

2017 DRAFTING REQUEST**Bill**

For: **Administration** Drafter: **mgallagh**
 By: **Waylon Hurlburt** Secondary Drafters:
 Date: **1/15/2018** May Contact:
 Same as LRB: **-5360**

Submit via email: **YES**
 Requester's email: **WaylonR.Hurlburt@wisconsin.gov**
 Carbon copy (CC) to: **Kirsten.Grinde@wisconsin.gov**
rick.champagne@legis.wisconsin.gov
cathlene.hanaman@legis.wisconsin.gov
Aaron.McKean@legis.wisconsin.gov
michael.gallagher@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Rural economic development

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mgallagh 1/16/2018	eweiss 1/16/2018			
/P1	mgallagh 1/18/2018	eweiss 1/18/2018	lparisi 1/16/2018		State
/P2	mgallagh 1/25/2018	eweiss 1/25/2018	mbarman 1/18/2018		State
/P3	mgallagh	eweiss	mbarman		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P4	mgallagh 1/26/2018	eweiss 1/26/2018	lparisi 1/25/2018		State
/P5	mgallagh 1/26/2018	eweiss 1/26/2018	dwalker 1/26/2018		State
/1			lparisi 1/26/2018	lparisi 1/26/2018	State

FE Sent For: 2

at
intro

<END>

2017 DRAFTING REQUEST

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Same as LRB:

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cathlene.hanaman@legis.wisconsin.gov
Aaron.McKean@legis.wisconsin.gov
michael.gallagher@legis.wisconsin.gov

*See jacketing
note on
next page!*

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No specific pre topic given

Topic:

Rural economic development

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/P2	mgallagh 1/25/2018	eweiss 1/25/2018	mbarman 1/18/2018		State
/P3	mgallagh	eweiss	mbarman		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	1/25/2018	1/25/2018	1/25/2018		
/P4	mgallagh 1/26/2018	eweiss 1/26/2018	lparisi 1/25/2018		State
/P5			dwalker 1/26/2018		State

FE Sent For:

<END>

Please Jacket
for Assembly

Gallagher, Michael

From: Cathlene Hanaman <cathleneh@gmail.com>
Sent: Monday, January 15, 2018 1:35 PM
To: Gallagher, Michael
Subject: Fwd: Bill Draft Request
Attachments: image001.png; ATT00001.htm; image002.gif; ATT00002.htm; Rural Economic Development Fund DRAFT.docx; ATT00003.htm

Sent from my iPhone

Begin forwarded message:

From: "Hurlburt, Waylon R - DOA" <WaylonR.Hurlburt@wisconsin.gov>
Date: January 15, 2018 at 1:29:54 PM CST
To: "Champagne, Rick A - LEGIS" <Rick.Champagne@legis.wisconsin.gov>, "Hanaman, Cathlene M - LEGIS" <Cathlene.Hanaman@legis.wisconsin.gov>
Cc: "Grinde, Kirsten - DOA" <Kirsten.Grinde@wisconsin.gov>
Subject: Bill Draft Request

Rick,

I have this bill draft request. This is not special session related. We are shooting to release this draft on the 23rd so would like to finalize something this week.

Thank you,

Rural Economic Development Fund

Objective

Make a 20-year, \$1 billion investment in economic development projects in rural counties across Wisconsin. The funds would primarily be used to stimulate private investment, improve productivity, and to fill open jobs in rural communities.

Eligibility

Projects would be eligible in counties of a population density less than 155 persons per square mile. This would include 56 counties ranging from Jefferson to Iron. Funds could be used for worker training to fill open positions, housing for workers, and to provide a match for private capital investment. Other projects may be eligible per Wisconsin Economic Development Corporation (WEDC) policies created for the program. WEDC could use these funds for any of its existing programs or any new program created by WEDC to assist rural counties.

Guidelines

The program would be operated by WEDC. WEDC would set the program guidelines other than the high-level parameters set in statutes. The high-level parameters are:

- Funds could only be used in counties of a population density less than 155 per square mile.
- Ineligible businesses and eligible training cost would mirror those for the Business Development Tax Credit with the exception of medical care facilities.
- There would be matching requirements for any state investment determined by WEDC.
- The “but for” test would be applied to any grants made.
- A return on investment calculation for the state would be required prior to a grant being approved.
- Recipients could not receive funds if they are receiving funds from the state for the same purpose from another program.

Funding

The fund would total \$1 billion over 20 years. A \$50 million annual GPR appropriation would be created at WEDC. WEDC could only spend up to the lesser of \$50 million or \$50 million deducted by the amount designated for rural counties in Community Development Block Grant funding as determined by the Department of Administration. WEDC could use these funds for any of its existing programs or any new program created by WEDC to assist rural counties. Unawarded and uncommitted funds would lapse to the general fund at the end of a fiscal year. The fund would sunset after 20 years.



emw

191

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SA ✓
XREC ✓
PUF ✓

Gen ✓

1 AN ACT ^{Gen ✓}; relating to: rural economic development grants and programs
2 administered by the Wisconsin Economic Development Corporation and
3 making an appropriation.

Analysis by the Legislative Reference Bureau

This bill authorizes the Wisconsin Economic Development Corporation to award grants totalling up to \$50,000,000 per fiscal year to certain businesses located in rural counties. Under the bill, a rural county is a county with a population density of less than 155 residents per square mile.

A business awarded a grant under the bill may use grant moneys for any of the following purposes if approved by WEDC:

1. To cover certain training costs of employees or prospective employees.
2. To cover costs the business incurs to provide housing accommodations for its employees.
3. To provide matching funds for a private capital investment in the business.
4. To fund any other economic activity authorized under policies and procedures adopted by WEDC. ✓

Prior to awarding a grant under the bill, WEDC must determine that the economic activity for which the grant is awarded would not occur without the grant and must establish a reasonable estimate of when the state will realize a full return on its investment. The bill also requires WEDC to establish matching requirements for the grants and prohibits WEDC from awarding a grant to a business for any purpose for which the business is already receiving financial assistance from the state.

In addition to authorizing grants to businesses located in rural counties, the bill authorizes WEDC to expend the moneys appropriated under the bill for any other economic development program WEDC administers if the expenditure assists economic development in a rural county. Also, the moneys appropriated under the bill are reduced in each fiscal year by the amount of a community development block grant in the same fiscal year that the secretary of administration determines is designated for rural counties.

Finally, the program under the bill sunsets after 20 years.

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.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

2017-18 2018-19

3 **20.192 Wisconsin Economic Development**
4 **Corporation**

5 (1) PROMOTION OF ECONOMIC DEVELOPMENT

6 (bm) Rural economic development GPR A -0- 50,000,000

7 **SECTION 2.** 20.192 (1) (b) of the statutes is created to read:

8 20.192 (1) (bm) *Rural economic development*. The amounts in the schedule for
9 the rural economic development grants and other programs under s. 238.18, less in
10 any fiscal year an amount equal to the amount of a community development block
11 grant in that fiscal year under s. 16.309 that the secretary of administration
12 determines is designated for rural counties, as defined in s. 238.18 (1) (b).

13 **SECTION 3.** 238.18 of the statutes is created to read:

14 **238.18 Rural economic development. (1) DEFINITIONS.** In this section:

CS

1 (a) "Eligible business" means a business in a rural county that the corporation
2 determines is or would be eligible for certification under s. 238.308 (2), unless the
3 business is a medical care facility.

****NOTE: Should the business be headquartered in the rural county or at least have
substantial operations in the rural county? Or do you want to leave it to WEDC to
determine whether or not a business is "in a rural county"?

4 (b) "Rural county" means a county with a population density of less than 155
5 residents per square mile.

6 (c) "Rural economic development grant" means a grant awarded under sub. (2).

7 (2) RURAL ECONOMIC DEVELOPMENT GRANTS. From the appropriation under s.
8 20.192 (1) (bm), the corporation may award grants totalling up to \$50,000,000 per
9 fiscal year to eligible businesses for the purposes specified under sub. (3).

10 (3) AUTHORIZED USES OF GRANT MONEYS. An eligible business may use rural
11 economic development grant moneys for any of the following purposes if approved
12 by the corporation:

13 (a) To cover training costs of employees or prospective employees the business
14 incurs to undertake activities to enhance general knowledge, employability, and
15 flexibility in the workplace; to develop skills unique to the business's workplace or
16 equipment; or to develop skills that will increase the quality of the business's
17 product.

18 (b) To cover costs the business incurs to provide housing accommodations for
19 its employees.

20 (c) To provide matching funds for a private capital investment in the business.

21 (d) To fund any other economic activity authorized under policies and
22 procedures adopted by the corporation.

****NOTE: Should (a), (b), and (d) be limited to employees employed in and economic
activities occurring in a rural county?

Gallagher, Michael

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 3:38 PM
To: Gallagher, Michael
Subject: RE: Draft review: LRB -5250/P1

Thank you. I agree with your comments and suggestion for the redraft. Thanks.

From: Gallagher, Mike - LEGIS [mailto:michael.gallagher@legis.wisconsin.gov]
Sent: Wednesday, January 17, 2018 3:25 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Got it.

Please see my additional comments in red in the text of your e-mail below. I think a couple of your concerns are covered by current law.

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 3:08 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

I'm sorry. We just want to eliminate the deduction of CDBG funds. So I guess you could delete everything after 238.18 on line 9.

Thanks,

Waylon

From: Gallagher, Mike - LEGIS [mailto:michael.gallagher@legis.wisconsin.gov]
Sent: Wednesday, January 17, 2018 2:45 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Waylon, I just have one couple of follow-up question. Section 2 on page 2 of the draft, which you want to delete, is the appropriation that funds the grants. Do you want to replace it with a different funding mechanism?

Thanks.

Mike

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 1:32 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Subject: FW: Draft review: LRB -5250/P1

Mike,

For your note on the top of page 3, let's add "with substantial operations" after "business" on line 1.

For your note on the bottom of page 3, the answer is yes.

For your note on page 4, it is intended to cover any state assistance, not authorities such as WEDC and WHEDA. It is not intended to cover local assistance. Can we make sure it covers assistance for these same purposes from any state agency, authority, or the federal government?

On page 2, delete section 2 altogether.

Can we add a that WEDC can recover the grants if the recipient provides false or misleading information, leaves the state to conduct similar business outside the state, or ceases operations or similar operations in the state within 12 months of receiving the grant. I think the first two issues are covered by ss. 238.03 (3) (b) and 238.12 (2), except that s238.12 (3) requires repayment of a grant if the recipient ceases the relevant economic activity within in this state and commences substantially the same activity outside the state *within 5 years after receiving the grant*. If you want to extend beyond the 5 years, I could include something in the redraft. Let me know. The 12-month penalty does not appear to be covered by current law, so I will include that in the redraft. MPG

Can we add in that WEDC must attempt to include in any grant agreement that any jobs created would be for the hiring of Wisconsin residents.

Can we add in that the recipient can be required by WEDC to repay the grant if the business fails to maintain employment levels or capital investment agreed upon as a condition of the grant. I think this is covered by s. 238.03 (3) (b): "...fails to comply with the terms of a contract entered into with the corporation...". MPG

Can we add a provision that "All state agencies and authorities shall cooperate with WEDC to plan and implement the expenditure of these funds to the extent determined by WEDC?"

Also, I think the bill does this with the catch all language at the end, but we wanted to make sure WEDC could use these funds for any of there existing programs, such as their loan programs for example, as long as it goes to a rural county. Is this true? If not, could we add this change. Yes, sub. (5) in the bill authorizes WEDC to use the appropriated funds for any economic development program it administers (currently or in the future), provided the expenditure assists economic development in rural counties. That would include loan programs, as well as other grant programs. MPG

Thank you,

Waylon

From: LRB.Legal [<mailto:lrblegal@legis.wisconsin.gov>]
Sent: Tuesday, January 16, 2018 2:09 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: Draft review: LRB -5250/P1

Following is the PDF version of draft LRB -5250/P1.



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

192

Insert

SA ✓
KAC ✓
PWP ✓

Regen

1 **AN ACT to create** 20.192 (1) (bm) and 238.18 of the statutes; **relating to:** rural
2 economic development grants and programs administered by the Wisconsin
3 Economic Development Corporation and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill authorizes the Wisconsin Economic Development Corporation to award grants totaling up to \$50,000,000 per fiscal year to certain businesses located in rural counties. Under the bill, a rural county is a county with a population density of less than 155 residents per square mile.

A business awarded a grant under the bill may use grant moneys for any of the following purposes if approved by WEDC:

1. To cover certain training costs of employees or prospective employees.
2. To cover costs the business incurs to provide housing accommodations for its employees.
3. To provide matching funds for a private capital investment in the business.
4. To fund any other economic activity authorized under policies and procedures adopted by WEDC.

Prior to awarding a grant under the bill, WEDC must determine that the economic activity for which the grant is awarded would not occur without the grant and must establish a reasonable estimate of when the state will realize a full return on its investment. The bill also requires WEDC to establish matching requirements for the grants and prohibits WEDC from awarding a grant to a business for any purpose for which the business is already receiving financial assistance from the state.

Insert A
or Federal government

In addition to authorizing grants to businesses located in rural counties, the bill authorizes WEDC to expend the moneys appropriated under the bill for any other economic development program WEDC administers if the expenditure assists economic development in a rural county. Also, the moneys appropriated under the bill are reduced in each fiscal year by the amount of a community development block grant in the same fiscal year that the secretary of administration determines is designated for rural counties.

Finally, the program under the bill sunsets after 20 years.

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1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
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3 **20.192 Wisconsin Economic Development**
4 **Corporation**

5 (1) PROMOTION OF ECONOMIC DEVELOPMENT

6 (bm) Rural economic development GPR A -0- 50,000,000

7 **SECTION 2.** 20.192 (1) (bm) of the statutes is created to read:

8 20.192 (1) (bm) *Rural economic development.* The amounts in the schedule for

9 the rural economic development grants and other programs under s. 238.18, less in
10 any fiscal year an amount equal to the amount of a community development block
11 grant in that fiscal year under s. 16.309 that the secretary of administration
12 determines is designated for rural counties, as defined in s. 238.18 (1) (b).

13 **SECTION 3.** 238.18 of the statutes is created to read:

14 **238.18 Rural economic development.** (1) DEFINITIONS. In this section:

With substantial operations

1 (a) "Eligible business" means a business in a rural county that the corporation
2 determines is or would be eligible for certification under s. 238.308 (2), unless the
3 business is a medical care facility.

****NOTE: Should the business be headquartered in the rural county or at least have substantial operations in the rural county? Or do you want to leave it to WEDC to determine whether or not a business is "in a rural county"?

4 (b) "Rural county" means a county with a population density of less than 155
5 residents per square mile.

6 (c) "Rural economic development grant" means a grant awarded under sub. (2).

7 (2) RURAL ECONOMIC DEVELOPMENT GRANTS. From the appropriation under s.
8 20.192 (1) (bm), the corporation may award grants totalling up to \$50,000,000 per
9 fiscal year to eligible businesses for the purposes specified under sub. (3).

10 (3) AUTHORIZED USES OF GRANT MONEYS. An eligible business may use rural
11 economic development grant moneys for any of the following purposes if approved
12 by the corporation:

employed in a rural economic development county that

13 (a) To cover training costs of employees or prospective employees, the business
14 incurs to undertake activities to enhance general knowledge, employability, and
15 flexibility in the workplace; to develop skills unique to the business's workplace or
16 equipment; or to develop skills that will increase the quality of the business's
17 product.

18 (b) To cover costs the business incurs to provide housing accommodations for
19 its employees.

employed in a rural economic development county

20 (c) To provide matching funds for a private capital investment in the business.

21 (d) To fund any other economic activity authorized under policies and
22 procedures adopted by the corporation.

in a rural economic development county

****NOTE: Should (a), (b), and (d) be limited to employees employed in and economic activities occurring in a rural county?

1 (4) ADDITIONAL GRANT REQUIREMENTS. (a) The corporation may not award a
2 rural economic development grant unless the corporation determines that the
3 economic activity for which the grant is awarded would not occur but for the grant.

4 (b) Prior to awarding a rural economic development grant, the corporation shall
5 establish a reasonable estimate of the length of time it will take before the state
6 realizes a full return on the state's investment represented by the grant.

7 (c) The corporation shall adopt policies and procedures establishing matching
8 requirements for all rural economic development grants.

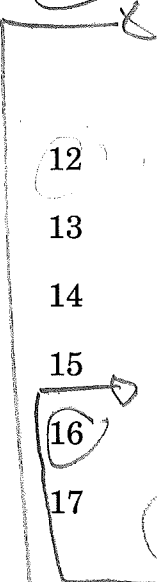
9 (d) The corporation may not award a rural economic development grant to a
10 business for any purpose under sub. (3) for which the business is already receiving
11 financial assistance from the state *a state agency, as defined in s. 16.310(1),
or the federal government*

***NOTE: Is this limitation intended to cover assistance received from state authorities, specifically WEDC and WHEDA? Also, is it intended to cover assistance received from local governments?

12 (5) OTHER RURAL ECONOMIC DEVELOPMENT. The corporation may expend moneys
13 from the appropriation under s. 20.192 (1) (bm) for any other economic development
14 program the corporation administers if that expenditure assists economic
15 development in a rural county.

16 (6) SUNSET. This section does not apply after June 30, 2038.

17 (END)



Insert 4-11

Insert 4-15

**2017-2018 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-5250/P2ins
MPG:emw

INSERT A

[No ¶] Additionally, under the bill, WEDC must attempt to include in an agreement between the corporation and a business receiving a grant under the bill a requirement that the business hire Wisconsin residents to fill employment positions created as a result of the grant.

END INSERT A

INSERT 4-11

1 (e) The corporation shall attempt to include in any agreement concerning grant
2 expenditures between the corporation and a business receiving a rural economic
3 development grant a requirement that the business hire residents of this state to fill
4 employment positions created as a result of the grant.

5 (f) The corporation's agreement under s. 238.12 (2) with a business receiving
6 a rural economic development grant shall include a requirement that the business
7 repay the grant if, within 12 months after receiving the grant, the business ceases
8 operations in this state and does not renew operation of the business or a similar
9 business in this state.

END INSERT 4-11

INSERT 4-15

10 **(6) COOPERATION OF STATE AGENCIES AND AUTHORITIES.** All other authorities and
11 all state agencies shall, to the extent needed, as determined by the corporation,
12 cooperate with the corporation concerning the corporation's planning and
13 implementation of its expenditures of moneys from the appropriation under s. 20.192
14 (1) (bm).

END INSERT 4-15

Gallagher, Michael

From: Young, Amy - WEDC <amy.young@wedc.org>
Sent: Wednesday, January 24, 2018 4:31 PM
To: Hurlburt, Waylon R - DOA
Cc: Hogan, Mark; Braun, Tricia
Subject: Rural Economic Development Fund

Hi Waylon –

Below are our suggested changes to the bill draft as we discussed. Please let me know if you have any questions.

Best,

Amy

- Economic impact:
 - Replacement language for /P2 4(b) – *“WEDC will take into consideration the economic impact of the project prior to awarding a rural economic development grant.”*
(There are not tools currently available to predict a direct ROI timeline for all potential types of projects under this initiative. This language would align with our underwriting criteria for existing WEDC programs.)
- Matching requirement:
 - Eliminate /P2 4(c) or replace with *“WEDC will take into consideration the leveraged investment of the project prior to awarding a rural economic development grant.”*
(This would provide WEDC with the flexibility to determine if and when match is required. While nearly all relevant WEDC programs expect to leverage additional dollars, not all may require specific match.)
- Double-dipping prevention:
 - Replacement language to clarify /P2 4(d) – *“Rural economic development grant funds may not be used for costs for which the recipient of the grant is receiving other state funding.”*
(This language clarifies that we would not use these funds for the same project costs/specific activities being funded by any other state programs, but would not preclude state dollars from going into another aspect or phase of a project.)
- Full time job wage requirements/Wisconsin commitment:
 - Eliminate /P2 4(e) and replace with - *“Full-time job” means a regular, nonseasonal full-time position that meets the following criteria:*
 1. *The annual pay for the position is more than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage.*
 2. *An individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.*
 3. *The individual’s payroll is apportioned to this state, as determined under s. 71.25(8).”*
(This definition makes consistent with all other WEDC job-related programs. It does not allow WEDC to make grants for jobs paying under 150% of minimum wage. Clause 3 of the Full-time job definition would eliminate the need for /P2 4(e) because individuals with payroll apportioned outside the state would not count as a Full-Time Job.)

Amy Young
Sr Director, Office of Public Policy
Wisconsin Economic Development Corporation
201 W Washington Ave
Madison, WI 53703

Ph: 608.210.6711
608.235.0553 cell



Website: <http://inwisconsin.com>
Newsletters: <http://inwisconsin.com/subscribe/>



Gallagher, Michael

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 24, 2018 4:43 PM
To: Gallagher, Michael
Subject: RE: Draft review: LRB -5250/P1
Attachments: Rural Economic Development Fund

Mike,

Direction has changed a bit.

The bill should be changed to delete the definition of "eligible business" starting on page 2, line 12. WEDC would define eligible businesses. We wouldn't exclude any in the bill.

In regards to the "authorized uses of grant moneys" this should be deleted and replaced with WEDC having the authority to use these funds for any of its "existing" programs. They could use the money on new programs or transfer funds to other state agencies to use the funds through those agency programs however, WEDC would only be able to use the funds through a new program or transfer to another agency if they submit a plan to JFC for passive review.

We would also want to make sure the funds are flexible enough to go to county economic development organizations and chambers of commerce. I assume this could be done as long as it is a current WEDC program or a proposed program approved by JFC?

We want to ensure if the grant or grants go to create jobs that are at a minimum of 150% of the FPL similar to other WEDC programs. I don't know if this is needed, but wanted to make sure it is covered. See "[Full-Time Job](#)". See the comments attached from WEDC.

The "matching" requirement (page 4, line 1) would only apply to the "new" programs created by WEDC. We don't want to have WEDC creating matching requirements in their current programs where their currently is no matching requirements. See the comments attached from WEDC for more details.

On page 4, line 3 this should be loosened to allow grants to be combined as long as the same activity is not being funded by multiple state programs. For example, we want to allow a project that is adding a manufacturing line to get a capital investment tax credit and also a training grant to train workers that work on the line. What we don't want is the business to get a grant from WEDC for training and a training grant from DWD for the same workers being trained. Maybe add "specific purpose or activity" instead of "purpose" on line 4, page 4 and adding "for this specific purpose or activity" after "assistance" on line 5? See the attached for WEDC's other suggestion. I defer to them first as the option to go with if you feel that works better than my suggestion.

The return on investment language should be changed. See the comments from WEDC attached.

I'm hoping to wrap up this draft this week.

Thanks for all your help.

Waylon

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 3:38 PM

To: 'Gallagher, Mike - LEGIS' <michael.gallagher@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Thank you. I agree with your comments and suggestion for the redraft. Thanks.

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Sent: Wednesday, January 17, 2018 3:25 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

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Please see my additional comments in red in the text of your e-mail below. I think a couple of your concerns are covered by current law.

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 3:08 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

I'm sorry. We just want to eliminate the deduction of CDBG funds. So I guess you could delete everything after 238.18 on line 9.

Thanks,

Waylon

From: Gallagher, Mike - LEGIS [mailto:michael.gallagher@legis.wisconsin.gov]
Sent: Wednesday, January 17, 2018 2:45 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Waylon, I just have one couple of follow-up question. Section 2 on page 2 of the draft, which you want to delete, is the appropriation that funds the grants. Do you want to replace it with a different funding mechanism?

Thanks.

Mike

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 1:32 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Subject: FW: Draft review: LRB -5250/P1

Mike,

For your note on the top of page 3, let's add "with substantial operations" after "business" on line 1.

For your note on the bottom of page 3, the answer is yes.

For your note on page 4, it is intended to cover any state assistance, not authorities such as WEDC and WHEDA. It is not intended to cover local assistance. Can we make sure it covers assistance for these same purposes from any state agency, authority, or the federal government?

On page 2, delete section 2 altogether.

Can we add a that WEDC can recover the grants if the recipient provides false or misleading information, leaves the state to conduct similar business outside the state, or ceases operations or similar operations in the state within 12 months of receiving the grant. I think the first two issues are covered by ss. 238.03 (3) (b) and 238.12 (2), except that s238.12 (3) requires repayment of a grant if the recipient ceases the relevant economic activity within in this state and commences substantially the same activity outside the state *within 5 years after receiving the grant*. If you want to extend beyond the 5 years, I could include something in the redraft. Let me know. The 12-month penalty does not appear to be covered by current law, so I will include that in the redraft. MPG

Can we add in that WEDC must attempt to include in any grant agreement that any jobs created would be for the hiring of Wisconsin residents.

Can we add in that the recipient can be required by WEDC to repay the grant if the business fails to maintain employment levels or capital investment agreed upon as a condition of the grant. I think this is covered by s. 238.03 (3) (b): "...fails to comply with the terms of a contract entered into with the corporation...". MPG

Can we add a provision that "All state agencies and authorities shall cooperate with WEDC to plan and implement the expenditure of these funds to the extent determined by WEDC?"

Also, I think the bill does this with the catch all language at the end, but we wanted to make sure WEDC could use these funds for any of there existing programs, such as their loan programs for example, as long as it goes to a rural county. Is this true? If not, could we add this change. Yes, sub. (5) in the bill authorizes WEDC to use the appropriated funds for any economic development program it administers (currently or in the future), provided the expenditure assists economic development in rural counties. That would include loan programs, as well as other grant programs. MPG

Thank you,

Waylon

From: LRB.Legal [<mailto:lrblegal@legis.wisconsin.gov>]
Sent: Tuesday, January 16, 2018 2:09 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: Draft review: LRB -5250/P1

Following is the PDF version of draft LRB -5250/P1.

Gallagher, Michael

From: Hurlburt, Waylon R - DOA
Sent: Thursday, January 25, 2018 8:26 AM
To: Gallagher, Michael
Subject: RE: Draft review: LRB -5250/P1

See comments below your questions.

From: Gallagher, Mike - LEGIS [mailto:michael.gallagher@legis.wisconsin.gov]
Sent: Thursday, January 25, 2018 8:13 AM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Waylon, a couple of questions.

1. With respect to the "authorized uses" language on page 3, lines 7-19 of the /P2, that language goes to the authorized uses of grant moneys by a business receiving a grant. Is the intent to eliminate the rural economic development grants and authorize WEDC only to either use moneys from the appropriation for its existing programs (if assisting rural economic development) or for new programs if approved by JFC?

The intent is to allow WEDC to use these funds through there existing programs if they assist rural economic development and for new programs if the new programs are created by WEDC and approved by JFC under passive review. As a part of the JFC review, WEDC would also be able to propose transferring/granting the money to other state agencies to be used in rural counties. Example being, transferring funds to PSC for broadband grants or DWD for worker training.

2. Similarly, regarding the matching requirement on page 4, lines 1-2, that requirement applies only to rural economic development grants. It does not apply to WEDC's use of appropriation amounts for its other programs. If the intent is to eliminate the rural economic development grants, then it looks like you want to apply the matching requirement to WEDC's use of the appropriated moneys for new programs as approved by JFC. Is that right?

This is correct. Yes.

Thanks.

Mike

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 24, 2018 4:43 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Mike,

Direction has changed a bit.

The bill should be changed to delete the definition of "eligible business" starting on page 2, line 12. WEDC would define eligible businesses. We wouldn't exclude any in the bill.

In regards to the "authorized uses of grant moneys" this should be deleted and replaced with WEDC having the authority to use these funds for any of its "existing" programs. They could use the money on new programs or transfer funds to other state agencies to use the funds through those agency programs however, WEDC would only be able to use the funds through a new program or transfer to another agency if they submit a plan to JFC for passive review.

We would also want to make sure the funds are flexible enough to go to county economic development organizations and chambers of commerce. I assume this could be done as long as it is a current WEDC program or a proposed program approved by JFC?

We want to ensure if the grant or grants go to create jobs that are at a minimum of 150% of the FPL similar to other WEDC programs. I don't know if this is needed, but wanted to make sure it is covered. See "Full-Time Job". See the comments attached from WEDC.

The "matching" requirement (page 4, line 1) would only apply to the "new" programs created by WEDC. We don't want to have WEDC creating matching requirements in their current programs where their currently is no matching requirements. See the comments attached from WEDC for more details.

On page 4, line 3 this should be loosened to allow grants to be combined as long as the same activity is not being funded by multiple state programs. For example, we want to allow a project that is adding a manufacturing line to get a capital investment tax credit and also a training grant to train workers that work on the line. What we don't want is the business to get a grant from WEDC for training and a training grant from DWD for the same workers being trained. Maybe add "specific purpose or activity" instead of "purpose" on line 4, page 4 and adding "for this specific purpose or activity" after "assistance" on line 5? See the attached for WEDC's other suggestion. I defer to them first as the option to go with if you feel that works better than my suggestion.

The return on investment language should be changed. See the comments from WEDC attached.

I'm hoping to wrap up this draft this week.

Thanks for all your help.

Waylon

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 3:38 PM
To: 'Gallagher, Mike - LEGIS' <michael.gallagher@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Thank you. I agree with your comments and suggestion for the redraft. Thanks.

From: Gallagher, Mike - LEGIS [<mailto:michael.gallagher@legis.wisconsin.gov>]
Sent: Wednesday, January 17, 2018 3:25 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

Got it.

Please see my additional comments in red in the text of your e-mail below. I think a couple of your concerns are covered by current law.

From: Hurlburt, Waylon R - DOA
Sent: Wednesday, January 17, 2018 3:08 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

I'm sorry. We just want to eliminate the deduction of CDBG funds. So I guess you could delete everything after 238.18 on line 9.

Thanks,

Waylon

From: Gallagher, Mike - LEGIS [<mailto:michael.gallagher@legis.wisconsin.gov>]
Sent: Wednesday, January 17, 2018 2:45 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: RE: Draft review: LRB -5250/P1

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Thanks.

Mike

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Sent: Wednesday, January 17, 2018 1:32 PM
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Subject: FW: Draft review: LRB -5250/P1

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On page 2, delete section 2 altogether.

Can we add a that WEDC can recover the grants if the recipient provides false or misleading information, leaves the state to conduct similar business outside the state, or ceases operations or similar operations in the state within 12 months of receiving the grant. I think the first two issues are covered by ss. 238.03 (3) (b) and 238.12 (2), except that s238.12 (3) requires repayment of a grant if the recipient ceases the relevant economic activity within in this state and commences substantially the same activity outside the state *within 5 years after receiving the grant*. If you want to extend beyond the 5 years, I could include something in the redraft. Let me know. The 12-month penalty does not appear to be covered by current law, so I will include that in the redraft. MPG

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Also, I think the bill does this with the catch all language at the end, but we wanted to make sure WEDC could use these funds for any of there existing programs, such as their loan programs for example, as long as it goes to a rural county. Is this true? If not, could we add this change. Yes, sub. (5) in the bill authorizes WEDC to use the appropriated funds for any economic development program it administers (currently or in the future), provided the expenditure assists economic development in rural counties. That would include loan programs, as well as other grant programs. MPG

Thank you,

Waylon

From: LRB.Legal [mailto:lrblegal@legis.wisconsin.gov]
Sent: Tuesday, January 16, 2018 2:09 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: Draft review: LRB -5250/P1

Following is the PDF version of draft LRB -5250/P1.



1/25 Today by 1 PM, if possible. Thanks!

State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5250/P2
MPG:emw

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Insert

1/23

grants to other authorities and state agencies for purposes of rural economic development

- 1 AN ACT to create 20.192 (1) (bm) and 238.18 of the statutes; relating to:
- 2 economic development grants and programs administered by the Wisconsin
- 3 Economic Development Corporation and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill authorizes the Wisconsin Economic Development Corporation to award grants totaling up to \$50,000,000 per fiscal year to certain businesses located in rural counties. Under the bill, a rural county is a county with a population density of less than 155 residents per square mile.

A business awarded a grant under the bill may use grant moneys for any of the following purposes if approved by WEDC:

1. To cover certain training costs of employees or prospective employees.
2. To cover costs the business incurs to provide housing accommodations for its employees.
3. To provide matching funds for a private capital investment in the business.
4. To fund any other economic activity authorized under policies and procedures adopted by WEDC.

Prior to awarding a grant under the bill, WEDC must determine that the economic activity for which the grant is awarded would not occur without the grant and must establish a reasonable estimate of when the state will realize a full return on its investment. The bill also requires WEDC to establish matching requirements for the grants and prohibits WEDC from awarding a grant to a business for any purpose for which the business is already receiving financial assistance from the state or federal government. Additionally, under the bill, WEDC must attempt to

Insert A

include in an agreement between the corporation and a business receiving a grant under the bill a requirement that the business hire Wisconsin residents to fill employment positions created as a result of the grant.

In addition to authorizing grants to businesses located in rural counties, the bill authorizes WEDC to expend the moneys appropriated under the bill for any other economic development program WEDC administers if the expenditure assists economic development in a rural county.

Finally, the program under the bill sunsets after 20 years.

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. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

2017-18 2018-19

3 20.192 Wisconsin Economic Development

4 Corporation

5 (1) PROMOTION OF ECONOMIC DEVELOPMENT

6 (bm) Rural economic development GPR A -0- 50,000,000

7 SECTION 2. 20.192 (1) (bm) of the statutes is created to read:

8 20.192 (1) (bm) *Rural economic development*. The amounts in the schedule for
9 the rural economic development grants and other programs under s. 238.18.

10 SECTION 3. 238.18 of the statutes is created to read:

11 238.18 Rural economic development. (1) DEFINITIONS. In this section

12 (a) "Eligible business" means a business with substantial operations in a rural
13 county that the corporation determines is or would be eligible for certification under
14 s. 238.308 (2), unless the business is a medical care facility.

State
and grants to authorities and agencies

13

NOY

1 (b) "Rural county" means a county with a population density of less than 155
2 residents per square mile.

3 (c) "Rural economic development grant" means a grant awarded under sub. (2).

4 (2) RURAL ECONOMIC DEVELOPMENT GRANTS. From the appropriation under s.
5 20.192 (1) (bm), the corporation may award grants totalling up to \$50,000,000 per
6 fiscal year to eligible businesses for the purposes specified under sub. (3).

7 (3) AUTHORIZED USES OF GRANT MONEYS. An eligible business may use rural
8 economic development grant moneys for any of the following purposes if approved
9 by the corporation:

10 (a) To cover training costs of employees employed in a rural county or of
11 prospective employees, that the business incurs to undertake activities to enhance
12 general knowledge, employability, and flexibility in the workplace; to develop skills
13 unique to the business's workplace or equipment; or to develop skills that will
14 increase the quality of the business's product.

15 (b) To cover costs the business incurs to provide housing accommodations for
16 its employees employed in a rural county.

17 (c) To provide matching funds for a private capital investment in the business.

18 (d) To fund any other economic activity in a rural county authorized under
19 policies and procedures adopted by the corporation.

20 (4) ADDITIONAL GRANT REQUIREMENTS. (a) The corporation may not award a
21 rural economic development grant unless the corporation determines that the
22 economic activity for which the grant is awarded would not occur but for the grant.

23 (b) Prior to awarding a rural economic development grant, the corporation shall
24 establish a reasonable estimate of the length of time it will take before the state
25 realizes a full return on the state's investment represented by the grant.

1 (c) The corporation shall adopt policies and procedures establishing matching
2 requirements for all rural economic development grants.

3 (d) The corporation may not award a rural economic development grant to a
4 business for any purpose under sub. (3) for which the business is already receiving
5 financial assistance from a state agency, as defined in s. 16.310 (1), or the federal
6 government.

7 (e) The corporation shall attempt to include in any agreement concerning grant
8 expenditures between the corporation and a business receiving a rural economic
9 development grant a requirement that the business hire residents of this state to fill
10 employment positions created as a result of the grant.

11 (f) The corporation's agreement under s. 238.12 (2) with a business receiving
12 a rural economic development grant shall include a requirement that the business
13 repay the grant if, within 12 months after receiving the grant, the business ceases
14 operations in this state and does not renew operation of the business or a similar
15 business in this state.

Programs benefiting rural counties

16 2 (5) OTHER RURAL ECONOMIC DEVELOPMENT The corporation may expend moneys
17 from the appropriation under s. 20.192 (1) (bm) for any other economic development
18 program the corporation administers if that expenditure assists economic
19 development in a rural county.

20 3 (6) COOPERATION OF STATE AGENCIES AND AUTHORITIES. All other authorities and
21 all state agencies shall, to the extend needed, as determined by the corporation,
22 cooperate with the corporation concerning the corporation's planning and
23 implementation of its expenditures of moneys from the appropriation under s. 20.192

24 (1) (bm)

under sub. (2)

CS

61-4 + 19

the corporation may do the following

1

2

(7) SUNSET. This section does not apply after June 30, 2038.

(END)

4

2017-2018 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-5250/P3ins
MPG:emw

INSERT A

This bill appropriates \$50,000,000 annually to the Wisconsin Economic Development Corporation for the following purposes:

* 1. The expenditure of moneys for any economic development program WEDC is administering as of the date on which ~~this~~^{the} bill becomes law if the expenditure assists economic development in a rural county.

2. Subject to passive review by the Joint Committee on Finance, the expenditure of moneys for any economic development program WEDC begins administering after the date on which ~~this~~^{the} bill becomes law if the expenditure assists economic development in a rural county. The bill requires WEDC to adopt policies and procedures establishing, to the extent feasible, matching requirements for any such expenditure.

3. Subject to passive review by JCF, awarding grants to other authorities and state agencies if WEDC determines that an authority's or state agency's expenditure of the grant moneys will assist economic development in a rural county.

END INSERT A

INSERT 4-19

1 (a) Expend moneys for any economic development program the corporation is
2 administering on the effective date of this paragraph ... [LRB inserts date] if that
3 expenditure assists economic development in a rural county.

4 (b) Expend moneys for any economic development program the corporation
5 begins administering after the effective date of this paragraph ... [LRB inserts date]
6 if that expenditure assists economic development in a rural county, subject to all of
7 the following:

8 1. Before the corporation makes an expenditure under this paragraph, the
9 corporation shall notify the joint committee on finance in writing of the corporation's
10 intention to make the expenditure. The notice shall state the specific amounts the
11 corporation proposes to expend and the purposes for which the corporation proposes
12 to expend those amounts.

13 2. If, within 14 working days after the date of the corporation's notice under
14 subd. 1., the cochairpersons of the ^{joint} ~~committee~~^{on finance} do not notify the corporation that the

1 committee has scheduled a meeting to review the corporation's proposal, the
 2 corporation may make the expenditure as proposed in the corporation's notice. If,
 3 within 14 working days after the date of the corporation's notice under subd. 1., the
 4 cochairpersons of the committee notify the corporation that the committee has
 5 scheduled a meeting to review the corporation's proposal, the corporation may make
 6 the proposed expenditure only upon approval of the committee.

7 3. The corporation shall adopt policies and procedures establishing, to the
 8 extent feasible, matching requirements for the corporation's expenditures under this
 9 paragraph.

10 (c) Award a grant to another authority or to a state agency if the corporation
 11 determines the authority's or state agency's expenditure of the grant moneys will
 12 assist economic development in a rural county, subject to all of the following:

13 1. Before the corporation makes a grant under this paragraph, the corporation
 14 shall notify the joint committee on finance in writing of the corporation's intention
 15 to make the grant. The notice shall state the specific amounts the corporation
 16 proposes to grant and the purposes for which the corporation proposes to grant those
 17 amounts.

18 2. If, within 14 working days after the date of the corporation's notice under
 19 subd. 1., the cochairpersons of the ^{joint} committee ^{on Finance} do not notify the corporation that the
 20 committee has scheduled a meeting to review the corporation's proposal, the
 21 corporation may make the grant as proposed in the corporation's notice. If, within
 22 14 working days after the date of the corporation's notice under subd. 1., the
 23 cochairpersons of the committee notify the corporation that the committee has

- 1 scheduled a meeting to review the corporation's proposal, the corporation may make
- 2 the proposed grant only upon approval of the committee.

END INSERT 4-19



1/25 Today 12:05!
State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5250/23
MPG:emw

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Insert

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1 AN ACT to create 20.192 (1) (bm) and 238.18 of the statutes; relating to: rural
2 economic development programs administered by the Wisconsin Economic
3 Development Corporation, grants to other authorities and state agencies for
4 purposes of rural economic development, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill appropriates \$50,000,000 annually to the Wisconsin Economic Development Corporation for the following purposes:

1. The expenditure of moneys for any economic development program WEDC is administering as of the date on which the bill becomes law if the expenditure assists economic development in a rural county.
2. Subject to passive review by the Joint Committee on Finance, the expenditure of moneys for any economic development program WEDC begins administering after the date on which the bill becomes law if the expenditure assists economic development in a rural county. The bill requires WEDC to adopt policies and procedures establishing, to the extent feasible, matching requirements for any such expenditure.
3. Subject to passive review by JCF, awarding grants to other authorities and state agencies if WEDC determines that an authority's or state agency's expenditure of the grant moneys will assist economic development in a rural county.

The program under the bill sunsets after 20 years.

Insert A

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.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

2017-18 2018-19

3 **20.192 Wisconsin Economic Development**

4 **Corporation**

5 (1) PROMOTION OF ECONOMIC DEVELOPMENT

6 (bm) Rural economic development GPR A -0- 50,000,000

7 **SECTION 2.** 20.192 (1) (bm) of the statutes is created to read:

8 20.192 (1) (bm) *Rural economic development.* The amounts in the schedule for
9 rural economic development programs and grants to authorities and state agencies
10 under s. 238.18.

11 **SECTION 3.** 238.18 of the statutes is created to read:

12 **238.18 Rural economic development. (1) DEFINITION.** In this section,
13 “rural county” means a county with a population density of less than 155 residents
14 per square mile.

15 **(2) ECONOMIC DEVELOPMENT PROGRAMS BENEFITING RURAL COUNTIES.** From the
16 appropriation under s. 20.192 (1) (bm), the corporation may do the following:

17 (a) Expend moneys for any economic development program the corporation is
18 administering on the effective date of this paragraph [LRB inserts date], if that
19 expenditure assists economic development in a rural county.

expand the moneys on the program

1 (b) Expend moneys for any economic development program the corporation
2 begins administering after the effective date of this paragraph ... [LRB inserts date],
3 if that expenditure assists economic development in a rural county, subject to all of
4 the following:

expands moneys on a program

5 1. Before the corporation makes an expenditure under this paragraph, the
6 corporation shall notify the joint committee on finance in writing of the corporation's
7 intention to make the expenditure. The notice shall state the specific amounts the
8 corporation proposes to expend and the purposes for which the corporation proposes
9 to expend those amounts.

10 2. If, within 14 working days after the date of the corporation's notice under
11 subd. 1., the cochairpersons of the joint committee on finance do not notify the
12 corporation that the committee has scheduled a meeting to review the corporation's
13 proposal, the corporation may make the expenditure *as* proposed in the corporation's
14 notice. If, within 14 working days after the date of the corporation's notice under
15 subd. 1., the cochairpersons of the committee notify the corporation that the
16 committee has scheduled a meeting to review the corporation's proposal, the
17 corporation may make the proposed expenditure *only* upon approval of the
18 committee.

19 3. The corporation shall adopt policies and procedures establishing, to the
20 extent feasible, matching requirements for the corporation's expenditures under this
21 paragraph.

22 (c) Award a grant to another authority or to a state agency if the corporation
23 determines the authority's or state agency's expenditure of the grant moneys will
24 assist economic development in a rural county, subject to all of the following:

2017-2018 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-5250/P4ins
MPG:emw

INSERT A

Under the bill, WEDC must submit a report to the Department of Administration no later than June 30 of each fiscal year that describes in detail WEDC's use in that fiscal year of the moneys appropriated under the bill and must repay appropriated amounts to the state that WEDC does not expend in that fiscal year. ✓

END INSERT A

INSERT 4-15

1 (3) DETERMINATION OF ECONOMIC IMPACT. (a) Before the corporation expends
2 moneys on an economic development program under sub. (2) (a) or (b) or makes a
3 grant under sub. (2) (c), the corporation shall consider the economic impact of the
4 program or activity for which the moneys will be used. ✓

5 (4) REPORTING AND REPAYMENT REQUIREMENTS. No later than June 30 of each
6 fiscal year, the the corporation shall do all of the following: ✓

7 (a) Submit a report to the department of administration describing in detail the
8 corporation's use in that fiscal year of the moneys appropriated under s. 20.192 (1)

9 (b) Pay to the secretary of administration for deposit in the general fund all ✓

10 (b) Pay to the secretary of administration for deposit in the general fund all
11 moneys the corporation receives under s. 20.192 (1) (b) but does not expend in that
12 fiscal year.

END INSERT 4-15

Gallagher, Michael

From: Hurlburt, Waylon R - DOA
Sent: Thursday, January 25, 2018 4:58 PM
To: Gallagher, Michael
Subject: FW: Draft review: LRB -5250/P4
Attachments: 17-5250/P4.pdf

I shared this with WEDC and they have four comments/changes:

Comment – If WEDC submits a request for JFC to create a new program and award funds to rural counties and it is approved in one year by JFC, does WEDC have to go back to JFC every subsequent year to get the program approved again? If WEDC would have to go back to JFC, we would want to change the bill to allow for the programs, once approved to not have to go back. ✓

Change – On page 3, line 11 delete “and” and insert in its place “on the program for”.

Change – On page 4, line 7 make the same change as above deleting “and” and inserting “on the program for”.

Change – On page 5, line 2 we need to add after “expend” something like “or has not contracted to expend”. This is to guard against WEDC granting an award in a given fiscal year, but maybe it would be paid out over multiple years or the award has been made and the funds have not been transferred to the recipient yet.

From: LRB.Legal [mailto:lrblegal@legis.wisconsin.gov]
Sent: Thursday, January 25, 2018 3:45 PM
To: Hurlburt, Waylon R - DOA <WaylonR.Hurlburt@wisconsin.gov>
Subject: Draft review: LRB -5250/P4

Following is the PDF version of draft LRB -5250/P4.



State of Wisconsin
2017 - 2018 LEGISLATURE

1/26 Today by 10 AM 5:00 PM

LRB-5250/P4
MPG:emw

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1/5

The bill requires passive review by the Joint Committee on Finance before WEDC first expends moneys appropriated under the bill on each such program and

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- 1 **AN ACT to create** 20.192 (1) (bm) and 238.18 of the statutes; **relating to:** rural
- 2 economic development programs administered by the Wisconsin Economic
- 3 Development Corporation, grants to other authorities and state agencies for
- 4 purposes of rural economic development, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill appropriates \$50,000,000 annually to the Wisconsin Economic Development Corporation for the following purposes:

1. The expenditure of moneys for any economic development program WEDC is administering as of the date on which the bill becomes law if the expenditure assists economic development in a rural county.
2. Subject to passive review by the Joint Committee on Finance, the expenditure of moneys for any economic development program WEDC begins administering after the date on which the bill becomes law if the expenditure assists economic development in a rural county. The bill requires WEDC to adopt policies and procedures establishing, to the extent feasible, matching requirements for any such expenditure.
3. Subject to passive review by JCF, awarding grants to other authorities and state agencies if WEDC determines that an authority's or state agency's expenditure of the grant moneys will assist economic development in a rural county.

Under the bill, WEDC must submit a report to the Department of Administration no later than June 30 of each fiscal year that describes in detail WEDC's use in that fiscal year of the moneys appropriated under the bill and must

or encumber

repay appropriated amounts to the state that WEDC does not expend in that fiscal year.

The program under the bill sunsets after 20 years.

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.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

2017-18 2018-19

3 **20.192 Wisconsin Economic Development**
4 **Corporation**

5 (1) PROMOTION OF ECONOMIC DEVELOPMENT

6 (bm) Rural economic development GPR A -0- 50,000,000

7 **SECTION 2.** 20.192 (1) (bm) of the statutes is created to read:

8 20.192 (1) (bm) *Rural economic development.* The amounts in the schedule for
9 rural economic development programs and grants to authorities and state agencies
10 under s. 238.18.

11 **SECTION 3.** 238.18 of the statutes is created to read:

12 **238.18 Rural economic development.** (1) **DEFINITION.** In this section,
13 “rural county” means a county with a population density of less than 155 residents
14 per square mile.

15 (2) **ECONOMIC DEVELOPMENT PROGRAMS BENEFITING RURAL COUNTIES.** From the
16 appropriation under s. 20.192 (1) (bm), the corporation may do the following:

1 (a) Expend moneys for any economic development program the corporation is
2 administering on the effective date of this paragraph [LRB inserts date], if that
3 expenditure assists economic development in a rural county.

4 (b) Expend moneys for any economic development program the corporation
5 begins administering after the effective date of this paragraph [LRB inserts date],
6 if that expenditure assists economic development in a rural county, subject to all of
7 the following:

8 1. Before the corporation ^{first} expends moneys on a program under this paragraph,
9 the corporation shall notify the joint committee on finance in writing of the
10 corporation's intention to expend the moneys on the program. The notice shall ^{each} state
11 ~~the specific amounts the corporation proposes to expend and the purposes for which~~
12 ~~the corporation proposes to expend those amounts.~~ ^{the moneys under this paragraph}

describe the program and

✓

13 2. If, within 14 working days after the date of the corporation's notice under
14 subd. 1., the cochairpersons of the joint committee on finance do not notify the
15 corporation that the committee has scheduled a meeting to review the corporation's
16 proposal, the corporation may make the expenditures as proposed in the
17 corporation's notice. If, within 14 working days after the date of the corporation's
18 notice under subd. 1., the cochairpersons of the committee notify the corporation that
19 the committee has scheduled a meeting to review the corporation's proposal, the
20 corporation may make the proposed expenditures only upon approval of the
21 committee.

22 3. The corporation shall adopt policies and procedures establishing, to the
23 extent feasible, matching requirements for the corporation's expenditures under this
24 paragraph.

1 (c) Award a grant to another authority or to a state agency if the corporation
2 determines the authority's or state agency's expenditure of the grant moneys will
3 assist economic development in a rural county, subject to all of the following:

4 1. Before the corporation makes a grant under this paragraph, the corporation
5 shall notify the joint committee on finance in writing of the corporation's intention
6 to make the grant. The notice shall state the specific amounts the corporation

7 proposes to grant and the purposes for which the corporation proposes to grant those
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9 2. If, within 14 working days after the date of the corporation's notice under
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11 corporation that the committee has scheduled a meeting to review the corporation's
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13 If, within 14 working days after the date of the corporation's notice under subd. 1.,
14 the cochairpersons of the committee notify the corporation that the committee has
15 scheduled a meeting to review the corporation's proposal, the corporation may make
16 the proposed grant only upon approval of the committee.

17 (3) DETERMINATION OF ECONOMIC IMPACT. Before the corporation expends moneys
18 on an economic development program under sub. (2) (a) or (b) or makes a grant under
19 sub. (2) (c), the corporation shall consider the economic impact of the program or
20 activity for which the moneys will be used.

21 (4) REPORTING AND REPAYMENT REQUIREMENTS. No later than June 30 of each
22 fiscal year, the the corporation shall do all of the following:

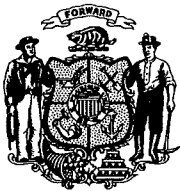
23 (a) Submit a report to the department of administration describing in detail the
24 corporation's use in that fiscal year of the moneys appropriated under s. 20.192 (1)
25 (bm).

1 (b) Pay to the secretary of administration for deposit in the general fund all
2 moneys the corporation receives under s. 20.192 (1) (bm) but does not expend in that
3 fiscal year. *or encumber*

4 (5) COOPERATION OF STATE AGENCIES AND AUTHORITIES. All other authorities and
5 all state agencies shall, to the extend needed, as determined by the corporation,
6 cooperate with the corporation concerning the corporation's planning and
7 implementation of its expenditures of moneys under sub. (2).

8 (6) SUNSET. This section does not apply after June 30, 2038.

9 (END)



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5250/P5
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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

A large, stylized handwritten signature in black ink, located in the upper right corner of the page.

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Under the bill, WEDC must submit a report to the Department of Administration no later than June 30 of each fiscal year that describes in detail

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4 **Corporation**

5 (1) PROMOTION OF ECONOMIC DEVELOPMENT

6 (bm) Rural economic development GPR A -0- 50,000,000

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4 (b) Expend moneys for any economic development program the corporation
5 begins administering after the effective date of this paragraph [LRB inserts date],
6 if that expenditure assists economic development in a rural county, subject to all of
7 the following:

8 1. Before the corporation first expends moneys on each program under this
9 paragraph, the corporation shall notify the joint committee on finance in writing of
10 the corporation's intention to expend the moneys on the program. The notice shall
11 describe the program and purposes for which the corporation proposes to expend the
12 moneys under this paragraph.

13 2. If, within 14 working days after the date of the corporation's notice under
14 subd. 1., the cochairpersons of the joint committee on finance do not notify the
15 corporation that the committee has scheduled a meeting to review the corporation's
16 proposal, the corporation may make the expenditures as proposed in the
17 corporation's notice. If, within 14 working days after the date of the corporation's
18 notice under subd. 1., the cochairpersons of the committee notify the corporation that
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7 corporation proposes to make the grant.

8 2. If, within 14 working days after the date of the corporation's notice under
9 subd. 1., the cochairpersons of the joint committee on finance do not notify the
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11 proposal, the corporation may make the grant as proposed in the corporation's notice.

12 If, within 14 working days after the date of the corporation's notice under subd. 1.,
13 the cochairpersons of the committee notify the corporation that the committee has
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15 the proposed grant only upon approval of the committee.

16 **(3) DETERMINATION OF ECONOMIC IMPACT.** Before the corporation expends moneys
17 on an economic development program under sub. (2) (a) or (b) or makes a grant under
18 sub. (2) (c), the corporation shall consider the economic impact of the program or
19 activity for which the moneys will be used.

20 **(4) REPORTING AND REPAYMENT REQUIREMENTS.** No later than June 30 of each
21 fiscal year, the the corporation shall do all of the following:

22 (a) Submit a report to the department of administration describing in detail the
23 corporation's use in that fiscal year of the moneys appropriated under s. 20.192 (1)
24 (bm).

