



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #657

Reestimate WEDC SEG Appropriation Level (Wisconsin Economic Development Corporation)

[LFB 2021-23 Budget Summary: Page 621, #3]

CURRENT LAW

The state appropriates to the Wisconsin Economic Development Corporation (WEDC) base funding of \$41,550,700 (all funds) from a sum sufficient operations and programs general purpose revenue (GPR) appropriation and segregated funds (SEG) from the economic development fund and the environmental 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 \$4,000,000 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.

WEDC is also provided a biennial SEG appropriation with base funding of \$1,000,000 annually for brownfield site assessment grants from the environmental fund.

Pursuant to 2019 Act 9, 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 is capped at \$16,512,500.

Base funding for WEDC operations and programs is \$41,550,700 all funds in 2021-22 and

2022-23, comprised of: (a) \$28,000,000 SEG annually from its all monies received operations and programs SEG appropriation from the economic development fund; (b) \$12,550,000 GPR annually from its sum sufficient programs and operations GPR appropriation; and (c) \$1,000,000 SEG annually for brownfield site assessment grants from the environmental fund.

MODIFICATION

Reestimate WEDC's all monies received operations and programs SEG appropriation at \$32,300,000 SEG in 2021-22 and \$33,900,000 in 2022-23 from the economic development fund.

Explanation: The estimates are based on more recent collections data from the Department of Revenue regarding the economic development surcharge than used by the administration prior to enactment of 2021 Acts 1 and 2. WEDC's sum sufficient GPR operations and programs appropriation is not included as part of this item, which the Committee already reduced relative to base funding by \$4,300,000 GPR in 2021-22 and \$5,900,000 GPR in 2022-23 as part of its deliberations on sum sufficient reestimates, as adopted under LFB Paper #102.

Change to Base	
SEG	\$10,200,000

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