



Legislative Fiscal Bureau

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June 6, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Wisconsin Economic Development Corporation: Section 13.10 request to Fund Opportunity Attraction and Promotion Grants -- Agenda Item VI

On May 20, 2024, the Wisconsin Economic Development Corporation (WEDC) requested that the Committee transfer \$10,000,000 GPR in 2023-24 from the Committee's program supplements appropriation to fund opportunity attraction and promotion grants pursuant to s. 238.143.

BACKGROUND

Provisions of 2023 Act 19 (the 2023-25 biennial budget act) created a continuing GPR appropriation in WEDC to support opportunity attraction and promotion. However, Act 19 provided no funding for WEDC to fund grants. Instead, Act 19 reserved \$10,000,000 GPR in 2023-24 in the Joint Committee on Finance supplemental appropriation for this purpose. Subsequent legislation (2023 Act 169) was enacted on March 21, 2024, to establish the grant program.

Act 169 requires WEDC to establish and administer an economic development program to award grants to eligible applicants for the purpose of attracting major opportunities and event projects to this state. WEDC may consult with the Department of Tourism in order to implement the program.

WEDC may not award a grant unless the eligible applicant has secured from non-state sources an amount equal to the amount of the proposed grant. Grant moneys may be used to undertake a project to: (1) bid against other states or jurisdictions outside the state to attract an opportunity or event that will draw national exposure and drive economic development and visitors to this state; and/or (2) host an opportunity or event that will attract national exposure and drive economic development and visitors to this state that the eligible applicant has secured through a competitive bid against other states or jurisdictions outside this state.

WEDC is required to specify the application forms and the information required to be

submitted with an application, which must include an estimate of projected direct and indirect economic benefits of the proposed opportunity or event to the state and a related cost-benefit analysis concerning the opportunity or event. Eligible applicants include: (a) a city, village, town, or county; (b) an American Indian tribe or band in this state; (c) an area visitor and convention bureau; (d) a business improvement district; and (e) a private entity. The applicant must expend all grant moneys on the project, as specified in the application, to attract to this state a major opportunity or event that is open to the public (whether or not free of charge).

WEDC is required to submit a report to the Joint Committee on Finance no later than October 1 of each year regarding the previous fiscal year that includes a detailed description of each grant awarded (including any analysis provided by eligible applicants).

ANALYSIS

In the letter submitted to the Committee, WEDC requested a transfer of \$10,000,000 GPR in 2023-24 to fund the opportunity attraction and promotion grant program. WEDC states that it is currently discussing the guidelines and procedures needed to implement the program with the Department of Tourism. However, at this time, no policies have been adopted by the WEDC Board of Directors to administrate the program. WEDC indicates that policies could be drafted and presented to its Awards Administration Committee and Board of Directors after the release of funding by the Committee.

WEDC anticipates that it could begin accepting applications as soon as the first quarter of 2024-25. At this time, WEDC indicates that it does not know what applicants would seek grants, what size of grants would be sought, or for what events or purposes the grants would be sought.

WEDC's request is consistent with the Legislature's intent, as expressed in Act 19 and Act 169, to provide \$10,000,000 GPR to support opportunity attraction and promotion. For this reason, the Committee could approve the request (Alternative 1).

On the other hand, the Committee could require WEDC to first adopt policies and procedures for the program prior to transferring funding (Alternative 2). Directing WEDC to return after they have implemented policies would enable the Committee to evaluate the program prior to transferring \$10,000,000 GPR to support it.

ALTERNATIVES

1. Approve WEDC's request to transfer \$10,000,000 GPR in 2023-24 from the Committee's program supplements appropriation under s. 20.865 (4)(a) to the WEDC appropriation under s. 20.192 (1)(bd) in 2023-24 to fund opportunity attraction and promotion grants.
2. Deny the request. Direct WEDC to request funding after policies and procedures for the opportunity attraction and promotion grant program have been adopted.
3. Deny the request.

Prepared by: John Gentry