility studies under subd. 1.

20 **SECTION 24.** 560.60 (4) of the statutes is amended to read:

21 560.60 (4) "Eligible recipient" means a governing body or a person who is
22 eligible to receive a grant or loan under s. 560.62, ~~a grant or loan under s. 560.63 or~~
23 ~~a grant or loan under s. 560.65~~ 560.61.

24 **SECTION 25.** 560.60 (8) of the statutes is repealed.

25 **SECTION 26.** 560.60 (10) of the statutes is repealed.

1 **SECTION 27.** 560.60 (11) of the statutes is repealed.

2 **SECTION 28.** 560.60 (13) of the statutes is repealed.

3 **SECTION 29.** 560.60 (15) of the statutes is amended to read:

4 560.60 (15) "Small business" means a business operating for profit, with 250
5 or fewer than 100 employees, including employees of any subsidiary or affiliated
6 organization.

7 **SECTION 30.** 560.60 (17) of the statutes is repealed.

8 **SECTION 31.** 560.60 (18m) of the statutes is repealed.

9 **SECTION 32.** 560.605 (1) (intro.) of the statutes is amended to read:

10 560.605 (1) (intro.) The Upon receipt of an application by an eligible recipient,
11 the board may consider any of the following in determining whether to award a grant
12 or loan under s. 560.61 upon the receipt and consideration of an application by an
13 eligible recipient for a project under ss. 560.62 to 560.66, if the board determines all
14 of the following:

15 **SECTION 33.** 560.605 (1) (a) of the statutes is amended to read:

16 560.605 (1) (a) The Whether the project serves a public purpose.

17 **SECTION 34.** 560.605 (1) (b) of the statutes is amended to read:

18 560.605 (1) (b) The Whether the project will retain or increase employment in
19 this state.

20 **SECTION 35.** 560.605 (1) (c) of the statutes is amended to read:

21 560.605 (1) (c) The Whether the project is not likely to might not occur without
22 the grant or loan.

23 **SECTION 36.** 560.605 (1) (d) of the statutes is amended to read:

24 560.605 (1) (d) Financing Whether financing is unavailable available from any
25 other another source on reasonably equivalent terms.

1 **SECTION 37.** 560.605 (1) (e) of the statutes is amended to read:

2 560.605 (1) (e) ~~Except as provided in s. 560.68 (6), the eligible recipient~~
3 ~~receiving the grant or loan will contribute, from~~ The extent to which the project will
4 be financed with funds not provided by this state, not less than 25% of the cost of the
5 project.

6 **SECTION 38.** 560.605 (1) (f) of the statutes is repealed.

7 **SECTION 39.** 560.605 (1) (g) of the statutes is amended to read:

8 560.605 (1) (g) ~~Funds~~ Whether funds from the grant or loan under s. 560.62,
9 560.63, 560.65 or 560.66 will not be used to pay overhead costs, ~~except as provided~~
10 ~~in s. 560.65 (1m) (b), or to replace funds from any other~~ another source.

11 **SECTION 40.** 560.605 (1) (h) of the statutes is amended to read:

12 560.605 (1) (h) ~~The~~ Whether the project will not displace any workers in this
13 state.

14 **SECTION 41.** 560.605 (1) (i) of the statutes is repealed.

15 **SECTION 42.** 560.605 (1) (p) of the statutes is amended to read:

16 560.605 (1) (p) For an ethanol production facility on which construction begins
17 after July 27, 2005, whether a competitive bidding process is used for the
18 construction of the ethanol production facility.

19 **SECTION 43.** 560.605 (2) (intro.) of the statutes is repealed.

20 **SECTION 44.** 560.605 (2) (a) of the statutes is renumbered 560.605 (1) (j).

21 **SECTION 45.** 560.605 (2) (b) of the statutes is renumbered 560.605 (1) (k).

22 **SECTION 46.** 560.605 (2) (c) of the statutes is renumbered 560.605 (1) (L).

23 **SECTION 47.** 560.605 (2) (d) of the statutes is renumbered 560.605 (1) (m) and
24 amended to read:

25 560.605 (1) (m) The financial soundness of the ~~business~~ eligible recipient.

1 **SECTION 48.** 560.605 (2) (e) of the statutes is renumbered 560.605 (1) (n).

2 **SECTION 49.** 560.605 (2) (f) of the statutes is renumbered 560.605 (1) (o).

3 **SECTION 50.** 560.605 (2m) (intro.) of the statutes is amended to read:

4 560.605 (2m) (intro.) When considering whether a project under ~~s. 560.62,~~
5 ~~560.63 or 560.66~~ will be located in a targeted area, the board shall may consider all
6 any of the following:

7 **SECTION 51.** 560.605 (2m) (c) of the statutes is repealed.

8 **SECTION 52.** 560.605 (2m) (d) of the statutes is repealed.

9 **SECTION 53.** 560.605 (2m) (e) of the statutes is repealed.

10 **SECTION 54.** 560.605 (4) of the statutes is repealed.

11 **SECTION 55.** 560.605 (5) of the statutes is repealed.

12 **SECTION 56.** 560.605 (5m) of the statutes is repealed.

13 **SECTION 57.** 560.605 (6) of the statutes is repealed.

14 **SECTION 58.** 560.607 (1) of the statutes is amended to read:

15 560.607 (1) Evaluations of proposed technical research projects under ~~s.~~
16 ~~560.62.~~

17 **SECTION 59.** 560.61 (intro.) and (1) of the statutes are consolidated,
18 renumbered 560.61 and amended to read:

19 **560.61 Wisconsin development fund.** At the request of the board, the
20 department shall do all of the following: ~~(1) Make~~ may make a grant or loan to an
21 eligible recipient ~~for a project that meets the criteria for funding under s. 560.605 (1)~~
22 and ~~(2) and under s. 560.62, 560.63, 560.65 or 560.66, whichever is appropriate, from~~
23 the appropriations under s. 20.143 (1) (c) and, (ie), and (tm) for eligible activities.

****NOTE: This is reconciled s. 560.61. This section has been affected by drafts with
the following LRB #s: -0304 and -1440.

1 **SECTION 60.** 560.61 (3) of the statutes is repealed.

2 **SECTION 61.** 560.62 of the statutes is repealed.

3 **SECTION 62.** 560.63 of the statutes is repealed.

4 **SECTION 63.** 560.65 of the statutes is repealed.

5 **SECTION 64.** 560.66 of the statutes is repealed.

6 **SECTION 65.** 560.68 (1m) of the statutes is created to read:

7 560.68 (1m) The department shall establish criteria for the award of grants
8 and loans under s. 560.61, including the types of projects that are eligible for funding
9 and the types of eligible projects that will receive priority.

10 **SECTION 66.** 560.68 (2m) of the statutes is created to read:

11 560.68 (2m) The department shall determine conditions applicable to a grant
12 or loan under s. 560.61.

13 **SECTION 67.** 560.68 (3) of the statutes is amended to read:

14 560.68 (3) The department may charge a grant or loan recipient an origination
15 fee of up to not more than 2% of the grant or loan amount if the grant or loan equals
16 or exceeds \$200,000 and is awarded under s. 560.63 or 560.66. The department shall
17 deposit all origination fees collected under this subsection in the appropriation
18 account under s. 20.143 (1) (gm).

19 **SECTION 68.** 560.68 (5) of the statutes is renumbered 560.68 (5) (intro.) and
20 amended to read:

21 560.68 (5) (intro.) The department, with the approval of the board, shall
22 develop procedures ~~to evaluate~~ related to grants and loans under s. 560.61 for all of
23 the following:

24 (b) Evaluating applications, monitor,

25 (c) Monitoring project performance and audit,

1 ~~(d) Auditing the grants and loans awarded under this subchapter.~~

2 **SECTION 69.** 560.68 (5) (a) of the statutes is created to read:

3 560.68 (5) (a) Submitting applications for grants and loans.

4 **SECTION 70.** 560.68 (6) of the statutes is amended to read:

5 560.68 (6) ~~If appropriate, the~~ The board may shall require that more, as a
6 condition of a grant or loan, that a recipient contribute to a project an amount that
7 is not less than 25% of the cost of any project or category of projects be paid from funds
8 not provided by this state amount of the grant or loan.

9 **SECTION 71.** 560.68 (7) (a) of the statutes is amended to read:

10 560.68 (7) (a) Publish and disseminate information about ~~the projects under~~
11 ~~ss. 560.62 to 560.66~~ that may be funded by a grant or loan under s. 560.61 and the
12 about procedures for applying for grants and loans under s. 560.61.

13 **SECTION 9308. Initial applicability; Commerce.**

14 (1) WISCONSIN DEVELOPMENT FUND RESTRUCTURING. The treatment of sections
15 20.143 (1) (c) and (ie), 84.185 (1) (ce) and (cm), 243.01 (4n) (a) 3m. e., 292.11 (7) (d)
16 1m. b., 292.255, 560.045 (1), 560.135 (5) (a) and (b), 560.14 (1) (ar), 560.145, 560.147,
17 560.15 (2) (d), 560.16, 560.17 (1) (am) and (bm), 560.175, 560.26, 560.60 (1m), (1v),
18 (3), (3m), (4), (8), (10), (11), (13), (15), (17), and (18m), 560.605 (1) (intro.), (a), (b), (c),
19 (d), (e), (f), (g), (h), (i), and (p), (2) (intro.), (a), (b), (c), (d), (e), and (f), (2m) (intro.), (c),
20 (d), and (e), (4), (5), (5m), and (6), 560.607 (1), 560.61 (intro.), (1), and (3), 560.62,
21 560.63, 560.65, 560.66, and 560.68 (1m), (2m), (3), (6), and (7) (a) of the statutes, the
22 renumbering and amendment of section 560.68 (5) of the statutes, and the creation
23 of section 560.68 (5) (a) of the statutes first apply to applications for grants and loans
24 received on the effective date of this subsection.

25 (END)