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**Wisconsin Economic  
Development Corporation**



# 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. 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. In 2021-22 WEDC entered into contracts to award: (a) \$51.5 million of tax credits; (b) \$4.8 million of loans; (c) \$23.6 million of state grants and \$67.7 million of federally-funded grants (in response to the COVID-19 pandemic); and (d) \$53.4 million of federally tax exempt industrial revenue bonds. In addition, WEDC amended existing enterprise zone tax credit contracts to award an additional \$50.0 million of credits. WEDC also certified businesses to participate in the angel and early stage seed tax credit programs so that equity investors can receive credits of up to \$94.2 million for their investments in such businesses.

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## WEDC Board of Directors

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WEDC is a public body corporate and politic. WEDC has an 18-member Board of Directors (Board), of which 16 are voting members. Board members do not receive compensation for their service, but are entitled to be reimbursed for necessary expenses, including travel expenses.

Board members are appointed in four different ways. First, six members are nominated by the Governor and are appointed with the advice and consent of the Senate. These members serve at the pleasure of the Governor and serve staggered four-year terms.

Second, four members are appointed by the Assembly Speaker and four are appointed by the Senate Majority Leader to serve four-year terms. Third, the Assembly Minority Leader and the Senate Minority Leader each appoint one member to serve four-year terms.

Finally, 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 legislative appointees may be legislators or private citizens. However, neither the Assembly Speaker nor the Senate Majority Leader may appoint more than two members of the Legislature to the Board. The Board must elect a chairperson from among its nonlegislative members.

A majority of the currently serving appointed members constitutes a quorum for the purpose of conducting the Board's business, exercising its powers, and for all other purposes. Action may be taken by the Board based on a vote of a majority of the appointed members present.

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 start-ups, 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.

n. Appoint and supervise the economic development liaison position under DOA that serves as the state's primary point of contact for any matters regarding the electronic and information technology manufacturing zone tax credit program (Foxconn) through December 31, 2022.

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, 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, loan, or tax credit under the program to submit a report to WEDC, and require that each contract with a grant, loan, or tax credit recipient 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 objectives and benchmarks; (e) annually and independently verify, from a sample of grants, loans, or tax credits, the accuracy of the information submitted to WEDC; and (f) require each recipient of a grant, loan, or tax credit to submit a statement to WEDC signed by the recipient, or the director or principal officer of the recipient, attesting to the accuracy and truthfulness of the information it submits in the reports.

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 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, under the program; (g) an identification of each recipient of a tax benefit allocated, and each recipient of a tax benefit that was verified by WEDC, 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. In prior years, WEDC published and delivered a paper report to the Legislature containing this information, entitled Wisconsin's Annual Report on Economic Development. In 2022, WEDC did not deliver a similar report. Instead, WEDC indicates that it has made available the same information on its website.

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 appointed with the advice and consent of the Senate. The CEO serves 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 Board, the CEO, and all WEDC employees are considered state public officials who are subject to the Wisconsin Ethics Code. Specifically, such individuals are: (a) subject to Code provisions governing conflicts of interest, general ethical standards, and use of state resources; and (b) 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.

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### **WEDC Administration**

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WEDC was created as an Authority under 2011 Act 7 to replace the former Department of Commerce as the state's lead agency in promoting economic development. Under the provisions of 2011 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 typically 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.

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 that can be earned in tax year 2023: (a) angel investment and early stage seed investment; (b) business development; (c) enterprise zones; (d) supplement to the federal historic rehabilitation tax credit; and (e) electronics and information technology manufacturing zone (Foxconn).

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, appropriate, 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 a new enterprise zone without consent of the Board and approval of the Joint Committee on Finance under a 14-day passive review process. 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. By law, the CEO may accept gifts and grants for WEDC's benefit. However, WEDC bylaws limit the CEO's authority to receive gifts of not more than \$25,000 in a twelve-month period by individuals or organizations. Larger gifts require Board approval.

Under the bylaws, the CEO has authority to employ officers, agents, and employees deemed appropriate to fulfill WEDC'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 WEDC'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.

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. However, application documents are subject to the state open records law once a contract is executed. 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 or specified in the bylaws.

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### WEDC's Budget

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Table 1 shows WEDC's budgeted statement of revenues and expenditures for fiscal year 2022-23,

**Table 1: Budgeted Revenues and Expenditures, 2022-23**

Projected Beginning Fund Balance	\$73,705,800
<b>Revenues</b>	
FED - ARPA (SFRF)	\$32,320,000
FED - ARPA (SSBCI)	23,727,200
SEG - Economic Development Fund	33,900,000
SEG - Environmental Fund	1,205,100
GPR	6,650,700
Other Intergovernmental	2,663,000
Interest on Loans	1,200,000
Interest on Investments	-500,000
Charges for Services	120,000
Other	<u>345,500</u>
Total Revenues	\$101,631,500
<b>Expenditures</b>	
Grant Programs	\$22,000,000
Federal Grants	34,320,000
Loan Loss Reserve	500,000
Key Strategic Partners	5,088,800
Promotions	8,070,800
Administration	
Payroll and Benefits	14,533,200
Operations and General	9,800,300
Capital	2,000,000
Debt Service	<u>279,000</u>
Total Expenditures	\$96,592,100
Excess Revenues over Expenditures	\$5,039,400
<b>Year-Ending Fund Balance</b>	
Nonspendable	(33,645,500)
Restricted	(39,010,300)
Assigned	(2,615,600)
Unassigned	(3,473,800)

Source: WEDC Operations and Budget Plan, 2022-23

as approved by the Board on July 26, 2022 (made available by WEDC in its Operations and Budget Report on its website). 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.

For 2022-23, the principal source of WEDC's revenue was projected to consist of funding received under the federal American Rescue Plan

Act of 2021 (ARPA). This includes \$32.3 million received under the state fiscal recovery fund (SFRF). Money that state and local governments receive from the SFRF must be used for expenses incurred in response to the public health emergency declared in response to COVID-19. For more information, the Legislative Fiscal Bureau Information Paper entitled "State Discretionary Funds from Federal Coronavirus Relief Legislation" provides details regarding the COVID-19 relief grant programs that were administered by WEDC and the Department of Revenue (DOR) in 2021 and 2022.

APRA also provided additional funding under the state small business credit initiative (SSBCI). WEDC has applied for and, pending approval by the U.S. Treasury, budgeted SSBCI funds in 2022-23 for the following programs: (a) \$16,461,000 for a new venture capital program; (b) \$3,000,000 for technology development loans; (c) \$2,000,000 for the capital catalyst program; (d) \$1,910,200 to provide technical assistance to small businesses and underserved entrepreneurs; and (e) \$356,000 for administrative costs.

As shown in Table 1, apart from the ARPA funding, most of WEDC's revenue consists of segregated (SEG) funds, from the economic development fund (\$33.9 million) and the environmental fund (\$1.2 million). In addition, WEDC receives state general purpose revenue (GPR), revenue from the federal government (other than SFRF and SSBCI monies) and other state agencies, interest income on loans and investments, charges for services, and other sources.

GPR may be expended from WEDC's sum sufficient appropriation only if there are no unencumbered moneys available in the economic development fund. Thus, the first draws for programs and operations should come from the economic development fund until the available balance of the SEG appropriation is depleted. Specifically, the funding for operations and programs is provided

in an amount of GPR equal to \$41,550,700 minus the amounts expended from the economic development fund and the environmental fund. However, GPR programs and operations spending in any year cannot exceed \$16,512,500.

As shown in Table 1, budgeted expenditures in 2022-23 total \$96.6 million. This amount includes \$34.3 million for WEDC-administered COVID-19 relief programs and \$22.0 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" and "Other WEDC Programs."

WEDC's budget also includes funding of \$8.0 million for marketing and promotions. The Board's marketing and 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, attract and retain talent in the state, 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. Of this amount, WEDC indicates that it also assigned \$2.9 million of such funding in 2022-23 (and \$0.1 million in 2021-22) for talent attraction initiatives during the 2021-23 biennium, as required under 2021 Act 58.

Administrative costs are budgeted at \$26.6 million, primarily for employee compensation, which accounts for about 55% of the total administrative budget. On July 1, 2022, WEDC employed 113 full-time employees, four project employees, and 10 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 37% of WEDC's administrative costs. Capital costs (including vehicle purchases, leasehold improvements, and computer software development) account for 7%. In particular, this reflects new office space. The remaining 1% is for paying debt service. Debt service expenditures are for outstanding notes to the state related to employee pension obligations.

The budget also includes \$5.1 million for contracts with key strategic partners to provide assistance to businesses. In general, the partnerships provide: (a) services to entrepreneurs; (b) advisory services to manufacturers; (c) services to early-stage companies; or (d) in-market export services (such as connecting a Wisconsin manufacturer to a buyer or helping a business navigate another country's regulatory environment). For example, WEDC is statutorily required to provide annual grants to regional economic development organizations (WEDC contracts with nine such organizations in 2022-23) and incurs certain administrative costs in coordinating with these organizations. Details regarding each of these partner organizations for 2022-23 can be found in Attachment I.

The final component of the 2022-23 budget is \$0.5 million for loan loss reserves. In general, loan loss reserves are set aside to account for uncollected loans and loan repayments (\$0.5 million). For 2022-23, WEDC expects to issue \$5.5 million in new loans, described later in this paper.

The majority of WEDC's \$78.7 million year-ending fund balance has been obligated for future use or is otherwise not available for other use. Of WEDC's balance, \$33.6 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 \$41.6 million of the balance. The remaining \$3.5 million is unassigned and available as working capital or to offset unexpected expenses. State law requires WEDC's Board to establish a

target unassigned balance on June 30 of each year equal to two-twelfths of its estimated annual administrative expenditures for that year (equal to \$4.4 million for 2022-23).

Table 1 also shows that WEDC has budgeted expenditures that are \$5.0 million less than it is expected to receive in revenue during 2022-23. This is projected to increase the opening (all funds) balance from \$73.7 million to an ending balance of \$78.7 million. The anticipated increase in the fund balance differs from declines in the fund balance in previous years. For example, the ending fund balance declined by \$4.3 million 2017-18, \$11.5 million in 2018-19, \$11.7 million in 2019-20, \$5.0 million in 2020-21, and \$3.5 million in 2021-22. This is in part due to a series of legislation, including 2015 Act 55 and 2017 Act 59, which reduced GPR funding for programs and operations in favor of spending down WEDC's fund balance. Also, 2019 Act 9 required WEDC to make a payment of \$25.0 million for deposit into the state's general fund on or before January 1, 2020.

**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 income/franchise tax return if they have more than \$4 million in gross receipts from all activities. 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.

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. Surcharge

**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	23.76	0.01	21.78	0.20	8.72
2016-17	8.72	38.77	0.09	21.78	0.19	25.61
2017-18	25.61	25.74	0.27	50.88	0.16	0.58
2018-19	0.58	26.98	0.14	27.25	0.19	0.26
2019-20	0.26	34.62	0.06	34.61	0.21	0.12
2020-21	0.12	35.37	0.00	35.17	0.23	0.09
2021-22	0.09	38.70	-0.25	38.22	0.24	0.08

\* Includes annual interest income to the fund, a one-time transfer of \$4.89 million from the recycling fund in 2011-12, and a one-time correcting transfer of \$0.27 million to the environmental fund in 2021-22 related to the implementation of 2011 Act 32.

\*\* Beginning in 2017-18, the appropriation of economic development funds for WEDC programs and operations changed from sum certain to all monies received.

Source: State of Wisconsin Annual Comprehensive Fiscal Reports

payments are transferred to the economic development fund when the taxpayer files their return and the return is processed.

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.

Table 2 shows the following information regarding the condition of the economic development fund from July 1, 2011, through June 30, 2022: (a) the opening balance of the fund; (b) annual economic development surcharge collections deposited in the fund; (c) other revenues deposited in the fund; (d) annual WEDC appropriations; (e) DOR's administrative surcharge; and (f) the ending balance.

The reduction in surcharge revenues from 2012-13 to 2013-14 primarily reflects the 2013

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. Surcharge revenues increased substantially in 2016-17 in part due to delays in processing corporate tax returns, which delayed the deposit of monies in the economic development fund from 2015-16 into 2016-17.

Since the end of 2013-14, the fund balance increased from \$1.4 million to \$25.6 million on June 30, 2017. However, expenditures substantially increased in 2017-18, and, as a result, the ending balance decreased to \$0.6 million. Beginning in 2017-18 the sum certain, continuing appropriation from the economic development fund for operations and programs was changed to authorize the spending of all monies received. This has enabled WEDC to spend down SEG funding from the economic development fund, rather than GPR, since 2017-18.

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## WEDC Loan and Equity Investment Programs

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WEDC issues loans to businesses under several direct loan programs. WEDC's loan portfolio reduced in 2021-22, from \$30.0 million to \$23.3 million. Table 3 shows WEDC's aggregate loan activity from July 1, 2021, through June 30, 2022. Details regarding WEDC's cumulative loan activity since 2011-12 can be found in Attachment II.

**Table 3: 2021-22 WEDC Loan Activity**

	Amount (Millions)	Count	Average
Loans Receivable			
July 1, 2021	\$29.99	117	\$256,314
Loan Draws	4.40	13	338,481
Loan Repayments	6.70	18	372,433
Amounts Written Off	0.20	1	199,022
Amounts Forgiven	4.02	2	2,008,579
Converted to Equity	0.15	3	48,996
Loans Receivable			
June 30, 2022	23.32	106	220,019
New Loans Contracted	4.84		
Interest Received	0.77		
Interest Accrued	1.03		

Source: Wisconsin Economic Development Corporation

It should be noted that the gross loans receivable as of July 1, 2022, shown in Table 3, does not reflect the amount of outstanding loans that are expected to be collected by WEDC. Each 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 \$23.3 million of gross loans receivable is reduced by the entire amount of forgivable loans receivable (\$1.7 million) and approximately 30% of the collectible loans receivable (\$6.6 million). Net loans receivable, or the amount that WEDC expects to recover from outstanding loans, are estimated at \$15.0 million (approximately 64% of gross loans receivable).

2015 Act 55 restricted WEDC from originating new loans after June 30, 2017 (except for

technology development loans). However, these provisions were later repealed by 2017 Act 59. WEDC may originate new loans, but not loans which are forgivable. Instead, all new loans must adhere as closely as practicable to commonly accepted commercial lending practices.

As shown in Table 3, WEDC contracted for \$4.8 million in new loans in 2021-22. For 2022-23, \$5.5 million is budgeted. For collectible loans, \$0.5 million is budgeted in 2022-23 for loan loss reserves to account for the risk of bad debts or otherwise uncollectible loan balances. No funds are reserved for losses on forgivable loans in 2022-23 because WEDC is prohibited from originating new forgivable loans.

The following section describes the technology development loan program, the only WEDC loan program in effect for 2022-23.

**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 \$2.5 million in state funding is budgeted for the program in 2022-23. Another \$3.0 million of federal funding received under the SSBCI is available in 2022-23.

Loan amounts 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 is available to each eligible company 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 timeline; (g) income, payroll, and real estate taxes, supply chain, and other economic benefits; (h) need for funding and the impact that funding is likely to have on future success; and (i) development and commercialization timeline.

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 generally fixed at 6%. Alternatively, payments may be based upon monthly gross revenue (typically, 1.15% to 3%) on a case-by-case basis. WEDC may impose a loan origination fee of 2% of the loan amount.

As part of the terms of the loan, WEDC frequently includes an option to convert a portion of the loan amount into equity in the borrower company. The conversion to equity cannot exceed the term of the note unless there is an initial public offering, and conversion will generally be tied to an anticipated liquidity, or other, event. Generally, WEDC will include safeguards for its interests, including that WEDC: (a) will not convert to equity if it would result in an ownership interest of 20%

or more; (b) will have discretion to abstain or waive voting rights, and will not have/exercise any indicia of control; (c) will not be required to purchase securities or convert to equity; (d) will not accept any liabilities as a holder of warrant rights or an equity position; and (e) will require a company to repurchase any equity held by WEDC if the company relocates out of Wisconsin within five years.

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. Guarantees should be considered under certain circumstances, such as when the company has substantial ties to other states or when the majority of funding comes from the founder, friends, and family, as opposed to outside banks or venture capital that would validate the investment. Where necessary, WEDC may require corporate guarantees from related entities, holding companies, or subsidiaries.

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 addition to the WEDC program requirements, federal SSBCI funding has specific requirements for company eligibility, private funding participation, reporting requirements, and other factors. The funding source utilized will be based on the ability of the proposed project and funding structure to meet federal funding eligibility requirements, policy guidance, and program objectives established by the U.S. Treasury.



In 2021-22, WEDC contracted a total of \$4.8 million in technology development loans to 15 eligible recipients.

**Venture Capital Program.** States receiving federal SSBCI funds may set up public-private partnerships for equity investing or may invest in venture capital funds. WEDC has budgeted \$16.5 million of federal SSBCI funding in 2022-23 to establish a new venture capital program, with the intention to fund the program with up to \$50.0 million over 10 years.

However, as of December 31, 2022, the U.S. Treasury has not yet approved WEDC's application for SSBCI funding, and this program is not yet active.

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### WEDC Grant Programs

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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.

As shown in Table 4, in 2021-22, WEDC contracted 211 grant awards totaling \$91.3 million. Attachment III provides details regarding the number of, and amount of, grant awards contracted by WEDC from 2016-17 through 2021-22.

WEDC administers grant programs promoting three main areas: (a) entrepreneurship and innovation; (b) business and community development; and (c) global trade and investment. The programs in each area are described below. These include programs that are available in 2022-23, programs

temporarily available in response to the COVID-19 pandemic and any programs that were temporarily suspended in 2022-23, but that WEDC expects to resume in 2023-24.

### Entrepreneurship and Innovation Grants

Entrepreneurship and innovation grants provide capital and technical assistance to support startup businesses to grow and bring products and services to market. As shown in Table 4, WEDC awarded 31 of these grants in the amount of \$5.9 million in 2021-22.

**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. Recipients may include units of government, educational institutions, foundations, other nonprofit entities, or investment holding entities established by otherwise eligible entities. 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. Funding decisions generally focus on assistance to companies with a geographic, community, industry, innovation, or other area relevant to WEDC strategy.

WEDC has budgeted state funding of \$1.0 million for the capital catalyst program in 2022-23. An additional \$2,000,000 is budgeted from funding received under the SSBCI.

Recipients must have a segregated account to receive WEDC grants, which may include the recipient's matching funds. 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

**Table 4: Grant Program Awards and Expenditures**

	Amount Awarded in 2021-22		Budgeted 2022-23
	Awards	Amount	Amount*
<b>Entrepreneurship and Innovation</b>			
Capital Catalyst**	4	\$1,400,000	\$3,000,000
Entrepreneur Micro-grant	1	250,000	250,000
Entrepreneurship Partner Grant	24	2,714,650	2,250,000
SBIR/STTR Matching Grant	1	1,500,000	1,500,000
Wisconsin Investment Pilot***	<u>1</u>	<u>37,500</u>	<u>NA</u>
<i>Subtotal</i>	31	\$5,902,150	\$7,000,000
<b>Business and Community Development</b>			
Brownfield Site Assessment Grants	8	\$781,300	\$1,205,124
Brownfields Grants	9	2,224,700	2,500,000
Capacity Building	9	599,650	750,000
Community Development Investment Grant	41	8,602,600	8,250,000
Diverse Business Development	9	383,000	500,000
Disaster Recovery Microloan	0	0	0
Idle Sites Redevelopment	7	1,750,000	2,000,000
Fabrication Laboratories	21	508,029	500,000
Main Street Bounceback**	<u>9</u>	<u>67,680,000</u>	<u>32,320,000</u>
<i>Subtotal</i>	113	\$82,529,279	\$48,025,124
<b>Global Trade &amp; Investment</b>			
Expotech	1	\$153,000	\$192,000
Global Business Development - International Market Access	51	921,100	1,260,000
Global Business Development - Collaborative Market Access	3	150,000	150,000
Targeted Industry Projects	<u>12</u>	<u>1,597,600</u>	<u>200,000</u>
<i>Subtotal</i>	67	\$2,821,700	\$1,802,000
<b>Total</b>	<b>211</b>	<b>\$91,253,129</b>	<b>\$56,827,124</b>

Source: Wisconsin Economic Development Corporation

\*Due to budget adjustments for the timing of grantees earning grant award amounts, the 2022-23 grant awards in Table 4 do not exactly equal the budgeted grant expenditures in Table 1.

\*\* The federal SSBCI program provides \$2.0 million for the capital catalyst program in 2022-23. The federal SFRF provides a total of \$100.0 million for the Main Street Bounceback program overall in 2021-22 and 2022-23.

\*\*\* Program not operational after 2021-22.

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: (a) addi-

tional awards to eligible businesses; (b) distribution to WEDC and the applicant in proportion to the initial match; and/or (c) 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 \$1.4 million to four eligible entities in 2021-22. According to WEDC, these funds assisted 45 companies.

***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 2022-23, WEDC has made available to CTC \$0.3 million to administer the micro-grant program.

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 for: (a) up to \$4,500 for assistance to prepare and submit an SBIR/STTR or other federal funding proposal; (b) an additional \$1,000 funding bonus for applicants who are awarded federal funding through the program; and (c) up to \$4,500 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 2021-22, WEDC provided \$0.3 million to the CTC. The Center assisted 140 businesses through the entrepreneurial micro-grants program in 2021-22.

***Entrepreneurship Partner Grant Program.*** The entrepreneurship partner program awards grants to eligible nonprofits that provide support and technical assistance to startups. Grant recipients may use funding to provide assistance to companies/individuals participating in the program, include direct cash funding (though WEDC must approve the type of funding provided). In 2022-23, \$2.3 million is budgeted for the entrepreneurship partner grants.

Generally, applicants may receive one grant per fiscal year of up to \$200,000. However, WEDC may exceed that amount to address unanticipated opportunities, needs, project scope and project budget.

Grants are offered through solicitations held periodically throughout the year. Awards are made on a competitive basis and may have a particular focus (such as expanding existing programs or pilot programs). WEDC may take the following into account when evaluating applicants: (a) the number of companies/individuals served; (b) historical performance results; (c)

operational expenses related to the overall intensity, duration, or rigor of the program; (d) historical funding by WEDC; (e) novel and innovative ways to address entrepreneurial access and growth; (f) replicability and sustainability of program; (g) matching resources; and (h) partnering/collaborating organizations. Other factors may include, but are not limited to, industry sector, local economic considerations, rural areas and diversity, equity, and inclusion targets.

Entities eligible for entrepreneurship partner grants include communities, nonprofit organizations, educational institutions and units of government. Grant recipients are required to provide matching funds equal to the grant via cash or eligible expenses.

Entrepreneurs served by the award recipients are provided a wide range of support including, financing, mentorship, educational programming, visibility to investors, leadership training, community building, networking events, and business development strategies. Grant recipients may utilize WEDC funds to provide direct cash funding to companies participating in the assistance program. WEDC must approve the type of funding provided to participating companies and individuals.

In 2021-22, WEDC provided \$2.5 million of entrepreneurship partner grants to 19 recipients under an open application process and an additional \$0.2 million in competitive grants to five eligible recipients. In 2022-23, all grants will be selected using a competitive process.

***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 that qualify as a small business concern as defined under federal law.

The SBIR/STTR program provides grants from 11 federal agencies nationwide designed to

help small businesses create and commercialize new innovations and technologies. As of October 2022, federal grants consist of three phases: (a) Phase I awards of up to \$295,924 to support feasibility studies; (b) Phase II awards of up to \$1,972,828 to support full research and development; and (c) Phase III, which entails commercialization supported by non-state SBIR/STTR grants. These award limits are annually adjusted for inflation. Agencies may issue awards for less than these limits but may exceed the limits by no more than 50% without approval of the small business administration.

A business may be eligible to receive matching grants of 50% up to \$75,000 of the amount of federal Phase I or up to \$100,000 for up to two years for Phase II funding awards. 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 \$1.5 million for the SBIR/STTR matching grant program in 2022-23.

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. In addition, 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 2021-22, WEDC provided \$1.5 million to the CTC, which assisted 178 businesses through the SBIR/STTR program.

### **Business and Community Development Grants**

Community development programs provide financial assistance for activities that revitalize commercial districts and assist local officials to create economic development strategies. As shown in Table 4, WEDC awarded 113 of these grants in the amount of \$82.5 million in 2021-22.

#### ***Brownfield Site Assessment Grant Program.***

The brownfield site assessment grant (SAG) program provides local governments with grants of up to \$150,000 to local governments seeking to redevelop sites with economic or community development potential that are or may be adversely impacted by environmental contamination. WEDC administers the program with monies from a separate biennial appropriation from the environmental management account of the segregated environmental fund.

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; (h) involvement of diverse businesses, including women and veteran-owned contractors, in eligible project costs; (i) location in an economically distressed community; and (j) 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 budgeted from WEDC's biennial appropriation in a year (\$180,800 maximum in 2022-23). 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 2021-22, WEDC awarded SAG amounts of \$0.8 million to eight eligible applicants. The program is budgeted \$1.2 million SEG for 2022-23.

***Brownfields Grant Program.*** The brownfields grant program provides financial assistance to eligible cities, villages, towns, counties, individuals, 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; (4) building renovation; or (5) 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.

WEDC generally limits individual grant awards to \$500,000 or less per project (\$250,000 for 2022-23), unless the size of the brownfield and the degree and extent of contamination associated with the project clearly justify an award beyond normal parameters. A brownfield grant recipient must contribute to an eligible project an amount equal to at least 50% of the grant amount. However, for projects other than those located in economically distressed communities, WEDC generally requires matching funds equal to twice the eligible project costs due to current demand for the program. The required match can include expenditures for: (a) up to 50% of the total acquisition cost of the brownfield site, except for a project located in distressed counties or an opportunity zone, for which 100% may be used as match; (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 and independent third parties clearly demonstrating how project costs were derived; (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; (l) whether the project is located within an economically distressed community; (m) involvement of diverse businesses (including women and veteran-owned contractors) in eligible costs; and (n) 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 nine eligible entities in 2021-22 and awarded total brownfield redevelopment financial assistance of \$2.2 million. A total of \$2.5 million is budgeted for brownfield grants in 2022-23.

**Capacity Building Grants.** The capacity building grant program assists statewide, regional, and local nonprofit organizations and educational institutions to enhance economic development networks in the state. In 2022-23, \$0.75 million is budgeted for 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; or (d) marketing by regional economic development organizations. 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.

WEDC generally offers grant amounts of up to \$50,000 per eligible project. However, projects that demonstrate significant regional or statewide impact may receive additional funding.

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 impact 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 2021-22, WEDC provided total capacity building grants of \$0.6 million to nine eligible recipients.

***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.

Maximum awards generally do not exceed \$250,000 unless the request for funds is for a project that, due to the size and scope of the investment, justifies an award beyond normal parameters. At least 50% of the funds must be awarded to economically distressed communities. WEDC has budgeted \$7.5 million for the CDI grant program for 2022-23.

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 minimum matching investment of at least three times the amount of WEDC funds awarded (projects located within economically distressed communities or an

opportunity zone may provide matching funds of one to one); (b) have no more than 50% of the matching investment come from other state or federal grant sources, except for ARPA funds; (c) provide a signed resolution by the elected governing body authorizing the submittal of a grant application; and (d) not have been awarded another CDI grant in that fiscal year (unless within a distressed economic community, in which applicants may apply for two grants per year).

If an applicant was impacted by an event resulting from a state or federal disaster declaration within two years of submitting an application and demonstrates that all other funding mechanisms (such as federal emergency funds) have been fully utilized, the applicant may: (a) receive CDI funds for mitigation or preparedness; and (b) may have the required matching fund amount reduced or waived, as determined by WEDC. Grants are awarded at WEDC's discretion through an ongoing application process.

The following projects may qualify 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 which 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: (a) the impact on the community; (b) financial justification for the project; (c) previous planning efforts; (d) involvement of public-private partnerships; (e) involvement of diverse businesses, including women and veteran-owned contractors, in



eligible project costs; (f) whether the primary building occupant is a diverse-owned business and the primary building occupant serves communities of diverse individuals (such as women, veterans, or low and moderate income); (g) clean energy technology investments included in the project; (h) quality urban design that balances preservation of existing heritage structures and streetscapes with new development; and (i) other factors, as determined by WEDC.

WEDC awarded a total of \$8.6 million in CDI grants to 41 eligible applicants in 2021-22.

*Vibrant Spaces Pilot.* Vibrant spaces funds are awarded through a competitive application process for communities to invest in public projects that will enhance the community as an attractive place to live. Eligible projects must demonstrate a collaborative, community-driven effort (such as identified in a community plan or community document) that identifies the project as a positive community investment. Grant recipients must submit a performance report at the completion of the project.

Applicants must provide matching funds at least equal to the funding WEDC provides. WEDC has budgeted an additional \$0.75 million for the CDI vibrant spaces pilot grant program for 2022-23.

Eligible activities include: (a) public space enhancements, such as alleys and programmable park spaces; (b) public signage, including wayfinding, interpretative signage, and kiosks; (c) seasonal equipment with the intent to use for multiple years, such as tables, chairs, and bike racks; (d) sidewalk extensions (parklets); and (e) public infrastructure projects, including public restrooms to serve public spaces. Events and private spaces that are not open to the public are ineligible for funding.

**Diverse Business Development (DBD) Program.** The DBD program is designed to support

capacity building of diverse nonprofit organizations and owners of existing, new, and expanding businesses. Eligible grant applicants are nonprofit organizations that provide technical assistance, training, and/or micro-loans to businesses owned by minorities, women, LGBT persons, disabled persons, and veterans. Funding is intended to promote investment and job retention and creation in diverse communities and underserved markets by increasing access to capital and business development training opportunities.

Grant recipients must demonstrate professional capacity, financial stability and viability, and a demonstrated need. Recipients are required to submit periodic reports on the number of businesses assisted, as well as any other contract deliverable.

In 2021-22, WEDC awarded \$0.4 million in grants to nine organizations. For 2022-23, WEDC has budgeted an additional \$275,000 for the DBD program.

*Ally Grant Pilot.* In 2022-23, WEDC will conduct a competitive round of funding to support the development of new and/or emerging diverse nonprofit organizations that support diverse business communities. The pilot focuses specifically on organizations WEDC has not previously funded. Eligible applicants must: (a) be a diverse-based nonprofit organization; and (b) have received no prior WEDC funding. An organization is eligible to be considered for no more than three grants through this program.

For 2022-23, WEDC has budgeted an additional \$225,000 for the Ally pilot DBD program.

**Disaster Recovery Microloan (DRM) Program.** The disaster recovery microloan program provides assistance to businesses affected by disaster events in Wisconsin. WEDC will provide grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or

man-made. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured.

DRM grants will only be made available to regional entities where WEDC has an agreement in place outlining the grant obligations and terms and conditions of the microloan program. Recipients of DRM grants are required to periodically submit a performance report documenting the businesses assisted, as well as any other contract deliverables.

Within 30 days following a natural or manmade disaster event, the pre-approved regional entity will request allocation of funding to make microloans in its respective region. WEDC will expedite review and approval of the request. Microloan funds may be used for procurement of cleanup and restoration services, operating expenses (such as payroll), temporary space, and repair and reconstruction.

In the event of a disaster, the microloans may be made for up to \$20,000, have no interest, and may be repaid over 24 months with no prepayment penalty. Collateral and guarantees should be considered, but are not required. Loan repayments may be retained by the regional entity for other economic development uses.

DRM program funds are available to businesses that: (a) are located in, or are directly adjacent to, a region where the authorized regional entity has received an allocation, (b) have suffered measurable physical or economic losses because of the disaster event; and (c) attest to their intent to resume business operations in the community as quickly as possible. However, the following businesses are ineligible: (1) payday loan and title companies; (2) telemarketing, other than inbound call centers; (3) pawn shops; (4) liquor stores; (5) adult entertainment venues; (6) home-based businesses; and (7) farms.

In 2021-22, WEDC did not issue any disaster recovery microloan grants. In 2022-23, the program is not initially budgeted any funding. The program budget will be determined based upon a disaster event, the number of businesses in need of financial assistance, and the availability of funds.

***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 a developer's agreement for the targeted project site or an approved resolution describing the project and its goals. In 2022-23, \$2.0 million is budgeted for the idle sites redevelopment grants.

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; (b) commercial parcels that exceed ten acres and had more than 25 years of commercial usage (except that for designated rural counties, the parcels need only exceed five acres); or (c) institutional parcels that exceed five acres having 25 years of usage (institutional parcels of less than five acres may be considered if located within a commercial corridor). Eligible applicants must own the targeted site or have the legal ability to access the property to perform the proposed work.

Eligible applicants may use grant and any matching 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). Matching funds may also include acquisition costs. WEDC funds cannot exceed 25% of total project costs, unless a project is located within a distressed community (in which case WEDC may provide up to 50% of

eligible costs). The following costs may not be funded with grant assistance or matching funds: (a) past costs; (b) in-kind contributions; (c) new construction; (d) indirect construction costs; or (e) environmental work occurring on properties in which the current owner caused the contamination of the site. Individual grant awards may be for up to \$250,000.

Applications are approved on a continuous 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 2021-22, WEDC entered into contracts with seven recipients approving grants worth \$1.8 million.

***Fabrication Laboratories Grant Program.*** The fabrication laboratory program provides financial assistance to public school districts for equipment purchases used for instructional and educational purposes in fabrication laboratories in Wisconsin grade schools, junior high schools, high schools, and tribal schools. In 2022-23, \$500,000 is budgeted to support fabrication laboratories.

In general, applicants that have already received three grants are not considered for additional grants. However, this limit does not apply to Milwaukee public schools or for applicants seeking a one-time grant to establish a fabrication laboratory for use by students in kindergarten through eighth grade.

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.

When awarding grants, WEDC considers the applicant's readiness and long-range planning, curriculum, business and community partnerships, 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. 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 50% of the grant provided by WEDC.

In 2021-22, WEDC entered into 21 contracts and provided \$0.5 million to support the program.

***Wisconsin Tomorrow Main Street Bounce-back Grants.*** The main street bounceback grant program provides grants to approved entities with the capacity to deploy rapid response grants to businesses opening locations in vacant commercial spaces. WEDC contracts with approved entities to distribute and administer grants in their

respective geographic areas of the state. Grants are supported with federal SFRF funding under ARPA.

Grants made by entities to businesses assist with the costs associated with leases, mortgages, operational expenses, and other business costs related to the newly opened location. Each approved entity receives \$10,000 upon initial award and an additional 2.5% of the granted amount for program administration. Grant recipients are required to submit semi-annual performance reports documenting the businesses assisted, as well as any other contract deliverable.

Funding is available to for-profit businesses and nonprofit organizations that: (a) are located in a region where approved entities have received an allocation; and (b) certify that a business has not or will not vacate a commercial space in Wisconsin.

The following businesses are ineligible: (a) businesses that are part of a national or regional chain, unless the business is an independently owned and operated franchise; (b) dead storage (storage of seldom used items for indefinite periods of time); (c) governmental units (except for tribal enterprises/corporations); (d) home-based businesses, unless the business unit is moving into a vacant commercial space to support functions of the business; (e) landlords leasing space for residential use, unless the business unit of the landlord is moving into a vacant commercial space to support functions of the business; (f) real estate investment firms, when the real property will be held for investment purposes; (g) businesses engaged in any illegal activity under federal, state, or local law; and (h) businesses locating in a space of less than 400 square feet.

In 2021-22, WEDC provided \$67.7 million of mainstreet bounceback grants to nine eligible recipients that assisted 5,128 businesses. In 2022-23, SFRF funding of \$32.3 million is budgeted for mainstreet bounceback grants.

## Global Trade and Investment Grants

Global trade and investment programs provide financial and other assistance to support the export capabilities of businesses in the state of Wisconsin. As shown in Table 4, WEDC awarded 67 of these grants in the amount of \$2.9 million in 2021-22.

**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.

ExporTech is a national 12-week program managed by the National Institute of Standards and Technology's Manufacturing Extension Partnership 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 2021-22, WEDC provided WCMP \$0.2 million to administer the ExporTech program to assist 21 businesses participating in the program. WEDC has budgeted \$0.2 million in funding for WCMP to administer the ExporTech program in 2022-23.

***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 2022-23.

***International Market Access Grants (IMAG).*** 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; or (b) \$10,000 of WEDC funds for companies that have not completed the ExporTech program.

To be eligible for an IMAG, 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. Recipients must agree to a minimum cost-match of 30% of the total grant awarded.

ExporTech™ graduate companies generally may receive no more than six IMAGs. Non-graduates generally may receive no more than three IMAGs.

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. Also, the eligible activities that are reimbursable with grant funds must have occurred after the award was approved.

WEDC contracted 51 international market access grant awards in 2021-22, totaling \$0.9 million.

***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 to eligible recipients (but no more than a \$15,000 award by the intermediary to each individual company) to support projects that will increase international exports.

Eligible recipients include Wisconsin industry associations, alliances, agencies, nonprofits, 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 IMAG program. Eligible expenses include, but are not limited to, those described under the IMAG program.

In 2021-22, WEDC awarded three collaborative market access grants in the amount of \$0.2 million, which were expected to assist 41 businesses.

#### ***Targeted Industry Projects (TIP) Program.***

The TIP program provides grant awards to support industry cluster and sector development in Wisconsin. These investments are generally intended to support strategic industry initiatives and investments, develop shared-use infrastructure, help fund industry-related pilot projects, expand successful initiatives, increase geographic reach, or allow for expansion of consortia efforts.

WEDC will take the following into account when considering a TIP grant: (a) impact on the industry; (b) financial justification; (c) previous planning efforts; (d) readiness to proceed; (e) involvement of public-private partnerships; and (f) other factors determined by WEDC. Applicants must be actively engaged in distinct industry or sector development, or engaged in efforts to enhance cross-industry competitiveness, such as workforce development, market development, new investments, business attraction and acquisition of specialized competitive assets or facilities.

The program is not intended to provide funds for ongoing operational needs over the long-term. WEDC generally requires matching funds and,

depending on the project budget, may require additional documentation from other project participants.

Provisions of 2021 Act 58 required WEDC to consult with the Cooperative Network and to provide up to \$200,000 in each year of the 2021-23 biennium for cooperative feasibility studies. WEDC awarded 12 contracts under the TIP program in 2021-22 totaling \$1.6 million in award amounts. This includes \$152,600 for seven awards made in consultation with the Cooperative Network to assist cooperatives with consultant fees and feasibility studies that can help cooperatives decide future plans. WEDC has budgeted \$0.2 million in 2022-23 in support of the TIP program.

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### **WEDC Administered Tax Credits**

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In addition to WEDC's grant, loan, and equity investment programs, the state offers a number of tax credits to encourage specific types of business investment in Wisconsin. Table 5 identifies the tax credit programs administered in part by WEDC that may be earned in tax year 2023.

The three refundable credits in Table 5 are backed by sum sufficient appropriations to reimburse claimants for allowable credit amounts that exceed their tax liability in a given year. The three 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 three nonrefundable credits, unused amounts may be sold or otherwise transferred to another taxpayer.

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

**Table 5: WEDC Administered Tax Credits**

Program	Type
Business Development	Refundable
Electronics and Information Technology Manufacturing Zone	Refundable
Enterprise Zones	Refundable
Supplement to the Federal Historic Rehabilitation Credit	Not refundable, but transferable
Early Stage Seed Investment	Not refundable, but transferable
Angel Investment	Not refundable

business may claim the awarded tax credits. Pursuant to the terms of the contract, a business may receive a verification letter from WEDC upon completion of the Wisconsin investment to claim the credits from DOR. Attachment IV provides details regarding the total amount of credits for which WEDC entered into contracts and the number of contracts awarded from 2016-17 through 2021-22. Attachment V shows the amount of credits that WEDC verified each year and the amount of verified credits that were later revoked from 2016-17 through 2021-22.

In 2021-22, WEDC entered into contracts to award more than \$51.5 million in tax credits, amended enterprise zones contract awards to award an additional \$50.0 million in tax credits, and certified businesses to participate in the early stage seed and angel investment tax credit programs for up to \$95.1 million of credits for their investors. Details regarding each of the credits listed in Table 5 may be found in the Legislative Fiscal Bureau's Informational Paper entitled "Business Tax Credits."

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### **Other WEDC Programs**

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WEDC provides technical assistance to businesses through additional programs that are available in 2022-23, which are described in the following sections. These programs provide assistance to businesses and communities by: (a) pre-certifying potential industrial sites for businesses interested in locating or expanding in the state; (b)

providing assistance to companies interested in exporting products to foreign markets; (c) allocating federally tax-exempt bonding authority to municipalities; (d) providing resources to revitalize downtown communities; (e) targeting innovative economic development practices; and (f) providing technical assistance to underserved entrepreneurs and very small businesses.

**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, documentations, 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.

In 2021-22, no new sites were certified. WEDC has budgeted \$56,500 in 2022-23 for the program.

**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 tradable 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 may participate in the program if they are seeking to build their international network or to support client companies, but they 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.

In 2020-21, the program was expanded to allow for virtual trade ventures due to the COVID-19 pandemic. In 2021-22, WEDC provided \$0.2 million to support the program and supported five online trade ventures to six countries for 32 businesses.

WEDC has budgeted operational funding of \$0.9 million in 2022-23 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.

**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. Under federal law, "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; (i) qualified hazardous waste facilities; (j) qualified broadband projects; and (k) qualified carbon dioxide capture facilities (although special rules apply).

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 (\$319.3 million for 2022) 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. For qualified broadband projects and qualified carbon dioxide capture facilities that 75% of the bond issue is not counted against the volume cap (government-owned broadband projects are 100% exempt).

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 nonrefundable fee of 0.1% of the amount of the bond issue must be paid to WEDC. WEDC may waive any fee if warranted by economic circumstances.

The IRB program described above explains how WEDC generally awards private activity bonds it administers. On September 18, 2012, WEDC entered into an agreement with the State of Wisconsin Building Commission (Commission), and the Wisconsin Housing and Economic Development Authority (WHEDA) to allocate a portion of the annual volume cap allocated to Wisconsin by the federal government. Under that agreement, \$10,000,000 of the annual volume cap is allocated to the Commission to be used for any private activity bond that the Commission, in its discretion, may choose to award. The agreement allocates 50% of the remaining annual volume cap to WHEDA to be used, at its discretion, for private activity bonds that are: (a) qualified mortgage bonds or mortgage certificates, as defined under federal law, for single family housing; and (b) qualified residential rental projects, as defined under federal law, for multifamily housing. Additional information regarding WHEDA's annual volume cap allocation may be found in the Legislative Fiscal Bureau's Informational Paper entitled "Wisconsin Housing and Economic

Development Authority."

WEDC allocated a total of \$53.4 million in IRB authority for three projects that contracted bond issues in 2021-22.

**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 budgeted \$250,000 for 2022-23.

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.

According to WEDC, it will select no more than three municipalities (rather than the five maximum in statute) annually for the Main Street program based on a review and ranking of applications. Main Street applicants must be an active Connect Communities participant for at least one year prior to applying for the Main Street program, and applicants must submit a letter of intent to apply for the program by December 1st of the prior year. Applicants must then host an on-site workshop with local stakeholders to discuss the application process, complete a written application, and have an in-person interview.

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. Interested communities submit an application through one or more preannounced

application periods. Applications are determined on a competitive basis by WEDC staff. Regional entities may apply for the Connect Communities program on behalf of multiple small communities (1,000 or less in population) within their region.

WEDC provides technical assistance through the Main Street and Connect Communities programs in the form of training, facade 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. Based on the needs of the participants, WEDC will also provide technical assistance from the National Main Street Center, outside consultants, and/or its own staff. 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, excessive competition from competing areas, blight, building deterioration, 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 2021-22, 34 communities participated in the Main Street program and 84 communities participated in the Connect Communities program. Technical assistance was provided to 136 businesses.

**Forward Labs.** WEDC indicates that it is developing Forward Labs to explore how to best stimulate the innovative, impactful deployment of resources. The WEDC has budgeted \$3.0 million in 2022-23 for the program. However, as of December 31, 2022, the program has not yet been implemented.

**SSBCI Technical Assistance.** WEDC has budgeted SSBCI funding of \$1.9 million in 2022-

23 to provide technical assistance to underserved entrepreneurs and very small businesses. However, as of December 31, 2022, the U.S.

Treasury has not yet approved WEDC's application for SSBCI funding, and thus this program is not yet active.

## ATTACHMENT I

### Partners Contracting with WEDC in 2022-23

<u>Contracted Partner</u>	<u>2022-23 Budgeted Expenditures</u>	<u>Service Provided</u>
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.
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 SBIR program, administers grants to finance business startups, and assists research and development activities to achieve commercialization.
Global Partner Network	188,792	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.
Minority Chambers of Commerce	950,000	Support minority business development through direct grant assistance to qualifying minority business entities or revolving loan fund technical assistance and organizational support.
Regional Economic Development Organizations	800,000	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.
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.
Wisconsin Procurement Institute	350,000	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.
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 Women's Business Initiative Corporation	<u>350,000</u>	Provides 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.
<i>Subtotal</i>	\$4,788,792	
Plus Evaluation and Expansion*	<u>300,000</u>	
<i>Total</i>	\$5,088,792	

Source: Wisconsin Economic Development Corporation Operations and Budget Plan, 2022-23

\*WEDC indicates that it has reserved \$300,000 to potentially redistribute among its partners in 2022-23.

## ATTACHMENT II

### Summary of WEDC's Loan Portfolio Activity from June 30, 2016, through June 30, 2022

	<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>
<b>Loans Receivable</b>															
<b>7/1/2016</b>	\$27,575,593	35	\$787,874	\$13,990,426	73	\$191,650	\$4,471,563	11	\$406,506	\$27,282,700	68	\$401,216	\$73,320,283	187	\$392,087
Draws	5,810,729	6	968,455	2,654,300	10	265,430	1,420,000	7	202,857	140,033	1	140,033	10,025,063	24	417,711
Repayments	240,909	19	12,679	2,668,457	49	54,458	511,458	6	85,243	5,310,796	49	108,384	8,731,619	123	70,989
Write Offs	0	0	N.A.	824,226	3	274,742	0	0	N.A.	4,803	1	4,803	829,028	4	207,257
Forgiven	0	0	N.A.	0	0	N.A.	0	0	N.A.	3,215,606	8	401,951	3,215,606	8	401,951
<b>Loans Receivable</b>															
<b>6/30/2017</b>	33,145,414	40	828,635	13,152,044	71	185,240	5,380,105	18	298,895	18,891,529	48	393,574	70,569,092	177	398,695
Interest Received	203,586			687,754			117,386			592,298			1,601,025		
Interest Accrued	719,837			433,057			241,955			2,507,895			3,902,744		
<b>Loans Receivable</b>															
<b>7/1/2017</b>	33,145,414	40	828,635	13,152,044	71	185,240				24,271,634	66	367,752	70,569,092	177	398,695
Draws	2,715,000	5	543,000	2,618,000	10	261,800				0	0	N.A.	5,333,000	15	355,533
Repayments	5,011,028	29	172,794	2,252,901	44	51,202				2,830,582	41	69,039	10,094,511	114	88,548
Write Offs	3,000,000	2	1,500,000	403,709	4	100,927			Not Active in 2017-18	1,116,000	1	1,116,000	4,519,709	7	645,673
Forgiven	468,750	1	468,750	0	0	N.A.				5,928,620	4	1,482,155	6,397,370	5	1,279,474
<b>Loans Receivable</b>															
<b>6/30/2018</b>	27,380,636	40	684,516	13,113,434	67	195,723				14,396,432	47	306,307	54,890,502	154	356,432
Interest Received	698,012			493,128						426,880			1,618,020		
Interest Accrued	1,139,614			596,245						877,940			2,613,799		
<b>Loans Receivable</b>															
<b>7/1/2018</b>				13,113,434	67	195,723				41,777,068	87	480,196	54,890,502	154	356,432
Draws				3,030,997	10	303,100				500,000	1	500,000	3,530,997	11	321,000
Repayments				1,969,749	30	65,658				5,150,530	45	114,456	7,120,279	75	94,937
Write Offs			Not Active in 2018-19	431,959	4	107,990			Not Active in 2018-19	4,651,456	5	930,291	5,083,415	9	564,824
Forgiven				0	0	N.A.				824,000	2	412,000	824,000	2	412,000
<b>Loans Receivable</b>															
<b>6/30/2019</b>				13,742,723	72	190,871				31,651,082	73	433,576	45,393,805	145	313,061
Interest Received				515,841						1,559,037			2,074,878		
Interest Accrued				705,334						1,027,428			1,732,762		

	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
<b>Loans Receivable</b>															
<b>7/1/2019</b>				\$13,742,723	72	\$190,871				\$31,651,082	73	\$433,576	\$45,393,805	145	\$313,061
Draws				3,023,984	12	251,999				0	0	N.A.	3,023,984	12	251,999
Repayments				2,674,475	43	62,197				5,780,023	55	105,091	8,454,498	98	86,270
Write Offs	Not Active in 2019-20*			0	0	N.A.	Not Active in 2019-20			1,337,003	4	334,251	1,337,003	4	334,251
Forgiven				0	0	N.A.				3,150,000	4	787,500	3,150,000	4	787,500
<b>Loans Receivable</b>															
<b>6/30/2020</b>				14,092,232	72	195,725				21,384,056	60	356,401	35,476,288	132	268,760
Interest Received				636,364						828,920			1,465,284		
Interest Accrued				857,022						443,588			1,300,610		
<b>Loans Receivable</b>															
<b>7/1/2020</b>				14,092,232	72	195,725				21,384,056	60	356,401	35,476,288	132	268,760
Draws				2,361,892	11	214,717				0	0	N.A.	2,361,892	11	214,717
Repayments				1,242,095	3	414,032				4,784,377	18	265,799	6,026,472	75	80,353
Write Offs	Not Active in 2020-21			377,016	3	125,672	Not Active in 2020-21			145,931	1	145,931	522,947	4	130,737
Forgiven				0	0	N.A.				1,300,000	2	650,000	1,300,000	2	650,000
<b>Loans Receivable</b>															
<b>6/30/2021</b>				14,835,012	77	192,662				15,153,748	40	378,844	29,988,760	117	256,314
Interest Received				758,381						590,399			1,348,781		
Interest Accrued				769,534						235,198			1,004,731		
<b>Loans Receivable</b>															
<b>7/1/2021</b>				14,835,012	77	192,662				15,153,748	40	378,844	29,988,760	117	256,314
Draws				4,400,250	13	338,481				0	0	N.A.	4,400,250	13	338,481
Repayments				2,859,717	8	357,465				3,844,073	10	384,407	6,703,790	18	372,433
Write Offs	Not Active in 2021-22			199,022	1	199,022	Not Active in 2021-22			0	0	N.A.	199,022	1	199,022
Forgiven				0	0	N.A.				4,017,158	2	2,008,579	4,017,158	2	2,008,579
Converted to Equity				146,988	3	48,996				0	0	N.A.	146,988	3	48,996
<b>Loans Receivable</b>															
<b>6/30/2022</b>				16,029,535	78	205,507				7,292,517	28	260,447	23,322,052	106	220,019
Interest Received				705,848						59,490			765,338		
Interest Accrued				829,336						204,618			1,033,954		

\* One loan was issued under the business opportunity loan fund program in 2019-20. All activities are shown with inactive programs because the program was later suspended as part of reassignment of priorities to address the COVID-19 pandemic.

Source: Wisconsin Economic Development Corporation

**ATTACHMENT III**

**Grant Awards Contracted by WEDC from 2016-17 through 2021-22**

	2016-17			2017-18		
	<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>
Brownfield Site Assessment Grant	\$1,357,809	11	\$123,437	\$1,238,200	11	\$112,564
Brownfields Grant	4,439,339	13	341,488	5,582,600	14	398,757
Capacity Building Grants	1,096,252	25	43,850	917,000	21	43,667
Capital Catalyst Program	2,100,000	7	300,000	625,000	2	312,500
Community Development						
Investment Grants	4,634,162	21	220,674	5,568,825	26	214,186
Entrepreneurial Micro-Grants	200,000	1	200,000	200,000	1	200,000
ExporTech	210,000	1	210,000	214,000	1	214,000
Fabrication Laboratories Grant	519,613	22	23,619	504,863	22	22,948
Global Business Development Grants	1,245,100	70	17,787	1,200,000	60	20,000
Idle Sites Redevelopment	4,300,000	9	477,778	2,435,000	5	487,000
Marathon County Development						
Corporation Grant (one-time)	Not active in 2016-17			100,000	1	100,000
Minority Business Development						
Revolving Loan Fund	1,325,000	10	132,500	Not active in 2017-18		
SBIR/STTR Matching Grant Program	1,000,000	1	1,000,000	1,350,000	1	1,350,000
Seed Accelerator Program	1,804,000	10	180,400	970,600	5	194,120
Targeted Industry Projects	2,358,532	12	196,544	3,950,603	13	303,893
Workforce Training Grants	<u>850,000</u>	<u>2</u>	<u>425,000</u>	<u>750,000</u>	<u>2</u>	<u>375,000</u>
Total	\$27,439,807	215	\$127,627	\$25,606,691	185	\$138,415
	2018-19			2019-20		
	<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>
Brownfield Site Assessment Grant	\$1,134,400	11	\$103,127	\$881,800	9	\$97,978
Brownfields Grant	3,036,200	8	379,525	5,878,300	14	419,879
Capacity Building Grants	749,834	15	49,989	544,500	13	41,885
Capital Catalyst Program	1,225,000	4	306,250	1,250,000	4	312,500
Community Development						
Investment Grants	5,972,700	30	199,090	4,142,030	20	207,102
Disaster Recovery Microloans	1,780,500	6	296,750	815,000	3	271,667
Entrepreneurial Micro-Grants	200,000	1	200,000	200,000	1	200,000
Ethnic Minority Emergency Grants	Not active in 2018-19			2,225,000	890	2,500
ExporTech	222,000	1	222,000	180,000	1	180,000
Fabrication Laboratories Grant	520,399	20	26,020	693,200	31	22,361
Global Business Development Grants	1,109,202	50	22,184	878,288	37	23,738
Idle Sites Redevelopment	1,824,000	5	364,800	1,476,000	3	492,000
Minority Business Development						
Revolving Loan Fund	145,000	3	48,333	182,110	4	45,528
SBIR/STTR Matching Grant Program	1,500,000	1	1,500,000	1,500,000	1	1,500,000
Seed Accelerator Program	1,030,700	8	128,838	834,000	6	139,000
Small Business 20/20	Not active in 2018-19			5,030,000	8	628,750
Targeted Industry Projects	3,905,200	13	300,400	512,550	3	170,850
We're All In Small Business Grants*	Not active in 2018-19			17,500	7	2,500
Workforce Training Grants	<u>689,200</u>	<u>3</u>	<u>229,733</u>	<u>250,000</u>	<u>1</u>	<u>250,000</u>
Total	\$25,044,335	179	\$139,912	\$27,490,278	1,056	\$26,032



	2020-21			2021-22		
	<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>
Brownfield Site Assessment Grant	\$633,700	5	\$126,740	\$781,300	8	\$97,663
Brownfields Grant	3,185,300	8	398,163	2,224,700	9	247,189
Capacity Building Grants	1,498,100	34	44,062	599,650	9	66,628
Capital Catalyst Program	1,775,000	7	253,571	1,400,000	4	350,000
Community Development						
Investment Grants	8,544,500	41	208,402	8,602,600	41	209,820
Disaster Recovery Microloans	4,000,000	1	4,000,000	0	0	N.A.
Diverse Business Development	550,000	8	68,750	383,000	9	42,556
Entrepreneurial Micro-Grants	200,000	1	200,000	250,000	1	250,000
Entrepreneurship Partner Grant		Not active in 2020-21		2,714,650	24	113,110
ExporTech	82,500	1	82,500	153,000	1	153,000
Fabrication Laboratories Grant	635,089	28	22,682	508,029	21	24,192
Global Business Development Grants	945,050	45	21,001	1,071,100	54	19,835
Idle Sites Redevelopment	1,623,000	6	270,500	1,750,000	7	250,000
Main Street Bounceback**		Not active in 2020-21		67,680,000	9	7,520,000
SBIR/STTR Matching Grant Program	1,500,000	1	1,500,000	1,500,000	1	1,500,000
Seed Accelerator Program	1,062,850	9	118,094		Not Active in 2021-22	
Targeted Industry Projects	1,315,500	8	164,438	1,597,600	12	133,133
We're All Innovating*	2,894,881	227	12,753		Not Active in 2021-22	
We're All In Small Business Grant*	65,270,000	26,108	2,500		Not Active in 2021-22	
Wisconsin Investment Pilot	<u>86,750</u>	<u>2</u>	43,375	<u>37,500</u>	<u>1</u>	37,500
Total	\$95,802,220	26,540	\$3,610	\$91,253,129	211	\$432,479

Source: Wisconsin Economic Development Corporation

\* Federal funding provided from the Coronavirus Relief Fund under the Coronavirus Aid, Relief, and Economic Security Act.

\*\* Federal funding provided from the SFRF under ARPA.

## ATTACHMENT IV

### WEDC Tax Credit Contract Awards from 2016-17 through 2021-22

	2016-17			2017-18		
	<u>Total Amount</u>	<u>Number of Awardees</u>	<u>Average Credit</u>	<u>Total Amount</u>	<u>Number of Awardees</u>	<u>Average Credit</u>
Business Development	\$29,269,000	62	\$472,081	\$15,613,800	38	\$410,889
Early Stage Seed and Angel Investment	22,986,250	41	560,640	14,937,500	54	276,620
EITM Zone**	0	0	N.A.	2,850,000,000	1	2,850,000,000
Enterprise Zones (New Awards)	76,500,000	5	15,300,000	104,500,000	5	20,900,000
Enterprise Zones (Contract Amendments)	0	0	N.A.	8,000,000	1	8,000,000
Supplement to the Federal Historic Rehabilitation Credit	<u>107,931,708</u>	<u>67</u>	1,610,921	<u>77,544,200</u>	<u>27</u>	2,872,007
Total	\$236,686,958	175	\$1,352,497	\$3,070,595,500	126	\$24,369,806

  

	2018-19			2019-20		
	<u>Total Amount</u>	<u>Number of Awardees</u>	<u>Average Credit</u>	<u>Total Amount</u>	<u>Number of Awardees</u>	<u>Average Credit</u>
Business Development	\$26,185,000	45	\$581,889	\$9,700,000	23	\$421,739
Early Stage Seed and Angel Investment	18,107,500	41	441,646	25,084,750	46	545,321
EITM Zone**	0	0	N.A.	N.A.	N.A.	N.A.
Enterprise Zones (New Awards)	106,000,000	3	35,333,333	0	0	N.A.
Enterprise Zones (Contract Amendments)	21,500,000	2	10,750,000	0	0	N.A.
Supplement to the Federal Historic Rehabilitation Credit	<u>10,252,977</u>	<u>13</u>	788,691	<u>36,122,156</u>	<u>24</u>	1,505,090
Total	\$182,045,477	104	\$1,750,437	\$70,906,906	93	\$762,440

  

	2020-21			2021-22		
	<u>Total Amount</u>	<u>Number of Awardees</u>	<u>Average Credit</u>	<u>Total Amount</u>	<u>Number of Awardees</u>	<u>Average Credit</u>
Business Development	\$10,055,000	25	\$402,200	\$28,666,000	33	\$868,667
Early Stage Seed and Angel Investment	20,167,500	46	438,424	95,100,380	37	2,570,281
EITM Zone**	-2,770,000,000	1	N.A.	0	0	N.A.
Enterprise Zones (New Awards)	33,000,000	2	16,500,000	0	0	N.A.
Enterprise Zones (Contract Amendments)	6,500,000	2	3,250,000	50,000,000	3	16,666,667
Supplement to the Federal Historic Rehabilitation Credit	<u>17,929,064</u>	<u>19</u>	943,635	<u>22,844,762</u>	<u>16</u>	1,427,798
Total	-\$2,682,348,436	95	N.A.	\$196,611,142	89	\$2,209,114

Source: WEDC and WEDC's Annual Report on Economic Development

\*Amendments of previous contract awards not included unless otherwise indicated.

\*\*All Electronic and Information Technology Manufacturing Zone credits were awarded via contract in 2017-18, which was later amended in April, 2021, to \$80.0 million.

## ATTACHMENT V

### WEDC Verifications and Revocations of Tax Credits (2016-17 through 2021-22)

	2016-17				2017-18			
	Amount Verified	Awardees	Amount Revoked	Revoked Awards	Total Verified	Amount	Amount Revoked	Revoked Awards
Business Development	\$3,307,371	24	\$0	0	\$11,918,356	55	\$0	0
Enterprise Zones	26,955,861	11	-5,406,950	2	42,827,574	16	0	0
Other Credits No Longer Available**	<u>31,268,065</u>	<u>164</u>	<u>-2,268,825</u>	<u>9</u>	<u>28,034,746</u>	<u>94</u>	<u>-1,021,944</u>	<u>13</u>
Total	\$61,531,297	199	-\$7,675,775	11	\$82,780,676	165	-\$1,021,944	13
	2018-19				2019-20			
	Amount Verified	Awardees	Amount Revoked	Revoked Awards	Amount Verified	Awardees	Amount Revoked	Revoked Awards
Business Development	\$18,019,863	71	-\$271,160	2	\$18,521,606	75	-\$1,957,672	9
Electronics and Information Technology Manufacturing Zone	0	0	0	0	0	0	0	0
Enterprise Zones	78,018,963	22	-538,125	1	79,227,773	23	0	0
Other Credits No Longer Available**	<u>10,483,324</u>	<u>29</u>	<u>-275,863</u>	<u>4</u>	<u>7,284,819</u>	<u>20</u>	<u>-2,396,753</u>	<u>15</u>
Total	\$106,522,150	\$122	-\$1,085,148	\$7	\$105,034,198	118	-\$4,354,425	24
	2020-21				2021-22			
	Amount Verified	Awardees	Amount Revoked	Revoked Awards	Amount Verified	Awardees	Amount Revoked	Revoked Awards
Business Development	\$5,910,976	32	-\$1,483,296	10	\$17,199,577	61	-\$340,458	9
Electronics and Information Technology Manufacturing Zone	0	0	0	0	28,814,333	1	0	0
Enterprise Zones	70,929,867	18	0	0	89,520,363	16	0	0
Other Credits No Longer Available**	<u>1,863,499</u>	<u>4</u>	<u>-2,287,977</u>	<u>14</u>	<u>367,018</u>	<u>5</u>	<u>0</u>	<u>0</u>
Total	\$78,704,342	54	-\$3,771,273	24	\$135,901,291	83	-\$340,458	9

Source: WEDC and WEDC's Annual Report on Economic Development

\* 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 \$18.3 million for 2016, \$10.8 million for 2017, \$17.1 million for 2018, \$14.6 million for 2019, \$16.5 million for 2020, and \$12.2 million for 2021.

\*\* Tax credits not available to be earned in 2023, including the following tax credits: (a) development opportunity zones; (b) economic development; and (c) jobs.