



JERRY PETROWSKI

WISCONSIN STATE SENATOR

Senate Bill 319

August 8, 2019

Good morning, members of the committee, and thank you for the opportunity to provide testimony today on Senate Bill 319, which addresses some recent changes to the transportation facilities economic assistance and development program, or TEA grant, and restores the administration of the program to prior practice.

Over the last three decades, the Department of Transportation (DOT) has administered the TEA grant program to help make road, rail, harbor, and airport improvements necessary for economic development projects. TEA provides grant funding for the lesser of 50 percent of the total cost of the project, or \$5,000 per job created and/or retained by the project. Each project is accompanied by a matching investment from private business and/or local governments, and no grant may exceed \$1 million. The current biennial appropriation for the program is approximately \$6.8 million. In the thirty-year life of the program, TEA funding has been utilized by businesses and communities in every corner of the state.

Last year, following a review of the statutory authorization for this program, DOT found that, due to ambiguous phrasing, one reading of the law would permit grant awards for newly created jobs only. This has created confusion and inconsistency within the TEA grant program, and could threaten the future of hundreds of existing jobs at Wisconsin businesses that depend upon this funding to improve our transportation facilities.

Although the statutory history is complicated and a number of changes have been made along the way, we believe that the legislative intent was to treat new jobs and existing jobs similarly from the outset. With the support of DOT, this bill aims to restore TEA grant administration to prior practice and provide greater certainty to recipients going forward by explicitly permitting the funds be awarded for both jobs created and retained.

Thank you again for the opportunity to speak on this bill. I would be happy to answer any questions you may have.

29TH SENATE DISTRICT

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DATE: August 8, 2019
TO: Chairman Petrowski and Members of the Senate Transportation, Veterans and Military Affairs Committee
FROM: Michael Welsh, Legislative Affairs Director – *Wisconsin Economic Development Association*
RE: Senate Bill 319 (RE: Transportation Economic Assistance Grant Program)

On behalf of the Wisconsin Economic Development Association (WEDA), I would like to take this opportunity to encourage your support for Senate Bill 319. This important legislation will ensure the state's Transportation Economic Assistance (TEA) Grant program continues to provide grant funding for projects that retain jobs in Wisconsin.

The TEA Grant program, administered by the Wisconsin Department of Transportation (DOT), was created in 1987 to provide funding for transportation improvements critical to economic development projects that retain and create jobs in Wisconsin. Since its inception, the program has awarded over 350 grants statewide totaling more than \$110 million. In addition, TEA Grants have helped fund road, rail, harbor and airport projects that have resulted in the creation of over 27,000 new jobs and the retention of more than 19,000 jobs.

The program has an annual appropriation of approximately \$3.4 million and offers grants that provide \$5,000 per job created or retained, up to 50% of the total cost of the transportation improvement project. Individual grants are capped at \$1 million and require a 50% local match from a non-state source, such as a community or business.

After a recent legal review of the program, the DOT determined it did not possess the statutory authority to provide grant funding for jobs retained – and going forward could only support projects that create new jobs. Unfortunately, this change not only diminished the value of TEA Grants as an economic development tool, it disregards the importance of job retention in maintaining vibrant communities.

Senate Bill 319 would simply restore the TEA Grant program's long history of awarding project funds for both job creation and job retention. It would NOT increase overall funding for the program.

Given the success of the TEA Grant program in facilitating transportation projects that retain and attract private sector employment and capital investments, WEDA would encourage you to support SB 319. Thank you for your consideration.

About WEDA

The Wisconsin Economic Development Association (WEDA) is a statewide non-profit organization dedicated to expanding the economy of the State of Wisconsin. Founded in 1975, WEDA's economic development professionals and active volunteers are dedicated to making Wisconsin a better place to live and work through economic development that focuses on retaining and expanding existing businesses; facilitating investment and entrepreneurship; and attracting new companies, employment opportunities and innovation capital.

TRANSPORTATION FACILITIES ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

STATUS

- Active

INCEPTION

Sept. 8, 1987, under enabling legislation of Wis. Stat. §84.185, and administered under Wisconsin Administrative Code Department of Transportation (Trans) Chapter 510, created as an emergency rule effective Oct. 16, 1989.

PROGRAM GOAL

The goal of the Transportation Facilities Economic Assistance and Development (TEA) Program is to attract and retain business firms in Wisconsin, and thus create or retain jobs. The purpose of the TEA Program is to implement a flexible and expeditious process of evaluating and approving road, rail, harbor and airport improvements that are essential to economic development projects. The TEA Program is a grant program that provides up to \$5,000 per job created or retained by governmental bodies, private businesses or consortiums, with the intent to guarantee the creation and retention of jobs for a seven-year period.

PROGRAM DESCRIPTION

The TEA Program awards grants in the lesser amount of either 50 percent of the total project cost or \$5,000 maximum per job created or retained. Awards are made to governing bodies (cities, villages, towns or counties), private businesses and consortiums for eligible road, rail, harbor/port and airport projects that aim to attract businesses to Wisconsin or encourage business and industry to stay and expand operations within Wisconsin. Cost shares are typically 50 percent from WisDOT, the other 50 percent being a combination of local government and private business funding. The annual budget is \$3,402,500. Grant assistance is provided to communities and businesses in exchange for the guarantee of job creation or job retention for a seven-year period. Applications are accepted year-round on a first-come, first-served basis. The maximum grant award cannot exceed \$1,000,000. The TEA Program is a reimbursement program whereby the community (the sponsor) must cover 100 percent of all project costs up front before seeking reimbursement from WisDOT. The business development cannot be speculative.

From application to approval, the grant process takes up to 90 days to formally complete and make an award. Once a project has been approved and awarded, project construction needs to commence within three years of the date when the project agreement is executed.

ELIGIBILITY REQUIREMENTS

The TEA Program is a grant program that provides up to \$5,000 for each new job created. The job type must meet eligibility requirements to proceed to the application stage. Certain job types, such as retail stores, eating and drinking establishments, recreation and entertainment facilities, hotels and motels, are excluded from grant consideration. Also, the following transportation project improvements are eligible for grant assistance: street, road, highway, intersection and interchange improvements that are open to the public for travel and come under the jurisdiction or ownership of a public authority (all private roads, parking lanes or parking lots are excluded); rail projects to include an industrial lead, a spur, team track or trackside intermodal transfer facility; harbor/port improvements, to consist of dredging, dock walls, piers, intermodal connections and lighting; and airport improvements consisting of runway, taxiway, aprons and access service roads (airport hangars are excluded).

INCENTIVES AND AVAILABLE FUNDING

Grants are awarded up to a maximum of \$1,000,000 or \$5,000 for each job created. The biennial budget appropriation for the TEA Program is \$6,805,200.

EXPECTED OUTCOMES

For FY18, the target number of grants to be approved and awarded was 6. In terms of job creation and retention, the employment target was 850. The average cost per job must be less than the \$5,000 program maximum. In addition, the capital investment ratio must equal or exceed the established target of \$50:1. The final performance goal relates to compliance reporting, which involves the annual job submittal reports from the community and the business, to monitor and track actual job creation and retention numbers. This accountability goal must be at 100 percent compliance for the number of approved and awarded grants during FY18.

FY18 PROGRAM ACTIVITY

- Seven grants were awarded at nearly \$2.5 million
- 1,034 jobs were created or retained
- The average cost per job amounted to \$2,381
- Total capital investment was nearly \$119 million
- The total capital investment per grant dollar awarded was \$48.30

RECOMMENDED CHANGES

None



Transportation Economic Assistance (TEA) Program Grant Awards (Since 1987)



Click on a community name to view grant and project details.

Years	Number of Grants Awarded	New/Created Job Total	Retained Job Total	Total Grant Awards	Improvement Type
1987 - 2019	365	27,028	19,493	\$111.1 Million	Air = 1 Port = 1 Road & Rail = 22 Rail Only = 63 Roadways = 277