



Wisconsin Economic Development Corporation

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Wisconsin Economic Development Corporation

The Wisconsin Economic Development Corporation (WEDC) is a public-private entity created under state law as the state's lead agency in promoting economic development. WEDC was created as an Authority under 2011 Wisconsin Act 7. This paper provides a general overview of WEDC's structure, funding sources, and expenditures.

WEDC offers a number of tax credits, loans, grants, and technical assistance programs to eligible Wisconsin companies, which are described in this paper. WEDC entered into contracts to award \$138.3 million of tax credits, \$16.5 million of loans, and \$21.4 million of grants in 2015-16. In addition, WEDC allocated \$17.5 million of federally tax exempt industrial revenue bonds.

WEDC Board of Directors

WEDC is a public body corporate and politic, and has a 14-member Board of Directors, of which 12 are voting members. The WEDC Board of Directors (Board) includes six members nominated by the Governor who are appointed with the advice and consent of the Senate to serve at the pleasure of the Governor and serve staggered four-year terms. The Board also includes three members appointed by the Speaker of the Assembly and three members appointed by the Majority Leader of the Senate, each consisting of one majority member, one minority member, and one person employed in the private sector. The Secretary of the Department of Administration (DOA) and the Secretary of the Department of Revenue (DOR) serve as nonvoting members of the Board. The Board must elect a chairperson from among its nonlegislative members. A ma-

majority of the voting members constitutes a quorum for the purpose of conducting the Board's business and exercising its powers, and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the Board based on a vote of a majority of the voting members present. Board members do not receive compensation for their service, but are entitled to be reimbursed for necessary expenses, including travel expenses.

The Board is required to: (a) develop and implement economic programs to provide business support, expertise, and financial assistance to companies that are investing and creating jobs in Wisconsin; and (b) support new business startups, expansion, and growth in the state. The Board has the authority to develop and implement any other programs related to economic development in Wisconsin. "Economic development program" means a program or activity having the primary purpose of encouraging the establishment and growth of business in the state, including the creation and retention of jobs.

In addition, the Board is specifically authorized to do all of the following:

- a. Adopt, amend, and repeal any bylaws, policies, and procedures for regulating its affairs and conducting its business.
- b. Have a seal and alter the seal at pleasure.
- c. Maintain an office.
- d. Sue and be sued.
- e. Accept gifts, grants, loans, or other contributions from private and public sources.

f. Establish WEDC's annual budget and monitor its fiscal management.

g. Execute contracts and other instruments required for the operation of WEDC.

h. Employ any officers, agents, and employees it may require, and determine their qualifications, duties, and compensation.

i. Issue notes, bonds, and any other obligations.

j. Make loans and provide grants.

k. Incur debt.

l. Procure liability insurance.

m. Enter into agreements regarding compensation, space, and other administrative matters that are necessary to operate offices in other states and foreign countries, subject to approval by the Secretary of DOA.

Pursuant to 2015 Wisconsin Act 55, WEDC's Board can delegate any power described above, or duty described below, to a WEDC employee or to a committee established by the Board.

For each economic development program developed and implemented by WEDC's Board, the Board must: (a) establish clear and measurable goals that are tied to statutory or programmatic policy objectives; (b) establish at least one quantifiable benchmark for each program goal; (c) require each recipient of a grant or loan under the program to submit a report to WEDC, and require that each contract with a grant or loan recipient must specify the frequency and format of the report and the performance measures to be included in the report; (d) establish a method for evaluating the projected results of the economic development program with actual outcomes, as determined by evaluating the program's objec-

tives and benchmarks; and (e) annually and independently verify, from a sample of grants and loans, the accuracy of the information submitted to WEDC.

Also, for each economic development program developed and implemented by WEDC's Board, the Board must require that:

a. Each recipient of a grant or loan under the program of at least \$100,000 submit to WEDC, within 120 days after the end of the recipient's fiscal year in which any grant or loan funds were expended, a schedule of expenditures of the grant or loan funds. The schedule of expenditures must include any matching cash or in-kind match, signed by the director or principal officer of the recipient, to attest to its accuracy. The recipient must engage an independent certified public accountant to perform procedures, approved by WEDC and consistent with applicable professional standards of the American Institute of Certified Public Accountants, to determine whether the grant or loan funds and any matching or in-kind match for environmental remediation were expended in accordance with the contract. In addition, the Board must require the recipient of such a grant or loan to make available for inspection documents supporting the schedule of expenditures and must include these requirements in the grant or loan contract.

b. If a recipient of an economic development grant or loan submits false or misleading information to WEDC, or fails to comply with the terms of a contract with WEDC, and the recipient does not provide a satisfactory explanation for the noncompliance, the Board must: (1) recoup payments made to the recipient; (2) withhold future payments; and (3) impose a financial penalty on the recipient.

The WEDC Board must submit an annual report to the Chief Clerk of each house of the Legislature, by January 1, identifying the economic development projects that the Board intends to

develop and implement during the calendar year. In addition, no later than October 1, the Board must submit to the Joint Legislative Audit Committee and the Chief Clerk of each house of the Legislature an annual report for the previous fiscal year on each of WEDC's economic development programs that contains all of the following: (a) a description of each program; (b) an accounting of the location, by municipality, of each job (and the industrial classification of each job) created or retained in the state in the previous fiscal year as a result of the program; (c) a comparison of expected and actual program outcomes; (d) the number of grants or loans made under the program; (e) the amount of, and recipient of, each grant or loan made under the program; (f) the total amount of tax benefits allocated, and the total amount of tax benefits verified to DOR, under the program; (g) an identification of each recipient of a tax benefit allocated, and each recipient of a tax benefit that was verified to DOR, under the program; (h) the sum total of all grants and loans awarded to, and received by, each recipient under the program; and (i) any recommended changes to the program. WEDC must make this information accessible to the public on an Internet-based system.

WEDC's Board must adopt policies and procedures that specify: (a) when WEDC is required to publicly solicit proposals from multiple vendors of goods or services; (b) how WEDC is to evaluate proposals from multiple vendors; and (c) how WEDC is to assess any conflict of interest a vendor may have if the vendor sells goods or services to it.

The Board must have an annual audit conducted of WEDC's financial statements for the previous fiscal year. The Board must submit the audit report to the Joint Legislative Audit Committee and the Chief Clerk of each house of the Legislature.

The Governor is required to nominate a chief executive officer (CEO) for WEDC, to be ap-

pointed with the advice and consent of the Senate, and serve at the pleasure of the Governor. The Board is authorized to delegate to the CEO any powers and duties the Board considers proper, and determine his or her compensation.

Members of the WEDC Board of Directors, the CEO, and all WEDC employees are considered state public officials who are subject to the Wisconsin Ethics Code. Specifically, such individuals are subject to Code provisions governing conflicts of interest, general ethical standards, and use of state resources, and must file an annual statement of economic interest. For the purpose of the state lobbying law, WEDC Board members are not considered state agency officials. In practice, this means that Board members from the private sector are required to file the Legislative Activities Statement that identifies employees who engage in lobbying. WEDC officials employed by the State are subject to additional lobbying restrictions.

Any Board member or WEDC employee who enters into contracts on behalf of the Board must notify WEDC's legal counsel or the CEO if the member or employee has a direct or indirect private, pecuniary interest in a contract that is being negotiated, bid for, or entered into with WEDC. Such individuals are prohibited from participating in the member's or employee's capacity with regards to the contract in a function that requires the exercise of discretion on the individual's part. The Board is further prohibited from entering into any contract with an entity in which a WEDC employee has a controlling interest.

Board meetings are subject to Wisconsin's open meetings law, must be announced with at least 24 hours' notice (unless there are extenuating circumstances), and be open to the public. However, meetings, or portions of meetings, may be closed if the topic covered falls within a statutory exception, such as employee matters, conferring with legal counsel, or for competitive or bargaining reasons.

WEDC Administration

WEDC was created to replace the former Department of Commerce as the state's lead agency in promoting economic development. Under the provisions of 2011 Wisconsin Act 32, Commerce was eliminated and statutory responsibility for creating and administering economic development programs, providing certain related technical assistance, and administering existing programs and tax credits, was transferred to WEDC. Unlike most statutory state authorities, WEDC receives most of its funding from annual state appropriations.

WEDC is statutorily responsible for administering the brownfields grant program, brownfield site assessment grants, the Main Street program, allocation of the state volume cap on industrial revenue bonds (IRBs), and is required to make annual marketing grants to regional economic development organizations. Pursuant to 2015 Wisconsin Act 55, WEDC was statutorily required to make a one-time grant to the River Falls Economic Development Corporation to construct the St. Croix Valley Business Incubator and was required to temporarily administer a grant program for purchases of equipment used in fabrication laboratories. WEDC also has other statutory responsibilities, such as eligibility certifications, allocations, and verifications related to state tax credits. These responsibilities apply to the following credits: (a) angel investment and early stage seed investment; (b) business development; (c) enterprise zones; (d) development opportunity zones; and (e) supplement to the federal historic rehabilitation tax credit.

As noted, state law permits WEDC's Board to amend, adopt, or repeal bylaws regulating its affairs. In general, the CEO has been granted the authority to sign, execute, and acknowledge, on behalf of WEDC, any instrument or document, and make any purchases, deemed necessary, ap-

propriate, or proper for WEDC's day-to-day operation. The CEO may execute any checks, drafts, or other orders for payment of money, notes, acceptances, or other evidence of indebtedness (excluding issuing bonds) without the specific authority of the Board, provided that such actions advance the functions of WEDC, or are authorized under the statutes. The CEO may execute contracts or other documents related to WEDC's economic development programs, including grants, loans, and tax credits. However, the CEO may not approve the designation of an enterprise zone without consent of the Board. The CEO is required to submit reports to the Board that include the amount of grants, loans, and tax credits, shown for each organization or entity that received such assistance. The CEO is also authorized to establish WEDC's budget, and monitor WEDC's fiscal management. The CEO may accept gifts and grants for WEDC's benefit, provided that a gift from any individual and immediate family member or individual and any organization in which the individual has a 10% interest does not exceed \$25,000 in a 12-month period.

Under the bylaws, the CEO has authority to employ officers, agents, and employees deemed appropriate to fulfill the Corporation's needs, and to determine the related qualifications, duties, compensation, and benefits. Salaries of principal officers (other than the CEO) and personnel are fixed by the CEO, or an authorized committee of the Board, consistent with policies determined by the Board. In addition, the CEO may establish and enforce the Corporation's personnel and human resources policies and procedures. The CEO may procure any insurance deemed necessary, appropriate, or proper. Upon approval of the Board, the CEO may issue bonds on behalf of WEDC or create a nonstock corporation for WEDC's benefit.

In general, WEDC's bylaws allow the CEO to delegate authority granted to him or her.

All of the records of WEDC are subject to the state open records law, except those relating to pending grants, loans, or economic development projects that, in WEDC's opinion, must remain confidential to protect the competitive nature of the grant, loan, or project. Loans cannot be contracted on behalf of WEDC, and an evidence of indebtedness cannot be issued in its name unless it is authorized by, or under the authority of, a resolution of the Board of Directors, or specified in the bylaws.

WEDC's Budget

Table 1 shows WEDC's budgeted statement of revenues and expenditures for fiscal year 2016-17. The table does not include tax credits or loans authorized by WEDC. The fiscal impact of tax credits is accounted for in other areas of the state budget, and loans are primarily accounted for on WEDC's balance sheet instead of its statement of revenues and expenditures. WEDC loans and tax credits are discussed later in this paper.

Most of WEDC's revenue consists of segregated (SEG) funds, from the economic development fund (\$21.8 million) and the environmental fund (\$1.0 million), and state general purpose revenues (GPR). These two sources account for nearly 90% of WEDC's budgeted revenues in 2016-17. In addition, WEDC receives revenue from the federal government, other state agencies, interest income on loans and investments, charges for services, and other sources. Total revenues are estimated at \$39.3 million in 2016-17.

Budgeted expenditures total \$50.1 million. This amount includes \$22.4 million for WEDC's economic development programs (excluding loan and tax credit amounts). These programs are described in more detail later in this paper under "WEDC Grant Programs." The budget also in-

Table 1: Budgeted Revenues and Expenditures, 2016-17

June 30, 2016 Fund Balance	\$ 106,837,500
Revenues	
State SEG	\$22,776,000
State GPR	12,474,700
Other Intergovernmental	2,357,600
Interest on Loans	1,000,000
Interest on Investments	350,000
Charges for Services	205,000
Other	<u>101,000</u>
Total Revenues	\$39,264,300
Expenditures	
Economic Development Grants	\$22,392,600
Loan Loss Reserves	4,075,000
Contracts with Partners	3,615,000
Marketing/Promotions	3,478,700
Pass-through Federal Grant	435,000
Administration	
Payroll and Benefits	10,671,200
Operations and General	5,173,400
Debt Service	117,000
Capital	<u>115,000</u>
Total Expenditures	\$50,072,900
Excess Revenues over Expenditures	-\$10,808,600
Year-Ending Fund Balance	\$96,028,900

cludes \$3.5 million for marketing/promotions. The Board's marketing/promotions expenditures are designed to highlight Wisconsin's economic assets to target audiences, encourage business leaders to relocate to, or expand investment in, the state, provide information and opportunities relating to international business development to in-state companies, and reinforce WEDC's impact on the state's economy. WEDC promotes and markets Wisconsin through online advertisements, media placements, newsletters, social media, and organized events.

Administrative costs are budgeted at \$16.1 million, primarily for employee compensation, which accounts for about 66% of the total administrative budget. On July 1, 2016, WEDC employed 98 full-time employees, two part-time employees, and six interns. As noted, the CEO is authorized to hire and determine the salary and

benefits of WEDC employees, and salaries of certain personnel are periodically adjusted by the CEO and the Board. Operations and general expenditures represent non-employee expenditures, such as supplies and services, and account for 32% of WEDC's administrative costs. The remaining 2% is for capital purchases and for paying debt service. Capital expenditures include vehicle purchases, leasehold improvements, and computer software development. Debt service expenditures are for outstanding notes to the state related to employee pension obligations.

The budget also includes \$3.6 million for contracts with seven organizations that partner with WEDC in providing assistance to businesses. In general, the partnerships provide services to entrepreneurs, provide advisory services to manufacturers, provide services to early-stage companies, or provide in-market export services (such as connecting a Wisconsin manufacturer to a buyer or helping a business navigate another country's regulatory environment). In addition to these seven partners, WEDC is statutorily required to provide annual grants to regional economic development organizations (WEDC contracted with nine such organizations in 2015-16) and incurs certain administrative costs in coordinating with these organizations. Details regarding each of these partner organizations can be found in Attachment I.

The final component of the 2016-17 budget is \$4.1 million for loan loss reserves. In general, the loan loss reserve figure represents the amount of new loans issued by WEDC, as well as actuarial changes to its existing loan portfolio, that are anticipated to be forgiven (\$1.5 million) or otherwise not repaid (\$2.6 million). For 2016-17, WEDC expects to issue \$9.5 million in new loans. As noted, WEDC's loan activity is described later in this paper.

Table 1 also shows a projected ending fund balance of \$96.0 million in 2016-17. However, the majority of WEDC's fund balance has been

obligated for future use or is otherwise not available for other use. Of WEDC's balance, \$40.2 million is comprised of nonspendable assets, primarily long-term loans receivable. Contracted, committed, budgeted, or otherwise obligated funding for WEDC's economic development programs accounts for another \$44.6 million of the balance. WEDC's Board retains \$8.0 million in unobligated funds for discretionary use in future economic development programs or to offset expenditures in future years that may exceed revenues in those years, subject to approval of the Board. The remaining \$3.2 million is unassigned and available as working capital or to offset unexpected expenses.

Finally, Table 1 shows that WEDC has budgeted expenditures that are \$10.8 million more than it is expected to receive in revenue during 2016-17. Under provisions of 2015 Wisconsin Act 55 (the 2015-17 biennial budget), WEDC's GPR funding was reduced by \$25.8 million in 2015-16 and \$20.3 million in 2016-17, as compared to its base funding level for the biennium, reflecting a 70.3% biennial reduction in GPR funds. Prior to Act 55, WEDC had budgeted an unassigned balance of \$15.3 million for the end of 2014-15. Act 55 required WEDC's Board to establish its target for its unassigned balance on June 30 of each year to be an amount equal to two-twelfths of its estimated annual administrative expenditures for that year, which was estimated to reduce WEDC's unassigned balance by approximately \$12.0 million. WEDC's unassigned balance policy must be consistent with best practices recommended by the Government Finance Officers Association. Over the 2015-17 biennium, WEDC's ending fund balance declined by \$16.7 million in 2015-16 and is estimated to decline by \$10.8 million in 2016-17.

Economic Development Fund. WEDC's primary source of funding is the economic development surcharge, which is imposed on tax-option (S) corporations, C corporations, and insurers that are required to file a corporate in-

Table 2: Economic Development Fund Activity (\$ in Millions)

Fiscal Year	Opening Balance	Surcharge Revenues	Other Revenues*	WEDC Appropriations	DOR Administrative Surcharge	Ending Balance
2011-12	\$0.00	\$27.53	\$4.89	\$23.19	\$0.17	\$9.05
2012-13	9.05	30.37	0.01	23.20	0.20	16.04
2013-14	16.04	19.28	0.01	33.78	0.14	1.42
2014-15	1.42	27.49	0.00	21.78	0.20	6.93
2015-16**	6.93	23.86	0.01	21.78	0.20	8.82

*Includes annual interest income to the fund and a one-time transfer of \$4.89 million from the recycling fund in 2011-12

**Preliminary numbers from 2015-16 Annual Fiscal Report.

Source: State of Wisconsin Comprehensive Annual Fiscal Reports

come/franchise tax return if they have more than \$4 million in gross receipts from all activities. Pursuant to 2013 Wisconsin Act 20, partnerships and individuals are exempt from the surcharge, beginning in tax year 2013. The surcharge equals 3% of gross tax liability for C corporations and insurers, or 0.2% of net business income for S corporations. The minimum economic development surcharge is \$25, and the maximum is \$9,800. For businesses that begin doing business in the state or cease doing business in the state during a taxable year, the surcharge is prorated for the number of days that the business operates in the state, but remains subject to the minimum and maximum amounts. In general "gross receipts from all activities" means gross receipts, gross sales, gross dividends, gross interest income, gross rents, gross royalties, the gross sales price from the disposition of capital assets and business assets, gross receipts passed through from other entities, and all other receipts that are included in gross income.

Table 2 shows the following information regarding the condition of the economic development fund from July 1, 2011, through June 30, 2016: (a) the opening balance of the fund; (b) annual economic development surcharge collections; (c) other revenues that are deposited in the fund; (d) annual WEDC appropriations; (e) DOR's administrative surcharge; and (f) the end-

ing balance. Prior to 2011-12, the surcharge was deposited in the former recycling fund.

The large reduction in surcharge revenues from 2012-13 to 2013-14 primarily reflects the Act 20 exemptions for partnerships and individuals. The Joint Committee on Finance increased the amount of SEG revenue appropriated to WEDC from the economic development fund on a one-time basis in 2013-14 to lower the accumulated balance in the fund. Since the end of 2013-14, the fund balance has grown from \$1.4 million to \$8.8 million as of June 30, 2016.

WEDC Loan Activity

WEDC issues loans to businesses under several direct loan programs. WEDC's loan portfolio remained relatively unchanged in 2015-16, growing slightly from \$73.1 million to \$73.3 million. Table 3 shows WEDC's aggregate loan activity from July 1, 2015, through June 30, 2016. Details regarding WEDC's cumulative loan activity since 2011-12 can be found in Attachment II.

It should be noted that gross loans receivable does not reflect the amount of outstanding loans that are expected to be collected by WEDC. Each

Table 3: 2015-16 WEDC Loan Activity

	Amount (Millions)	Count	Average
Loans Receivable			
July 1, 2015	\$73.09	202	\$361,814
Loan Draws	18.52	36	514,496
Loan Repayments	9.15	30	305,019
Amounts Written Off	2.45	10	244,804
Amounts Forgiven	6.69	9	743,258
Loans Receivable			
June 30, 2016	73.32	189	387,938
New Loans Contracted	16.48		
Interest Received	1.30		
Interest Accrued	3.69		

year, WEDC must estimate an allowance amount that will be forgiven or written off as bad-debt from the gross loans receivable to accurately reflect the net loans receivable that are considered assets on its balance sheet. The \$73.3 million of gross loans receivable is reduced by the entire amount of forgivable loans receivable (\$23.4 million) and approximately 15% of the collectible loans receivable (\$7.3 million). Net loans receivable, or the amount that WEDC expects to recover from outstanding loans, are estimated at \$42.6 million (approximately 58% of gross loans receivable).

Pursuant to 2015 Wisconsin Act 55, WEDC cannot originate new loan amounts of more than \$10 million in 2015-16 and \$5 million in 2016-17. WEDC cannot originate a new loan after June 30, 2017. However, the restrictions on WEDC's loan program do not apply to the technology development loan program as it was administered on January 1, 2015. However, for the technology development loan program, WEDC cannot originate more than \$3 million, annually, from non-federal revenue sources.

The following section describes the two WEDC loan programs that are in effect for 2016-17, the technology development loan program and the business opportunity loan fund program. The special project loan program, for which one loan was contracted for \$0.2 million in 2015-16,

was eliminated in 2016-17.

Technology Development Loans. The technology development loan program provides early-stage funding through below market-rate loans to entrepreneurs and technology-based businesses, generally for working capital or equipment financing. A total of \$4.5 million is budgeted for the program in fiscal year 2016-17, which includes \$3.0 million of state monies from WEDC and \$1.5 million in potential federal small business credit initiative funds, subject to specific requirements for how those federal monies may be used. State funding levels depend on a number of factors, such as the stage of growth, capital need, or economic potential of the project. Loans of up to \$250,000 per company are available to support research and development, proof of concept, and prototype development companies (generally early-stage or spinoff companies with fewer than 25 employees) that demonstrate financial need and potential for business growth. Up to \$500,000 per company is available to eligible companies raising funds for initial launch of a developed product into a primary market following proof of concept and development testing. WEDC may apply lower funding limits for companies raising money for initial launch into test markets if the technology or industry requires incremental steps to commercialization. Companies seeking loans that are in a growth or expansion stage may be eligible for up to \$750,000 per company that has recurring sales of a fully developed product with growth potential and a clear path to sustainability. Growth/expansion loans are intended to help companies increase production and become profitable.

WEDC uses discretion for how best to direct its available funding on an annual basis. In general, applicants are evaluated based on their: (a) overall growth potential; (b) ability to identify and secure sufficient capital; (c) technology risk; (d) size and anticipated acceptance of the idea by customers; (e) management, plan, and performance to date; (f) repayment capacity and time-

line; (g) income, payroll, and real estate taxes, supply chain, and other economic benefits; and (h) need for funding and the impact that funding is likely to have on future success.

In general, a technology development loan has a term of up to seven years, with payments deferred up to 36 months followed by equal monthly payments of principal and interest. An additional 12-month deferral of interest-only payments may be available based on the company's expected time to market and regulatory barriers. Interest rates of the loans are fixed at 6%. WEDC may require in its contract an option to convert any portion of the outstanding loan balance to equity equivalent with the terms of a matching equity event (such as the sale of the company), up to an amount not to exceed the term of the note. In the event of a liquidity event, WEDC will: (a) not have an ownership interest of 20% or more in the company; (b) not have voting rights or obligations, or any other indicia of control; (c) not accept obligations to indemnify or repay additional debt taken on by any company; (d) require the company to repurchase any equity held by WEDC if the company relocates out of state; and (e) consider the circumstances of each loan and limit its liability to the greatest extent possible.

For collateral, loan recipients may be required to obtain life insurance policies for company founders and/or managers in an amount up to the maximum value of the loan. A personal guaranty may be required for any owner to obtain a loan, generally for individuals with 20% or more ownership interest in the company. WEDC may impose a loan origination fee of 2% of the loan amount. The borrower must provide minimum matching private investment funds equal to at least four times the loan amount prior to disbursement of the loan. WEDC may consider previously expended funds as part of the matching funds if the previous funding was required for the project under consideration and raised not more than 12 months prior to the application date.

In 2015-16, WEDC contracted a total of \$5.5 million in technology development loans to 16 eligible recipients.

Business Opportunity Loan Fund (BOLF).

Business opportunity loans, including forgivable loans, or loan guarantees may be available to eligible businesses that are investing funds to retain, expand, or relocate in Wisconsin. The BOLF program provides loans to businesses that create jobs, retain jobs, or invest capital in Wisconsin. WEDC has made available \$5.0 million in 2016-17 in support of the BOLF program. Loan awards generally range between \$200,000 and \$1.0 million based on a business's need, quality, and quantity of jobs and other program requirements. The amount for an eligible loan award is generally calculated as either: (a) up to 25% of the annual projected wages for employees earning at least 150% of the federal minimum wage, capped at \$100,000; or (b) up to 5% of the capital investment for real property costs and up to 3% of the capital investment for equipment costs.

BOLF funds may be used by eligible businesses for working capital, equipment, building construction and improvements, land acquisition, private infrastructure improvements, and asset acquisition. To be eligible for a BOLF loan, the applicant must offer the employees filling the "full-time jobs" that are attracted, created, or retained as part of the project health insurance benefits where the employer covers at least 50% of the health insurance benefit costs for the employees or other equivalent health insurance benefits that are acceptable to WEDC. The following types of businesses are not eligible for the BOLF program: (a) payday loan and title companies; (b) telemarketing, other than inbound call centers; (c) pawn shops; (d) media outlets; (e) retail; (f) farms; (g) primary care medical facilities; (h) financial institutions; and (i) the hospitality industry.

To be eligible for a forgivable BOLF loan, generally two of the following project criteria

must be met: (a) retention of at least 100 full-time jobs; (b) creation of at least 150 full-time jobs; (c) making a significant capital investment in excess of \$20 million that is directly related to the project that is not included in normal capital expenditures planned as a part of doing business; (d) having a significant positive impact on the local economy; or (e) other states are offering competing incentives. Forgivable loans may be offered under extenuating circumstances, including if the project has a significant impact on jobs, capital investment, and economic impact in the surrounding area. Employee-owned businesses may also be considered for a forgivable BOLF loan if no other WEDC program will sufficiently benefit the company.

For purposes of the BOLF loan program, a "full-time job" means a regular, non-seasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150% of the federal minimum wage and benefits that are not required by federal or state law. Initial training before an employment position begins is not considered part of a "full-time job." A regular, non-seasonal full-time position may also be considered a "full-time job" if the annual pay exceeds the amount determined by multiplying 2,080 by 150% of the federal minimum wage (\$22,620), and the position offers retirement, health, and other benefits that are equivalent to an individual in a similar position who is required, as a condition of employment, to work at least 2,080 hours per year.

BOLF loans are generally issued at an interest rate of 2% or more with original terms on the loan not to exceed seven years. Deferred payments and interest-only payments may be built into the terms of the loan on a project-specific basis, as negotiated by WEDC. BOLF loans generally cannot be more than 35% of the total project costs.

WEDC may provide loan guarantees through the BOLF program to help a business leverage financing that it would not otherwise have been able to secure. The amount and terms of loan guarantees are negotiated on a case-by-case basis with the applicant lender. Typically, a loan guarantee cannot exceed the lesser of the term of the loan or seven years. The lender must substantiate the need for the guarantee by providing WEDC a credit analysis for the proposed financial commitment and the guarantee must be approved prior to the closing of the loan.

In 2015-16, 12 companies were awarded total BOLF loans of \$10.8 million by WEDC. The Corporation did not enter into any loan guarantees in 2015-16.

WEDC Grant Programs

WEDC administers a number of grant programs. Grants may be awarded to eligible businesses, individuals, organizations, or local governmental entities for specific projects. Certain programs are required by state law, whereas other programs are created through WEDC policy. Some grant programs award monies to governmental or nonprofit organizations that contract with WEDC to make loans or provide grants to businesses. In 2015-16, WEDC contracted 168 grant awards totaling \$21.4 million. Attachment III provides details regarding the number of, and amount of, grant awards contracted by WEDC from 2012-13 through 2015-16.

Entrepreneurial Micro-Grants. The entrepreneurial micro-grants program provides funding to the Center for Technology Commercialization (CTC) to support business planning and commercialization for entrepreneurs and small businesses in Wisconsin. The CTC offers three types of micro-grants to clients: (a) assistance in applying for federal Small Business Innovation

Research/Small Business Technology Transfer grants (SBIR/STTR); (b) financial assistance in developing and completing business or commercialization plans; and (c) business planning education for entrepreneurs. In order for the CTC to continue administering the program, it must demonstrate the expertise and capability of serving a statewide network of entrepreneurs. For 2016-17, WEDC has made available to CTC \$0.2 million to administer the micro-grant program.

The SBIR/STTR program provides over \$2.5 billion annually in grants from 11 federal agencies nationwide, and is designed to help small businesses create and commercialize new innovations and technologies. Federal grants consist of three phases: (a) Phase I awards of \$75,000 to \$150,000 to support feasibility study; (b) Phase II awards of \$250,000 to \$1 million to support full research and development; and (c) Phase III, which entails commercialization supported by non-state SBIR/STTR grants.

The CTC provides SBIR/STTR assistance and commercialization planning assistance micro-grants to persons starting or expanding a technology-based or research-oriented business and firms located in Wisconsin that rely on the use of technology. The following types of projects may be eligible for a micro-grant: (a) development of an SBIR/STTR Phase I or Phase II proposal, or other funding proposal; (b) development of an SBIR/STTR Phase II commercialized plan or a comprehensive business plan; or (c) procurement of a CTC-approved market research study in support of a commercialization or business plan. Micro-grants to support businesses in trying to obtain federal funding are available in the following amounts: (1) up to \$1,500 for a feasibility discussion with a program manager to develop specific aims, milestones, and project plans; (2) up to \$3,000 for assistance to prepare and submit an SBIR/STTR or other federal funding proposal; and (3) an additional \$1,000 funding bonus for applicants who are awarded federal funding through the program.

Applicants may also receive micro-grants of up to: (a) \$1,500 for assistance in completing business validation activities; and (b) \$3,000 for assistance in completing a comprehensive business plan or commercialization plan to procure Phase II SBIR/STTR funding or to prepare for angel or venture capital funding. To be eligible for a commercialization planning assistance micro-grant, the business must use an eligible professional services provider.

Grants of up to \$750 may be awarded to entrepreneurs upon successful completion of an entrepreneurship training program provided by the Small Business Development Centers at the University of Wisconsin-Extension. The entrepreneurship training program is an eight- to twelve-week course offered periodically to provide assistance with business plan development to current or prospective business owners. Coursework eligible for a micro-grant may focus on either business modeling or business planning. Eligible applicants must provide at least \$250 in matching funds.

In 2015-16, WEDC provided \$0.2 million to the Center for Technology Commercialization. The Center assisted 98 businesses through the entrepreneurial micro-grants program in 2015-16.

SBIR/STTR Matching Grant Program. The SBIR/STTR matching grant program is administered by the CTC on behalf of WEDC to supplement federal awards to technology-based small businesses. A business may be eligible to receive matching grants through the program for up to 50% of a Phase I or Phase II federal SBIR/STTR grant award. The grants must be used for new and additional work tasks related to the project granted the federal award and are intended to primarily be provided to first-time recipients of a federal award to support eligible activities, including customer validation, market research, intellectual property assessment, and feasibility assessment. WEDC has budgeted \$1.0 million for the SBIR/STTR matching grant program in 2016-

17.

Matching grant applications are evaluated by CTC on a competitive basis and are awarded to eligible applicants that are Phase I or Phase II recipients of federal SBIR/STTR funding based on funding availability and project merit. Eligible companies generally must be located in the state, but an out-of-state company may apply for and receive funding contingent upon the company relocating to Wisconsin within 90 days of receiving a grant from CTC. CTC must submit a quarterly performance report documenting the number of companies receiving grants, the amount of each grant, the amount of federal funding leveraged, and employment, wage, and outside investment reported annually by each company, as well as any other contract deliverables, for four years after a company receives a matching grant.

In 2015-16, WEDC provided \$1.3 million to the Center for Technology Commercialization. The Center assisted 17 businesses through the SBIR/STTR program in 2015-16.

Seed Accelerator Program. The seed accelerator program is designed to encourage the formation of local not-for-profit seed accelerator programs and to support, encourage, and sustain high-growth startup companies in the state. The program is managed by communities, organizations, or other eligible entities. Generally, a seed accelerator will enroll a class of entrepreneurial teams in a defined program over a period of time, typically three to six months. The program provides small amounts of financing, experienced hands-on mentorship, educational programming, visibility to investors, and assistance in developing and testing the commercial viability of an idea. WEDC funding of \$1.0 million is available for the seed accelerator program in 2016-17.

The program is designed to support technology industry sectors, including advanced manufacturing, agriculture or food processing, information systems or software, medical devices, bi-

osciences, and renewable/green energy. Eligible not-for-profit organizations, communities, or other eligible entities that operate a seed accelerator program generally must provide grants, loans, royalty-based investments, and/or equity investments to companies participating in the accelerator program, as approved by WEDC. Loan repayments and/or investment returns to the recipient can only be used to support program operations or provide capital to companies participating in a current or future accelerator program.

In determining whether to award funding, WEDC requires the applicant to provide information on program management, operating plans, entrepreneurship resources, and use of funds. Applicants must identify matching funds equal to at least the amount of funding provided by WEDC. Matching funds may be dedicated to operating expenses, and may include in-kind or cash funds. In determining the level of funding for each seed accelerator applicant, WEDC will consider: (a) the number of companies per class in the program; (b) the length of the program for each class; and (c) other factors, including the industry sector served by the program and local economic conditions. Eligible recipients must periodically submit a performance report documenting job creation, job retention, the number of organizations assisted, as well as any other contract deliverables requested by WEDC.

In 2015-16, WEDC contracted with eight eligible entities and provided total funding of \$0.9 million under the program. WEDC reports that 80 businesses were assisted with these funds.

Capital Catalyst Program. The capital catalyst program provides grants to seed funds managed by organizations or communities that provide capital to start-ups and emerging growth companies. The program is designed to stimulate capital investment at a local or regional level. To be eligible, an applicant must demonstrate organizational capability and have entrepreneurial support. Eligible applicants must provide matching

funds equal to the amount provided by WEDC, and matching funds must be documented prior to disbursement of WEDC funds. Preferred applicants would focus on providing seed funds to industry sectors in advanced manufacturing, agriculture or food processing, information systems or software, medical devices, biosciences, and energy. WEDC has budgeted \$1.5 million for the capital catalyst program in 2016-17.

Recipients must have a segregated account to receive WEDC grants, which may include the recipient's matching funds. At least one-third of WEDC's grant amount must be used by the recipient for small grants to companies (not more than 10% of funds provided by WEDC). The remaining two-thirds of WEDC grant monies may be used for grants, loans, royalty-based investments, or equity investments in startups and early stage and emerging growth companies that are located or will locate in Wisconsin. Funds cannot be used to support expenses related to the relocation of a business between communities in Wisconsin. WEDC provides contractual criteria for how the capital catalyst grant recipient must utilize the grant amount, but the recipient is solely responsible for specific investment decisions. Returns on loans and/or investments to the fund capitalized by WEDC, or capitalized with eligible matching funds, may only be used for additional awards to eligible businesses, direct administrative expenses of the recipient, or other purposes approved by WEDC. Returns generally cannot be distributed to an individual or for-profit entity that was the source of matching funds.

WEDC awarded a total of \$1.6 million to four eligible entities in 2015-16. According to the Corporation, these funds assisted 78 companies.

Capacity Building Grants and Entrepreneurship Support Pilot Grants. A total of \$1.0 million in 2016-17 is available for the capacity building grant program and the entrepreneurship support pilot grant program (\$500,000 each) to assist regional and local economic development

groups.

Capacity Building Grants. Grants can be used by the recipients for: (a) assessments of the economic competitiveness of the area; (b) initiatives that will assist or enhance an organization's ability to develop or deliver economic development programming to identify or address local or regional issues; (c) implementation or replication of successful pilot programs or economic development best practices; (d) marketing by regional economic development organizations; or (e) delivery of resources and services to Wisconsin entrepreneurs through the entrepreneurship support pilot program. In general, grant awards cannot be used for existing or ongoing operational costs, staff salaries, or costs incurred prior to being awarded a capacity building grant. However, staff time may be an allowable cost if it is directly related to the project and is generally less than 25% of the total grant amount. WEDC generally offers grant amounts of up to \$50,000 per eligible project.

The capacity building grants are typically provided for projects that can serve as models to be replicated across the state. In evaluating grant applications, WEDC considers the: (a) likelihood the project will result in long-term benefits to the organization, its members, the region, the state, or its clients; (b) degree to which the organization can influence state or regional economic conditions; (c) extent of regional collaboration with other economic development groups and local jurisdictions; (d) extent to which the project will provide impact to smaller/rural communities; (e) financial need of the applicant; and (f) extent to which the project can be replicated throughout Wisconsin. WEDC may require a project match, depending on the attributes of the applicant project.

In 2015-16, WEDC provided total capacity building grants of \$0.5 million to 11 eligible recipients.

Entrepreneurship Support Pilot. The pilot program provides capacity-building funds through a competitive application process for the implementation of entrepreneurship programs. Funds awarded through the pilot program may be used for: (a) promotion of entrepreneurship; (b) entrepreneurship education, mentorship, or training programs; or (c) facilitation of business development or financial services. Entrepreneurship support funding is not available for activities otherwise eligible to be funded through other programs supported by WEDC or its partners, and applicants cannot receive more than one entrepreneurship support pilot grant per year.

Awards are generally for between \$10,000 and \$100,000 per eligible project. Eligible applicants must demonstrate a commitment of one-to-one matching funds, calculated as a percentage of the cost of the entire project. In-kind support may be included as a matching fund, provided it is not more than 50% of the total match required.

Fabrication Laboratories Grant Program.

Pursuant to 2015 Wisconsin Act 55, WEDC is required to, on a temporary basis, develop and implement a fabrication laboratories grant program, and make \$500,000 of awards for purchases of equipment used in fabrication laboratories for instructional and educational purposes by certain students. Awards must be made on a competitive basis over a three-year period, beginning in 2015-16. WEDC obligated all of the statutorily required funding during 2015-16. For 2016-17, WEDC has developed policies and procedures to continue the program, for which it has made \$500,000 of funding available for eligible recipients.

The program provides financial assistance to public school districts for equipment purchases used for instructional and educational purposes in fabrication laboratories in Wisconsin schools. A fabrication laboratory means a high-tech workshop equipped with computer controlled additive and subtractive manufacturing components, such

as three-dimensional printers, laser engravers, computer numerical control routers, or plasma cutters. A fully functioning fabrication laboratory must have active engagement with the business community, be accessible to multiple departments within a school or schools, provide community access, and be integrated with the Wisconsin network of fabrication laboratories.

A Cooperative Education Service Agency or a lead public school district may apply on behalf of a consortium of two or more districts. In order to be eligible for the program, an applicant must provide matching funds in the amount of the grant provided by WEDC. Grants are awarded on a competitive basis, and WEDC considers the applicant's readiness and long-range planning, curriculum, business and community partnerships, and financial need and previous awards in determining eligibility. Eligible individual school districts and consortiums may receive a grant for up to \$25,000 or \$50,000, respectively, on an annual basis, to reimburse recipients for equipment purchases.

In 2015-16, WEDC entered into 24 contracts and provided \$0.6 million to support the program.

Idle Sites Redevelopment. The idle sites redevelopment program is designed to rejuvenate blighted properties and stimulate investment and job creation in idle, abandoned, and underutilized industrial sites which cannot be redeveloped solely by the private sector. A city, village, town, county, other government entity, or tribal entity may apply for funds under the program, provided the applicant has an approved redevelopment plan or a developer's agreement for the targeted project site. For an applicant to be eligible under the program, the targeted site must be one or more contiguous: (a) industrial parcels that exceed five acres and had more than 25 years of industrial usage; or (b) commercial parcels that exceed ten acres and had more than 25 years of commercial usage. Eligible applicants must own

the targeted site or have the legal ability to access the property to perform the proposed work. WEDC has made \$2.3 million of grants available under the idle sites redevelopment program for 2016-17.

Eligible applicants may use WEDC funds for demolition, environmental remediation, rehabilitation, or infrastructure improvements that are defined in the applicant's redevelopment plans (as determined during WEDC's review process). WEDC funds cannot exceed 30% of total project costs. The following costs may not be funded with grant assistance or matching funds: (a) past costs; (b) in-kind contributions; (c) new construction; or (d) environmental work occurring on properties in which the current owner caused the contamination of the site. Individual grant awards may be for up to \$500,000.

Applications are approved on a competitive basis. In reviewing an application, WEDC takes the following into consideration: (a) the project's potential to increase economic and community development in the area; (b) whether the applicant has a written financial commitment from a lending institution or government entity; (c) the extent to which the site investigation and remediation effort has been completed; (d) whether costs are budgeted and itemized by qualified parties; (e) the size of the site and its relationship to economic centers; (f) the economic distress of the community encompassing the project site; and (g) the feasibility and readiness of the project. In addition, WEDC gives preference to sites located in high-density urban areas or in central business districts. WEDC also gives preference to redevelopment plans with committed local and private investment that are likely to result in increased property tax revenue, reduced urban sprawl, use of existing infrastructure, reduced environmental risk, and creation of full-time permanent jobs.

In 2015-16, WEDC did not enter into any idle sites redevelopment contracts. However, WEDC

indicates that it has committed \$2.3 million to five recipients that are anticipated to be contracted in 2016-17.

Community Development Investment (CDI) Grants. The CDI grant program makes available grant awards to support local initiatives in urban, small city, and rural communities, with an emphasis on downtown redevelopment. Grants are available for shovel-ready projects that are expected to lead to measurable benefits in job opportunities, property values, and/or leveraged investment by local and private partners. Grants are awarded on a competitive basis and are limited to 25% of the total project cost up to \$250,000 per project award. At least 50% of the funds are to be awarded to cities/towns with a population of less than 50,000. WEDC has budgeted \$3.0 million for the CDI grant program for 2016-17.

A county, city, village, town, tribal entity, or other governmental authority designated by a municipality may apply for a CDI grant. An eligible applicant must: (a) provide a matching investment of at least three times the amount of WEDC funds awarded; (b) have no more than 30% of the matching investment come from other state or federal grant sources; (c) provide a signed resolution by the elected governing body authorizing the submittal of a grant application; (d) be ineligible for an award under the brown-field grant program (described later in this paper); and (e) not have been awarded another CDI grant in that fiscal year. If an applicant was impacted by an event resulting from a state or federal disaster declaration within two years of submitting an application, the applicant: (1) may receive funds for mitigation or preparedness; (2) may have the required matching fund amount reduced or waived, as determined by WEDC; and (3) must demonstrate that all other funding mechanisms (such as federal emergency funds) have been fully utilized before applying for a CDI grant. Grants are awarded at WEDC's discretion through an ongoing application process.

The following projects may be eligible for a CDI grant: (a) development of significant destination attractions; (b) rehabilitation and reuse of underutilized or landmark buildings; (c) infill development; (d) historic preservation; (e) infrastructure efforts, including disaster prevention measures, that provide substantial benefit to downtown residents and property owners; or (f) mixed-use developments. Activities that are eligible for grant assistance are building renovation, historic preservation, demolition, new construction, and infrastructure activities. Costs incurred prior to receiving a CDI grant, in-kind contributions, and indirect construction costs are not eligible for grant assistance or to be included as matching funds. In reviewing an application for a CDI grant, WEDC considers: (1) the impact on the community; (2) financial justification for the project; (3) previous planning efforts; (4) involvement of public-private partnerships; and (5) other factors, as determined by WEDC.

WEDC awarded a total of \$4.5 million in CDI grants to 18 eligible applicants in 2015-16.

Workforce Training Grant. The workforce training grant program provides grants to businesses to upgrade or improve the job-related skills of their full-time employees. Specifically, workforce training grants focus on new technology, industrial skills, or manufacturing processes that are not supported by other state or federal resources (such as the Wisconsin Technical College System). Grant amounts may be for up to 50% of eligible training costs, with a maximum grant per employee trained of \$5,000. A total of \$1.0 million is budgeted for the workforce training grant program in 2016-17.

Businesses ineligible for workforce training grants include: (a) payday loan and loan title companies; (b) telemarketing, other than inbound call centers; (c) pawn shops; (d) media outlets; (e) hospitality; (f) farms; (g) primary care medical facilities; (h) financial institutions; and (i) retail. WEDC may provide grants to otherwise inel-

eligible businesses if extraordinary circumstances exist, including a serious threat of a business leaving the state, significant job creation or retention, or a significant capital investment, provided the circumstances are approved by WEDC's Awards Administration Committee.

In determining eligibility for a workforce training grant, WEDC evaluates the following factors: (a) whether the training relates to a specific project; (b) the extent to which the project will retain or increase employment or contribute to economic growth in Wisconsin; (c) whether the project will be located in an economically distressed area or a rural area; (d) the financial soundness of the business; and (e) any previous financial assistance the business received from the former Department of Commerce or WEDC.

The training may be on- or off-site, the positions trained must be maintained for a period of at least two years following completion of the training, and grant funds cannot be used for past costs. Eligible training costs include training wages (of production positions through supervisors), training materials, and trainer costs. Expenses that are ineligible for workforce training grants funding include: (a) orientation; (b) travel; (c) credit or degree courses; (d) diversity training; (e) consulting services, including strategic planning; (f) sales training; (g) personal development, such as for general educational development testing; (h) human resources practices; (i) non-job-related training; (j) stand-alone basic or remedial training; (k) non-skill-related assessments; (l) state or federally mandated programs; (m) general safety procedures, except that safety training related to the new manufacturing process or equipment may be eligible; (n) English as a second language; (o) basic skills, and (p) routine training not related to a specific project.

To be eligible for training under the program, employees must be full-time (at least 2,080 hours per year), including paid leave and holidays, and paid 150% of the federal minimum wage. If the

annual pay for a position exceeds the amount determined by multiplying 2,080 by 150% of the minimum wage and the individual is offered retirement, health, and other benefits that are offered to similar full-time employees, that position is also considered a full-time employee. In addition, full-time employees receiving training must receive health insurance benefits where the employer covers at least 50% of the premium costs or other employee health insurance benefits that are acceptable to WEDC. Recipients are expected to continue providing the retirement, health, and other benefits that were available to the employee at the time of the training.

In 2015-16, WEDC contracted with one workforce training grant applicant for a \$0.2 million award.

Brownfields Grant Program. The brownfields grant program provides financial assistance to eligible cities, villages, towns, counties, individuals, tribal entities, or businesses for remediating environmental contamination on abandoned, idle, or underutilized industrial or commercial sites. The program is governed by both statutory provisions and WEDC administrative policy. Grants may be used to fund brownfields redevelopment or associated environmental remediation activities on eligible brownfield sites with demonstrated soil or groundwater contamination. An eligible brownfield site is generally a commercial or industrial site that has been adversely impacted by environmental contamination, as documented in Phase I or Phase II Environmental Reports (initial and subsequent more detailed assessments) that are completed no more than five years prior to submitting a grant application.

The amount of an award is determined during a review of a grant application. Grants can be used to fund: (a) environmental investigation (beyond Phase I and Phase II studies), remediation, or monitoring of the site; (b) removal of hazardous waste containers; (c) soil removal, capping, barrier installation, and vapor intrusion

systems; and (d) demolition activities that will facilitate redevelopment in a brownfield project. Expenses that are not eligible for grant assistance and cannot be counted toward an applicant's matching funds include: (1) prior costs; (2) indirect construction costs; (3) costs of new construction; or (4) any lien claims of the Department of Natural Resources (DNR), federal Environmental Protection Agency, delinquent real estate taxes, or interest or penalties related to those delinquent taxes.

A total of \$3.5 million is budgeted for brownfield grants in 2016-17. WEDC generally limits individual grant awards to \$500,000 or less per project, unless the size of the brownfield and the degree and extent of contamination associated with the project clearly justify an award beyond normal parameters. Pursuant to 2015 Wisconsin Act 55, a brownfield grant recipient must contribute to an eligible project an amount equal to at least 50% of the grant amount. However, WEDC generally limits grant awards to no more than 30% of eligible project costs due to current demand for the program. The required match can include expenditures for: (a) acquisition of the brownfield site; (b) site clearance, building demolition, or building renovation; (c) asbestos and lead paint abatement; or (d) infrastructure improvements.

WEDC cannot award a grant unless the party that caused the environmental contamination and any person who possessed or controlled the environmental contaminant before it was released is unknown, cannot be located, or is financially unable to pay the cost of associated environmental remediation activities.

Applications for brownfield grant awards are reviewed by grant underwriters and awards are made in consultation with DNR. In addition, WEDC considers the following factors: (a) the potential to promote economic development in the area; (b) the extent and degree of soil and groundwater contamination at the site; (c) the

existence of a written financial commitment by a lending institution or government entity; (d) documentation of ownership or future ownership of the site; (e) the need for a vapor intrusion unit; (f) the adequacy and completeness of the site investigation and remediation plan; (g) whether eligible cost projections are supported by estimates from qualified third parties identifying sources of the necessary funds; (h) determination of the future higher use of the property site after environmental cleanup; (i) inclusion of a developer's agreement and project consistency with community planning documents; (j) improvements to human health and the environment from the project; (k) the size of the property and relationship to downtown and economic centers; and (l) any other factors WEDC determines to be relevant. Grant recipients must enter into a contract with WEDC and provide it with regular program and environmental reports to ensure compliance with state and federal rules and regulations.

Under the statutes, "brownfields redevelopment" includes any work or undertaking to: (a) acquire a brownfields facility or site; and (b) raze, demolish, remove, reconstruct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site. The redevelopment project must promote the facility or site for commercial, industrial, or similar economic development purposes. Grants cannot be used to fund construction of new facilities on the site for any purpose other than environmental remediation.

"Environmental remediation activities" include: (a) investigation, analysis, and monitoring of a brownfields facility or site to determine the existence and extent of actual or potential environmental pollution; (b) abating, removing or containing environmental pollution at a brownfields facility or site; and (c) restoring soil or groundwater at a brownfields facility or site.

"Brownfields" are defined as abandoned, idle, or underused industrial or commercial facilities

or sites, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination.

WEDC contracted with 15 eligible entities in 2015-16 and awarded total brownfield redevelopment financial assistance of \$5.9 million.

Brownfield Site Assessment Grant Program. The brownfield site assessment grant (SAG) program provides local governments with grants to identify and quantify the degree and extent of soil, vapor, and groundwater contamination. Prior to 2011 Wisconsin Act 32, SAG was administered by DNR. Under provisions included in Act 32, administration of, and the related funding for, SAG were transferred to WEDC. WEDC administers the program with monies from a separate biennial appropriation from the environmental management account of the segregated environmental fund. The program is appropriated \$1.0 million SEG for 2016-17.

Local governments may apply for SAG monies for eligible sites or facilities. A local government includes a city, village, town, county, redevelopment authority, community development authority, or a housing authority. A site or facility is eligible for a grant if it is an abandoned, idle, or underused industrial or commercial facility or site, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination. Under the statutes "eligible site or facility" means one or more contiguous industrial or commercial facilities or sites with common or multiple ownership that are abandoned, idle, or underused, the expansion or redevelopment of which is adversely affected by actual or perceived contamination. A local government does not have to own the site, but must have access to it to complete the grant activities. A local government is not eligible for a grant if it caused the environmental contamination that is the basis for the grant request. WEDC may only award a grant if the person that caused the environmental contamination that is the basis for the

grant request is unknown, cannot be located, or is financially unable to pay the cost of the eligible activities. A financial commitment must be provided to cover eligible matching project investment.

To determine whether to award a SAG to an eligible local unit of government, WEDC considers the following factors: (a) the applicant's demonstrated commitment, including financial commitment, to completing the necessary environmental activities for the eligible project; (b) the degree to which the project will have a positive impact on public health and the environment; (c) the size of the property and relationship to the downtown or other economic center; (d) the economic distress of the community and the property's contribution to that economic distress; (e) the site's potential for redevelopment, including the location of the property, access to existing infrastructure, and interest from private investors; (f) project readiness and viability through financial commitments; (g) the applicant's ability to delineate the anticipated costs of the proposed project, as demonstrated by third-party cost estimates; and (h) other criteria WEDC finds necessary to calculate the amount of the grant. Applicants seeking funding for demolition activities must demonstrate that clearing the site will facilitate and provide greater access for environmental site investigation.

The following activities are eligible for a site assessment grant at an eligible site or facility: (a) Phase I and Phase II environmental assessments; (b) environmental site investigation for the purposes of reducing or eliminating environmental contamination; (c) demolition of structures or other improvements on the site; (d) asbestos abatement activities; and (e) removal and proper disposal of abandoned containers, underground petroleum product storage tank systems, or underground hazardous substance storage tank systems. Past costs and costs related to new construction or indirect construction are ineligible for grant assistance or inclusion as matching

funds.

State statutes specify that a municipality must provide a match of 20% of the grant amount and no local government may receive a grant that exceeds 15% of the amount appropriated in a year (\$150,000 maximum in 2016-17). Under WEDC policy, a minimum matching requirement of 50% of project costs is required from an applicant to be competitive to receive a grant. Matching funds may utilize tax increment financing monies, private party contributions, or other grant sources. At WEDC's discretion, acquisition costs may be included in match investment.

In 2015-16, WEDC awarded SAG amounts of \$1.1 million to 13 eligible applicants.

Targeted Industry Projects Program. The program provides grant awards of between \$25,000 and \$1.0 million per project, depending upon the scope and positive economic potential of the project, participating co-investment, relevance to industry competitiveness, and job growth potential, to support industry cluster and sector development in Wisconsin. Awards may be structured to be given out in four separate phases such that the entire lifecycle of the project, from strategy planning or initial concept to project implementation, may receive separate portions of an award. WEDC has budgeted \$4.0 million in 2016-17 in support of the targeted industry projects program.

As determined by WEDC, eligible organizations must have: (a) an identifiable strategy; (b) stable, strong leadership; (c) active membership and financial support from members; (d) sound financial condition; and (e) clear identification as an organization connected to targeted industry development. Eligible organizations include industry alliances and consortia, non-profit entities, and public institutions that are actively engaged in distinct, non-duplicative industry or sector development. Eligible recipients may also use awards to enhance cross-industry competitive-

ness, such as workforce development, market development, new investments, business attraction, and acquisition of specialized competitive assets or facilities.

WEDC awarded 8 contracts under the targeted industry projects program in 2015-16 totaling \$2.9 in award amounts.

Minority Business Development (MBD) Program. The MBD program is designed to support statewide minority business development. Direct grant assistance is used to encourage new minority-owned business creation and expansion and promote job creation and retention in minority communities. Eligible grant applicants for WEDC funds are not-for-profit minority business associations that will administer a minority revolving loan fund (MRLF), provide business training assistance, or serve the minority business community. To receive WEDC funds for establishing or expanding an MRLF, eligible applicants must match 50% of WEDC funds provided to minority businesses; however, no match is required for administrative costs. Matching funds may be derived from a minority-owned business association, or from a combination of public and private funds. In-kind contributions are not eligible as matching funds. To qualify for an administrative assistance grant, there must be evidence that the recipient organization lacks adequate capacity to execute: (a) business planning consulting; (b) necessary pre-loan qualification; (c) promotion of an MLRF; (d) continuous monitoring of the loan award; and (e) repayments. The condition of the borrower is also considered.

WEDC funds of \$0.8 million are available under the program in 2016-17. Each eligible applicant may receive up to \$200,000 in MBD grants and up to \$100,000 for administrative assistance under the program. Grant recipients must establish a loan review committee and loan policies and procedures, which must be reviewed and approved by WEDC. In general, loans are provided to minority-owned businesses that have

fewer than 25 employees and that are start-up or early stage companies. MRLF loans are generally limited to no more than \$25,000 per company. Loan awards in excess of \$25,000 require WEDC's written consent.

In 2015-16, WEDC contracted a total of \$0.4 million in awards to four eligible MBD applicants.

ExporTech. WEDC partners with the Wisconsin Center for Manufacturing and Productivity (WCMP) to provide ExporTech, a financial and technical assistance program designed to increase Wisconsin companies' exports to foreign countries. Eligible companies must be established businesses operating in Wisconsin that manufacture, process, assemble, or distribute a product or perform a service with the potential to be exported. In addition, the company must have executive level involvement and participation in the program. WEDC has budgeted \$0.2 million in funding for WCMP to administer the ExporTech program.

ExporTech is a national 12-week program managed by the National Institute of Standards and Technology's Manufacturing Extension Partner in collaboration with other state/federal export partners and promotion organizations. Participants receive access to topic matter experts, individualized coaching and consulting, customized support, and guided development of an international growth plan in the participant's key markets. The program provides a unique focus on CEO/top management success and is designed to help companies take a proactive approach to export markets.

Through WCMP, WEDC funds scholarships for eligible ExporTech participants for 50% of the costs, up to \$5,000. Companies that graduate the ExporTech program receive in-market research services, can utilize WEDC's global trade network, and receive a formal market assessment in one of their target markets. All applications

and participation agreements are handled, approved, and processed by WCMP, and all participating companies must have completed all ExporTech requirements before disbursement of any funds. WCMP must submit quarterly reports to WEDC documenting the number of companies assisted, as well as any other information required by WEDC.

In 2015-16, WEDC provided WCMP \$0.2 million to administer the ExporTech program, which assisted 26 businesses participating in the program.

Global Business Development Program.

The global business development program provides funding to support a company's specific export development and deployment strategy, with WEDC's international staff providing technical assistance. The grants are designed to aid the growth and expansion of the state's exports for Wisconsin businesses and statewide entities for executing their export strategies. The program includes two grant components: (a) international market access grants; and (b) collaborative market access grants. Wisconsin companies may apply for both grant programs, provided the two grants are used for different projects. WEDC has made available \$1.4 million for these programs in 2016-17, comprised of \$1.2 million from WEDC funds and \$0.2 million from federal state trade expansion program (STEP) funds. Federal STEP funds cannot be used for collaborative market access grants and have specific requirements for the release of funds and reporting. Grants cannot be used to finance a WEDC trade venture or to participate in the ExporTech program.

International Market Access Grants. The program provides grants to eligible businesses for expenses related to developing and deploying a company's specific export strategy. Eligible businesses can receive grants of up to: (a) \$25,000 of WEDC funds if the business successfully completed the ExporTech program; (b) \$15,000 if the award is funded with federal STEP funds; or (c)

\$10,000 of WEDC funds for companies that have not completed the ExporTech program. Businesses can be eligible to receive both WEDC and STEP grant awards, but both funding sources cannot be used for the same project.

To be eligible for an international market access grant, the business must be an established business operating in Wisconsin that manufactures, processes, assembles, or distributes a product or performs a service with a potential to be exported. The business is not required to be headquartered in Wisconsin, but must have export-related operations located in, and provide economic benefits to, the state. Eligible businesses must self-certify that at least 35% of the value of the product or service is composed of Wisconsin cost inputs. The company must be new to exporting or expanding into a new international market, and must provide matching funds of at least 30% of the total grant award. Also, the eligible activities that are reimbursable with grant funds must have occurred after the award was approved. For companies receiving a grant through the federal STEP program, the company must: (a) employ a graduate of the ExporTech program; (b) have profitable U.S. operations; (c) meet the Small Business Administration's requirement for a "small business concern," (generally must be a manufacturer with fewer than 500 employees or an agricultural company with less than \$7 million of revenue); (d) have a strategic plan and demonstrate understanding of the costs associated with exporting and doing business with foreign purchasers; and (e) adhere to all other federal requirements.

Grants can be used to fund the costs of: (a) attending a U.S. Department of Commerce or WEDC-approved domestic trade show; (b) attending an international-based trade show, conference, or business meetings, except WEDC sponsored trade ventures or missions; (c) translation of online and printed materials for a targeted foreign market; (d) trade zone certification, registration, and marketing within a foreign market;

(e) international and export-related conferences, seminars, and other courses for staff who will be implementing the company's international export strategy; and (f) certain consulting services for eligible companies.

Collaborative Market Access Grants. The program is similar to the international market access grants program, but provides grants to an industry-focused intermediary. Grants may be awarded for up to \$150,000 per fiscal year, including administrative costs, to eligible recipients (but no more than a \$15,000 award passed through to each individual company) to support projects that will increase international exports. Eligible recipients include Wisconsin industry associations, alliances, agencies, non-profits, regional economic development organizations, or other state/local departments working with Wisconsin companies to increase exports. Grant recipients must provide a compelling case for how the project will benefit Wisconsin companies to export products internationally, provide an explanation of why intermediary services are needed, and demonstrate organizational support for administration of the project. Companies receiving awards through these intermediaries must comply with the eligibility requirements described under the international market access grant program. Eligible expenses include, but are not limited to, those described under the international market access grant program.

WEDC contracted 58 total grant awards in 2015-16, totaling \$0.9 million. One of those awards was a collaborative market access grant, which was expected to assist 15 Wisconsin busi-

nesses.

WEDC Certified Tax Credits

In addition to WEDC's grant and loan programs, the state offers a number of tax credits to encourage specific types of business investment in Wisconsin. Table 4 identifies the tax credit programs administered in part by WEDC that may be claimed in tax year 2017. The two refundable credits are backed by sum sufficient appropriations to reimburse claimants for allowable credit amounts that exceed their tax liability in a given year. The four tax credits that are not refundable may be carried forward to offset tax liabilities in the following 15 taxable years, if the credit cannot be used to offset tax liability in the year in which it is earned. For two of the four nonrefundable credits, unused amounts may be sold or otherwise transferred to another taxpayer.

In 2015-16, WEDC entered into contracts to award \$138.3 million in tax credits and verified credits totaling \$25.9 million. WEDC does not track verifications for the angel and early stage seed investment credits by fiscal year. For investments made in 2015, WEDC verified \$18.3 million of angel and early stage seed credits. WEDC will generally enter into a contract with a business to create or retain jobs or to make a capital investment in the state for which the business may claim the awarded tax credits. Pursuant to the terms of the contract, a business may receive a verification letter from WEDC upon comple-

Table 4: WEDC Administered Tax Credits

Program	Type
Enterprise Zones	Refundable
Business Development	Refundable
Supplement to the Federal Historic Rehabilitation Credit	Not refundable, but transferable
Early Stage Seed Investment	Not refundable, but transferable
Angel Investment	Not refundable
Development Opportunity Zones	Not refundable

tion of the Wisconsin investment to claim the credits from the Department of Revenue. Attachment IV provides details regarding the total amount of credits for which WEDC entered into contracts, the amount of credits that were verified, the number of contracts awarded, and the number of verifications from 2011-12 through 2015-16.

As noted, Table 4 lists the tax credits that WEDC partly administers. Details regarding each of the credits can be found in the Legislative Fiscal Bureau informational paper "Business Tax Credits."

Other WEDC Programs

WEDC provides technical assistance to businesses through four additional programs that are available in 2016-17, which are described in the following section. These programs do not directly award funds, but provide assistance to businesses and communities by: (a) allocating federally tax-exempt bonding authority to municipalities; (b) providing resources to revitalize downtown communities; (c) pre-certifying potential industrial sites for businesses interested in locating or expanding in the state; and (d) providing assistance to companies interested in exporting products to foreign markets.

Industrial Revenue Bonding -- Volume Cap Allocation. Private activity bonds are federally tax-exempt bonds issued by public entities to provide low-cost financing for private projects that serve a public purpose. Typically, a governmental unit borrows money from private capital markets secured only by project revenues rather than the full faith and credit of the local governmental unit. Interest income earned on private activity bonds issued by a governmental entity to finance a project for a private company may be exempt from federal income taxes, reducing the

cost of financing the project.

Industrial revenue bonds (IRBs) are a type of private activity bond and are primarily used to expand manufacturing facilities in Wisconsin. Manufacturing generally includes all types of processing that result in the change in the condition of tangible property. Manufacturers can use IRB proceeds for building costs, land acquisition, and equipment purchases, but not for working capital. However, certain "exempt" projects can also be financed with IRBs. "Exempt" projects eligible for IRB financing include: (a) airports; (b) docks and wharves; (c) mass-commuting facilities, including high-speed intercity rail; (d) facilities for furnishing water; (e) sewage facilities; (f) local district heating or cooling facilities; (g) qualified residential rental projects, public educational facilities, green building and sustainable design projects, or highway or surface freight transfer facilities; (h) solid waste disposal facilities; and (i) qualified hazardous waste facilities.

Federal law establishes a "volume cap" at the state level that limits the amount of IRBs that can be issued each year for projects. WEDC allocates bonding authority (\$283.6 million for 2016) to cities, villages, towns, and counties to issue tax-exempt IRBs. The municipality or county sells the IRBs and loans the proceeds to the business conducting the project. Because of the tax-exempt status of the bonds, interest on IRBs is typically 75% of the current prime rate. Project facilities and equipment are usually pledged collateral on the loan. IRBs are subject to the following limits under federal law: (a) not more than 25% of the net proceeds of the bonds can be used for land acquisition; (b) used property cannot be acquired with the bond proceeds, unless substantial rehabilitation (generally 15% of the amount financed with bond proceeds for buildings and 100% for structures other than buildings) is done within two years from the later of the date the property was acquired or the date the bond was issued; (c) average maturity of the

bonds generally cannot exceed 120% of the weighted average economic life of the project; (d) property financed with bond proceeds must be depreciated using the straight-line method; and (e) all unused volume cap allocation authority must be issued within a three-year period.

Federal law limits the maximum size of an IRB issue to \$10 million. For IRB issues exceeding \$1.0 million, capital expenditures at the business's location in the local governmental unit cannot be greater than \$20 million during the three years preceding and the three years following the date the bonds are issued. The total amount of IRBs outstanding for all related operations of the business, in all states, cannot be more than \$40 million. As noted, "exempt" projects are not subject to these limits.

A notice of a bond closing must be filed with WEDC within five business days of the date of closing and must include information regarding the buyer and underwriter, whether the sale was public or private, and the terms and interest rates of the bonds. The following information must be submitted to WEDC along with the bond closing notification: (a) a good faith estimate of attorney fees paid from bond proceeds that must be filed with the clerk of the municipality or county; (b) a copy of the approved initial resolution and proof of publication; (c) an IRB job retention certification form, if applicable; and (d) a notification of the municipality's intent to issue an IRB at least 30 days prior to the municipality entering into the revenue agreement or signing the loan contract.

If bonds are not sold within 30 days of the certification date or by December 1 (whichever comes first), the applicant must submit a deposit of 0.5% of the allocation (1.0% if the allocation is requested on or after October 1) to WEDC. The deposit reserves the allocation for the lesser of 90 days after the certification date or for the remainder of the calendar year. The deposit is refundable after the bond closing, but is forfeited if the bonds are not sold. Additionally, a nonre-

fundable fee of 0.1% of the amount of the bond issue, up to \$10,000 per project, must be paid to WEDC. WEDC may waive any fee if warranted by economic circumstances.

WEDC allocated a total of \$17.5 million in IRB authority for four projects that contracted bond issues in 2015-16.

Main Street and Connect Communities Program. The Wisconsin Main Street program was established in 1987 to assist state municipalities in revitalizing traditional business districts. A city, village, or town may be selected to participate in the program through a competitive process. WEDC provides technical support and training to assist municipalities in planning, managing, and implementing projects to revitalize their downtown business areas through comprehensive economic redevelopment and historic preservation. WEDC is required to expend at least \$250,000 annually on administration of the program. WEDC has budgeted that amount for 2016-17.

Under the statutes, WEDC must do the following.

a. Enter into contracts to obtain business area revitalization services provided by the National Main Street Center.

b. Develop a plan, with assistance from interested individuals and organizations, describing the objectives of the state Main Street program and the methods by which WEDC will: (1) coordinate the activities of that program with public and private sector business area revitalization; (2) solicit and use private sector funding for business area revitalization; and (3) assist municipalities to engage in revitalization of business areas.

c. Coordinate with other state and local public and private entities that provide services to municipalities undertaking revitalization projects for business areas.

d. Annually select up to five municipalities representing various geographic areas and populations to participate in the state Main Street program for five years. A municipality can participate in the program more than one time. However, WEDC may give priority to municipalities that have not previously participated in the program.

e. Develop criteria for selecting participants relating to at least the following: (1) private and public sector interest in, and commitment to revitalization of, a business area selected by the municipality; (2) potential private sector investment in the selected business area; (3) local organizational and financial commitment to employ a program manager for at least five years; (4) local assistance in paying for the services of a design consultant; and (5) local commitment to assist in training persons to direct activities related to business areas in municipalities that do not participate in the program.

f. Provide training, technical assistance, and information on the revitalization of business areas to municipalities which do not participate in the program. WEDC is authorized to charge reasonable fees for technical information and services.

As noted, up to five municipalities are selected biennially for the Main Street program based on review and ranking of applications. Applicants must first participate in a Main Street application workshop, which is offered regionally in the fall and describes building local commitment, raising funds, the Main Street Approach, and budgeting. A letter of intent must be submitted from the potential applicant following the workshop. Applications are evaluated through a competitive process and are selected by an outside committee, the members of which have backgrounds related to downtown redevelopment. The scoring committee selects eligible communities through a voting process based on the application and a short presentation by the applicant commu-

nity.

WEDC will generally select up to 20 municipalities annually for the Connect Communities program. The Connect Communities program is not required by statute but is offered by WEDC to supplement the Main Street program and expand services to more downtown communities across the state. Applications for the program are taken in the spring and the program begins on July 1 of each year. Applications are determined on a competitive basis by an internal committee, and selected municipalities must pay an annual fee of \$200 to WEDC to participate in the program.

WEDC provides technical assistance through the Main Street and Connect Communities programs in the form of training, façade renderings, small business consultations, and hiring outside consultants to address topics such as business recruitment and retention, branding, historic preservation planning, and event development. Each year, WEDC develops a plan describing the following objectives of the Main Street program and the methods for: (a) coordinating with the public and private sectors; (b) soliciting private sector funds; and (c) helping municipalities engage in revitalization with assistance from individuals and organizations. WEDC also matches technical assistance from its own staff, the National Main Street Center, and outside consultants to the needs of participants. In addition, WEDC works with local communities to develop strategies to solicit private funds in support of the downtown program.

Communities are selected to participate in the state Main Street and Connect Communities programs through a competitive review process based on the following criteria:

a. *Need.* The need for the program, which may be exhibited by the municipality's vacancy rate, blight, history of inappropriate design projects, and business mix issues.

b. *Organizational Capability.* The ability to bring financial and volunteer resources together according to the National Main Street Center's four-point approach to downtown revitalization.

c. *Public Sector Commitment.* The level of public sector financial and staff commitment.

d. *Private Sector Commitment.* The level of financial and volunteer commitment from local businesses and individuals.

e. *Financial Capacity.* The financial capability of the community to support the downtown revitalization, including the employment of a full-time local program manager (at least half-time, if the population of the community is 5,000 or less) to manage the effort for at least five years. A community's ability and commitment to hiring design consultants and providing training are also taken into consideration.

f. *Physical Capacity.* Ability to show sufficient building stock, businesses, and a recognizable downtown district.

g. *Historical Integrity.* Existing historic resources in the downtown and genuine interest in saving and restoring historic structures. WEDC employs a design specialist to assist eligible communities.

In addition, local Main Street and Connect Communities participants must commit to training and sharing downtown revitalization information with non-participant communities. In 2015-16, 35 communities participated in the Main Street program and 55 communities participated in the Connect Communities program.

Certified Sites. Under the certified sites program, WEDC works with Deloitte Consulting and community partners to develop consistent standards for industrial site certification in Wisconsin. Certification helps expedite the development timeline for common approvals, documen-

tations, and assessments required for industrial use of a site. Wisconsin communities, organizations, or individuals with a site of at least 20 continuous, developable acres may be eligible for the program. The program is a technical assistance program, which provides aids to businesses through site review and analysis, outreach and training, strategy development, site search assistance, and marketing.

WEDC expects to certify five new sites in 2016-17, and continue to promote 15 existing certified sites. No new sites were certified by WEDC in 2015-16, but eight projects were announced at existing certified sites. WEDC has budgeted \$0.1 million for administration of the program in 2016-17.

Global Trade Ventures. The Global Trade Ventures program provides Wisconsin companies access to expertise in target markets to increase and accelerate export sales. WEDC's authorized trade representatives lead Wisconsin companies on trade ventures to one or more countries while providing country-specific business services and helping to offset the cost of the venture. Services provided by WEDC include in-country market assessment, business partner search within the country, translator/interpreter services, and activities to foster cultural understanding of customers or consumers. Eligible businesses must have established business operations in Wisconsin that manufacture, process, assemble, and/or distribute a product or perform a service with a potential to be exported. Companies with exportable services, such as engineering, architectural, information technology, or scientific research services are eligible for support under the program. Companies are not required to be headquartered in Wisconsin to be eligible for the program, but must have export-related operations located in the state.

International professional business service providers or economic development entities seeking to build their international network or to sup-

port client companies may participate in the program, but are not eligible for funding to offset the cost of the venture. Companies that are not eligible for the program may participate, but are required to pay full market price for the trade venture. WEDC may invite a subject matter expert or industry representative if it determines the market warrants an expert or representative.

WEDC has budgeted operational funding of

\$0.5 million in 2016-17 to support the Global Trade Venture program, but no monies are awarded directly to participants. Funds are used to cover the total costs of program implementation, including administration and cost of WEDC staff, marketing, in-market services, and other related costs. In 2015-16, WEDC provided \$0.4 to support the program and supported five trade ventures to five countries for 30 businesses.

ATTACHMENT I

Partners Contracting with WEDC in 2016-17

<u>Contracted Partner</u>	<u>2016-17 Budgeted Expenditures</u>	<u>Service Provided</u>
Wisconsin Women's Business Initiative Corporation	\$350,000	Economic development services statewide, such as business education and financing to Wisconsin entrepreneurs, supporting small and rural entrepreneurs as they grow and expand their business, and providing services to start-ups and early-stage companies.
Center for Technology Commercialization	540,000	Provides statewide access to business development services for early-stage companies and entrepreneurs. Implements and manages the Ideadvance Seed fund, administers training grants for statewide approved applicants, implements the federal Small Business Innovation Research program, administers grants to finance business startups, and assists research and development activities to achieve commercialization.
BrightStar Wisconsin Foundation	50,000	Solicits private donations for its nonprofit, statewide investment fund to be invested in high-growth potential early-stage companies, providing them capital to expand their business and create jobs.
Wisconsin Technology Council	310,000	Provides local support for increasing seed, early-stage and expansion-stage financing. Helps build statewide angel network capital capacity to increase seed-stage and expansion-stage equity investments in Wisconsin companies.
Wisconsin Center for Manufacturing and Productivity	1,250,000	Provides specialized advisory and implementation services to Wisconsin small and mid-size manufacturers at below-market rates. Services are delivered through the Wisconsin Manufacturing Extension Partnership and the UW-Stout Manufacturing Outreach Center.
Global Network of Authorized Trade Representatives	310,000	Provide market assessments and partner searches for Wisconsin companies in foreign markets, resolve export problems, and support export needs. Authorized trade representatives travel to Wisconsin to better understand the export needs of Wisconsin companies.
Wisconsin Procurement Institute	305,000	Assists Wisconsin businesses in creating, developing, and growing their federal, state, and local government sales, revenues, profits, and jobs by providing access to state and federal contracting opportunities.
Regional Economic Development Organizations	450,000	Collaborate with other state, municipal, and county economic development organizations, as well as the private sector, to leverage funding at the regional level to support WEDC's priorities. State law requires WEDC to provide annual grants to these organizations to fund marketing activities equal to the amount of matching funds the organization obtains from non-WEDC or state sources, but not more than \$100,000 annually.
Administrative Costs	<u>50,000</u>	WEDC provides site selector familiarization tours to businesses interested in locating in Wisconsin on behalf of regional economic development organizations. WEDC also incurs costs in aligning marketing strategies for regional economic development organization with its own marketing strategy.
Total	\$3,615,000	

Source: Wisconsin Economic Development Corporation

ATTACHMENT II

Summary of WEDC's Loan Portfolio Activity from June 30, 2011, through June 30, 2016

	<u>Business Opportunity Loan Fund</u>			<u>Technology Development Loans -- State Funds</u>			<u>Technology Development Loans -- Federal Funds</u>			<u>Loan Programs No Longer Active</u>			<u>Total</u>		
	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>	<u>Amount</u>	<u>Number</u>	<u>Average</u>
Loans Receivable															
7/1/2011				\$11,553,669	61	\$189,404				\$29,874,153	158	\$189,077	\$41,427,822	219	\$189,168
Draws				1,621,470	10	162,147				12,871,702	24	536,321	14,493,172	34	426,270
Repayments				829,399	25	33,176				2,765,811	117	23,639	3,595,210	142	25,318
Write Offs				0	0	0				0	0	0	0	0	0
Forgiven	Not Active in 2011-12			0	0	0		Not Active in 2011-12		0	0	0	0	0	0
Loans Receivable															
6/30/2012				12,345,740	68	181,555				39,980,044	162	246,790	52,325,784	230	227,503
Interest Received				159,720						523,163			682,883		
Interest Accrued				572,027						1,291,729			1,863,756		
Loans Receivable															
7/1/2012				12,345,740	68	181,555	\$0	0	\$0	39,980,044	162	246,790	52,325,784	230	227,503
Draws				2,044,541	12	170,378	3,885,000	7	555,000	8,741,523	19	460,080	14,671,064	38	386,081
Repayments				1,213,254	24	50,552	0	1	0	2,968,316	98	30,289	4,181,570	123	33,997
Write Offs	Not Active in 2012-13			925,565	7	132,224	0	0	0	1,347,748	21	64,178	2,273,312	28	81,190
Forgiven				0	0	0	0	0	0	0	0	0	0	0	0
Loans Receivable															
6/30/2013				12,251,462	67	182,858	3,885,000	7	555,000	44,405,503	132	336,405	60,541,965	206	293,893
Interest Received				166,775			3,334			306,203			476,312		
Interest Accrued				657,156			61,767			1,876,842			2,595,765		
Loans Receivable															
7/1/2013	\$0	0		12,251,462	67	182,858	3,885,000	7	555,000	44,405,503	132	336,405	60,541,965	206	293,893
Draws	6,573,126	8	\$821,641	2,937,232	15	195,815	313,563	2	156,782	7,285,520	11	662,320	17,109,441	36	475,262
Repayments	0	0		1,052,167	32	32,880	55,841	3	18,614	2,358,042	77	30,624	3,466,050	112	30,947
Write Offs	0	0		899,882	5	179,976	0	0	0	4,813,136	8	601,642	5,713,017	13	439,463
Forgiven	0	0		30,460	1	30,460	0	0	0	1,967,500	5	393,500	1,997,960	6	332,993
Loans Receivable															
6/30/2014	6,573,126	8	821,641	13,206,185	71	186,003	4,142,722	9	460,302	42,552,346	118	360,613	66,474,379	206	322,691
Interest Received	0			309,490			75,139			386,043			770,673		
Interest Accrued	77,203			711,749			121,744			2,080,294			2,990,989		

	Business Opportunity Loan Fund			Technology Development Loans -- State Funds			Technology Development Loans -- Federal Funds			Loan Programs No Longer Active			Total		
	Amount	Number	Average	Amount	Number	Average	Amount	Number	Average	Amount	Number	Average	Amount	Number	Average
Loans Receivable															
7/1/2014	\$6,573,126	8	\$821,641	\$13,206,185	71	\$186,003	\$4,142,722	9	\$460,302	\$42,552,346	118	\$360,613	\$66,474,379	206	\$322,691
Draws	11,698,428	17	688,143	2,251,080	14	160,791	1,000,000	1	1,000,000	500,000	2	250,000	15,449,508	34	454,397
Repayments	785,998	6	131,000	1,672,469	39	42,884	189,057	6	31,510	2,885,834	73	39,532	5,533,359	124	44,624
Write Offs	0	0		391,234	3	130,411	0	0		1,171,601	6	195,267	1,562,835	9	173,648
Forgiven	50,000	1	50,000	0	0		0	0		1,691,332	3	563,777	1,741,332	4	435,333
Loans Receivable															
6/30/2015	17,435,556	21	830,265	13,393,562	72	186,022	4,953,665	10	495,367	37,303,578	99	376,804	73,086,362	202	361,814
Interest Received	101,944			357,066			90,607			402,351			951,968		
Interest Accrued	358,782			846,279			179,986			2,326,445			3,711,491		
Loans Receivable															
7/1/2015	17,435,556	21	830,265	13,393,562	72	186,022	4,953,665	10	495,367	37,303,578	99	376,804	73,086,362	202	361,814
Draws	12,884,399	17	757,906	4,563,780	15	304,252	700,000	2	350,000	373,667	2	186,834	18,521,846	36	514,496
Repayments	2,744,362	2	1,372,181	2,484,531	6	414,089	1,182,103	1	1,182,103	2,739,567	21	130,456	9,150,562	30	305,019
Write Offs	0	0		1,482,385	7	211,769	0	0		965,657	3	321,886	2,448,042	10	244,804
Forgiven	0	0		0	0		0	0		6,689,321	9	743,258	6,689,321	9	743,258
Loans Receivable															
6/30/2016	27,575,593	36	765,989	13,990,426	74	189,060	4,471,563	11	406,506	27,282,700	68	401,216	73,320,283	189	387,938
Interest Received	237,872			504,673			177,825			380,847			1,301,218		
Interest Accrued	835,771			670,137			173,319			2,007,975			3,687,203		

Source: Wisconsin Economic Development Corporation

ATTACHMENT III

Grant Awards Contracted by WEDC in 2012-13 through 2015-16

	2012-13			2013-14		
	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>
Entrepreneurial Micro-Grants	\$306,700	1	\$306,700	\$200,000	1	\$200,000
Seed Accelerator Program	350,000	2	175,000	498,750	4	124,688
Capital Catalyst Program	250,000	2	125,000	1,690,000	7	241,429
Capacity Building Grants	199,700	4	49,925	125,000	3	41,667
Idle Industrial Sites Redevelopment		Not active in 2012-13		5,118,000	6	853,000
Community Development						
Investment Grants	115,000	5	23,000	1,265,234	15	84,349
Workforce Training Grants	752,592	6	125,432	490,774	4	122,694
Brownfields Grant	2,744,225	9	304,914	3,839,275	11	349,025
Brownfield Site Assessment Grant	456,000	9	50,667	1,472,722	17	86,631
Targeted Industry Projects	223,000	3	74,333	1,231,803	15	82,120
Minority Business Development						
Revolving Loan Fund	300,000	2	150,000	500,000	4	125,000
Expotech	408,600	2	204,300	142,500	1	142,500
Global Business Development Grants	<u>370,823</u>	<u>34</u>	<u>10,907</u>	<u>587,643</u>	<u>53</u>	<u>11,088</u>
Total	\$6,476,640	79	\$81,983	\$17,161,701	141	\$121,714
	2014-15			2015-16		
	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>	<u>Amount Contracted</u>	<u>Number of Contracts</u>	<u>Average Amount Per Contract</u>
Entrepreneurial Micro-Grants	\$200,000	1	\$200,000	\$175,000	1	\$175,000
SBIR/STTR Matching Grant Program	1,000,000	1	1,000,000	1,275,000	1	1,275,000
Seed Accelerator Program	1,058,557	9	117,617	875,490	8	109,436
Capital Catalyst Program	660,000	2	330,000	1,600,000	4	400,000
Capacity Building Grants	327,500	5	65,500	483,000	11	43,909
Fabrication Laboratories Grant		Not active in 2014-15		574,119	24	23,922
St. Croix Valley Business Incubator Grant (One-Time)		Not active in 2014-15		250,000	1	250,000
Idle Industrial Sites Redevelopment	3,417,250	4	854,313	0	0	0
Community Development						
Investment Grants	5,490,746	23	238,728	4,450,929	18	247,274
Workforce Training Grants	196,565	2	98,283	200,000	1	200,000
Brownfields Grant	4,575,034	13	351,926	5,939,498	15	395,967
Brownfield Site Assessment Grant	1,374,029	14	98,145	1,125,663	13	86,589
Targeted Industry Projects	1,488,000	11	135,273	2,935,000	8	366,875
Minority Business Development						
Revolving Loan Fund	225,000	2	112,500	400,000	4	100,000
Expotech	226,250	1	226,250	210,000	1	210,000
Global Business Development Grants	<u>1,256,100</u>	<u>60</u>	<u>20,935</u>	<u>870,125</u>	<u>58</u>	<u>15,002</u>
Total	\$21,495,031	146	\$147,226	\$21,363,824	168	\$127,166

Source: Wisconsin Economic Development Corporation

ATTACHMENT IV

Tax Credits Contracted and Verified by WEDC: 2011-12 through 2015-16

	Tax Credits Contracted			Tax Credits Verified		
	Total Amount	Number of Awardees	Average Credit	Total Amount	Number of Awardees	Average Credit
2011-12						
Enterprise Zones	\$61,000,000	3	\$20,333,333	\$6,970,000	3	\$2,323,333
Jobs	12,364,000	10	1,236,400	3,514,424	4	878,606
Economic Development	28,239,750	72	392,219	8,197,874	59	138,947
Early State and Angel Business Investment	19,271,250	41	470,030	N.A.	N.A.	N.A.
Development Opportunity Zones	2,705,000	7	386,429	323,237	4	80,809
Other Credits No Longer Available	0	0	0	3,734,918	25	149,397
Total:	\$123,580,000			\$22,740,453		
2012-13						
Enterprise Zones	\$62,500,000	1	\$62,500,000	\$31,796,658	7	\$4,542,380
Jobs	9,430,000	8	1,178,750	4,602,442	16	287,653
Economic Development	40,746,455	81	503,043	20,389,807	135	151,036
Early Stage and Angel Business Investment	21,475,075	45	477,224	N.A.	N.A.	N.A.
Development Opportunity Zones	0	0	0	860,147	6	143,358
Other Credits No Longer Available	0	0	0	2,564,408	11	233,128
Total	\$134,151,530			\$60,213,462		
2013-14						
Enterprise Zones	\$18,300,000	2	\$9,150,000	\$37,977,269	8	\$4,747,159
Jobs	30,790,500	16	1,924,406	4,926,356	22	223,925
Economic Development	25,291,980	63	401,460	24,829,383	165	150,481
Early Stage and Angel Business Investment	12,511,400	26	481,208	N.A.	N.A.	N.A.
Development Opportunity Zones	2,794,000	4	698,500	756,904	6	126,151
Supplement to the Federal Historic Rehabilitation Credit	5,056,912	12	421,409	0	0	0
Other Credits No Longer Available	0	0	0	1,962,665	7	280,381
Total	\$94,744,792			\$70,452,577		

	Tax Credits Contracted			Tax Credits Verified		
	Total Amount	Number of Awardees	Average Credit	Total Amount	Number of Awardees	Average Credit
2014-15						
Enterprise Zones	\$30,000,000	3	\$10,000,000	\$44,574,735	11	\$4,052,248
Jobs	20,625,000	24	859,375	9,486,158	32	296,442
Economic Development	18,262,125	50	365,243	18,515,605	159	116,450
Early Stage Seed and Angel						
Business Investment	23,650,000	26	909,615	N.A.	N.A.	N.A.
Development Opportunity Zones	655,000	1	655,000	2,160,141	8	270,018
Supplement to the Federal Historic						
Rehabilitation Credit	78,131,412	48	1,627,738	0	0	0
Other Credits No Longer Available	<u>0</u>	0		<u>1,246,000</u>	4	311,500
Total	\$171,323,537			\$75,982,639		
2015-16						
Enterprise Zones	\$23,500,000	2	\$11,750,000	\$11,016,750	3	\$3,672,250
Business Development*	6,813,000	17	400,765	0	0	N.A.
Jobs*	15,445,000	17	908,529	3,415,626	12	284,636
Economic Development*	16,604,400	32	518,888	7,577,930	59	128,439
Early Stage Seed and Angel						
Business Investment	22,735,282	40	568,382	N.A.	N.A.	N.A.
Development Opportunity Zones	1,863,750	2	931,875	490,707	2	245,354
Supplement to the Federal Historic						
Rehabilitation Credit	51,340,308	34	1,510,009	0	0	0
Other Credits No Longer Available	<u>0</u>	0	N.A.	<u>3,358,000</u>	2	1,679,000
Total	\$138,301,740			\$25,859,013		

*The jobs tax credit and the economic development tax credit were sunset after December 31, 2015, and were consolidated under the business development credit. The business development credit took effect on January 1, 2015.

**According to WEDC, the early stage seed and angel business investment credits are verified by WEDC on a calendar year basis and are not tracked on a fiscal year basis. WEDC verified investment credits of \$11.3 million for 2011, \$12.0 million for 2012, \$8.8 million for 2013, \$12.4 million for 2014, and \$18.3 million for 2015.

Source: Wisconsin Economic Development Corporation