

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

Budget Summary							
Fund	2022-23 Base Year Doubled	2023-25 Governor	2023-25 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$9,101,400	\$199,101,400	\$0	-\$199,101,400	- 100.0%	-\$9,101,400	- 100.0%
SEG	<u>74,000,000</u>	<u>79,000,000</u>	<u>92,870,000</u>	<u>13,870,000</u>	17.6	<u>18,870,000</u>	25.5
TOTAL	\$83,101,400	\$278,101,400	\$92,870,000	-\$185,231,400	- 66.6%	\$9,768,600	11.8%

FTE Position Summary
There are no authorized state positions for the Wisconsin Economic Development Corporation.

Budget Change Items

- VENTURE CAPITAL FUND OF FUNDS PROGRAM** *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$75,000,000	-\$75,000,000	\$0

- REESTIMATE WEDC GPR AND SEG APPROPRIATIONS** [LFB Papers 106 and 840]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	-\$5,000,000	-\$4,101,400	-\$9,101,400
SEG	<u>5,000,000</u>	<u>14,000,000</u>	<u>19,000,000</u>
Total	\$0	\$9,898,600	\$9,898,600

Governor: Reduce funding by \$2,500,000 annually for the Wisconsin Economic

Development Corporation's (WEDC's) operations and programs sum sufficient GPR appropriation and increase estimated funding by \$2,500,000 annually for WEDC's SEG appropriation from the economic development fund for operations and programs. Maintain base funding for WEDC's brownfield site assessment grants SEG appropriation from the environmental fund. As a result, the Administration estimates current law funding provided for WEDC's existing state appropriations at \$41,550,700 all funds in 2023-24 and 2024-25, comprised of: (a) \$38,500,000 SEG annually from its all monies received operations and programs SEG appropriation; (b) \$2,050,700 GPR annually from its sum sufficient operations and programs GPR appropriation; and (c) \$1,000,000 SEG annually for brownfield site assessment grants.

Under current law, the primary source of WEDC's funding is from the segregated economic development fund. The revenue source for the economic development fund is the economic development surcharge imposed upon C corporations and S corporations. In addition, WEDC receives a GPR appropriation that is capped at \$16,512,500, annually. Funding is also provided from the environmental fund for brownfield site assessment grants.

Joint Finance: Reestimate WEDC's all monies received SEG operations and programs appropriation at \$46,000,000 SEG in 2023-24 and \$45,000,000 SEG in 2024-25 based on estimated economic development surcharge revenues to be deposited in the economic development fund. Reestimate WEDC's sum sufficient GPR operations and programs appropriations at \$0 annually.

Relative to the base, this reestimate is an increase to WEDC's funding of \$5,449,300 (-\$4,550,700 GPR and \$10,000,000 SEG) in 2023-24 and \$4,449,300 (-\$4,550,700 GPR and \$9,000,000 SEG) in 2024-25. Relative to the Governor's recommendation, this reestimate is an increase to WEDC's funding of \$5,449,300 (-\$2,050,700 GPR and \$7,500,000 SEG) in 2023-24 and \$4,449,300 (-\$2,050,700 GPR and \$6,500,000 SEG) in 2024-25.

3. INCREASE FUNDING FOR WEDC OPERATIONS AND PROGRAMS *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$20,000,000	- \$20,000,000	\$0

4. ONE-TIME FUNDING FOR ECONOMIC DEVELOPMENT *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$40,000,000	- \$40,000,000	\$0

5. TALENT ATTRACTION AND RETENTION INITIATIVES [LFB Paper 841]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$10,000,000	-\$10,000,000	\$0

Governor: Provide \$5,000,000 annually to WEDC's GPR continuing appropriation for talent attraction and retention initiatives. Under current law, WEDC must use monies deposited in this appropriation to collaborate with state agencies to develop and implement initiatives for the attraction of talent in this state, including by leveraging the existing programs of state agencies for the purposes within the scopes of those existing programs.

Provisions of 2017 Act 318 created this appropriation and provided \$6.8 million GPR for WEDC to develop and implement initiatives for the attraction of talent to, and retention of talent in, Wisconsin. The funding in the continuing appropriation was completely expended as of December, 2019. The expenditures promoted and marketed Wisconsin through online advertisements, media placements, newsletters, social media, and organized events.

Provisions of 2021 Act 58 required WEDC to assign \$3.0 million for talent attraction initiatives from its existing appropriations for operations and programs during the 2021-23 biennium. The funds supported various talent attraction and retention initiatives, such as: (a) matching funds to help businesses and economic development organizations increase their own workforce marketing investments; (b) creating a media campaign for national and Midwestern talent; and (c) entering into a partnership with the Department of Military Affairs to work with Wisconsin businesses in Army and National Guard personnel recruiting and retention efforts for post-military employment.

In addition to continuing the programs enacted during the 2021-23 biennium, WEDC indicates that the funding under the bill would support additional programs, as determined by the WEDC Board. According to the Administration, this would include items such as the following: (1) collaborating with the Department of Tourism to attract high-profile events to Wisconsin; (2) creating pilot initiatives with Wisconsin's colleges and universities aimed at retaining graduates; (3) marketing efforts; (4) creating concierge programs that help new hires who move to a community develop connections and ties to their area; and (5) providing incentives to businesses and communities to invest in housing, childcare, and other assets that help communities effectively attract and retain workers.

Joint Finance: Provision not included. Instead, require WEDC to expend at least \$4,000,000 from its existing GPR and SEG state appropriations for operations and programs during the 2023-25 biennium for talent attraction and retention initiatives under s. 238.155. Specify that WEDC, in consultation with the Department of Veterans Affairs, must expend at least \$2,000,000 of this funding during the 2023-25 biennium on efforts to attract and retain veterans to Wisconsin's workforce. Require WEDC to evaluate its talent attraction and retention initiatives, including program outcomes and the number of veterans discharged that choose Wisconsin for their first move, and report its findings to the Assembly Committee on Jobs, Economy, and Small

Business Development and the Senate Committee on Economic Development and Technical Colleges on or before September 1, 2024, and September 1, 2025.

6. MAIN STREET BOUNCEBACK GRANT PROGRAM *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$50,000,000	-\$50,000,000	\$0

7. FUNDING FOR COOPERATIVE DEVELOPMENT

Governor: Require WEDC to allocate at least \$500,000 in 2023-24 from its GPR and SEG operations and programs appropriations to assist cooperative development activities in this state, including the performance of feasibility studies and other technical assistance and implementation efforts.

Joint Finance: Provision not included.

8. DATA SHARING WITH DEPARTMENT OF REVENUE

Governor: Permit the Chief Executive Officer and employees of WEDC to examine tax information, including returns, certain claims, schedules, exhibits, writings, and audit reports, pursuant to an agreement with DOR and to the extent necessary to administer economic development programs.

Joint Finance: Accept the proposal with the following modifications. Permit the Chief Executive Officer and employees of WEDC to examine tax information to the extent necessary to administer tax benefit programs, including review of tax benefit applications, compliance with tax benefit certifications, and confirming the amount of tax benefit used for purposes of revoking tax benefit (rather than the extent necessary to administer economic development programs). Confidential tax information received by WEDC from DOR would not be records open to the public. The effective date of these provisions would be the first day of the third month beginning after publication of the bill.

9. UNASSIGNED FUND BALANCE *(Removed from budget consideration pursuant to Joint Finance Motion #10)*

10. TAX CREDIT MODIFICATIONS

Governor: Make a number of modifications to tax credit programs that are administered, in part, by WEDC, which are described in "General Fund Taxes -- Refundable Tax Credits and Other Payments.

Joint Finance: In addition, require WEDC to administer a sales and use tax exemption for certified data centers, including the certification of qualified data centers for purposes of the exemption, as described under "General Fund Taxes -- General Sales and Use Taxes."

11. REPEAL OBSOLETE APPROPRIATION [LFB Paper 842]

Joint Finance: Repeal the obsolete continuing PR appropriation for transferred general fund monies from the Department of Commerce.

12. REPEAL OBSOLETE STATUTORY PROVISION [LFB Paper 842]

Joint Finance: Repeal the obsolete statutory provision requiring WEDC to make a one-time grant of \$250,000 in 2015-16 to the River Falls Economic Development Corporation.

13. VIBRANT SPACES GRANT PROGRAM

Joint Finance: Specify that WEDC cannot expend funds from its existing GPR and SEG state appropriations for operations and programs for the vibrant spaces grant program (or a similar program), as constituted under its policies and procedures as of May 1, 2023.

14. OPPORTUNITY ATTRACTION AND PROMOTION FUND [LFB Paper 751]

Joint Finance: Create an opportunity attraction and promotion fund, supported by a new continuing GPR appropriation under WEDC, for attracting opportunities and events to the state. Provide \$10,000,000 GPR in 2023-24 to the Committee's supplemental appropriation for this purpose. The fiscal effect of this provision is shown under Program Supplements.

15. CHILD CARE REVOLVING LOAN FUND

Joint Finance: Create a child care revolving loan fund, supported by a new continuing GPR appropriation under WEDC, for loans to child care providers. Provide \$15,000,000 GPR in 2023-24 to the Committee's supplemental appropriation for this purpose. The fiscal effect of this provision is shown under Program Supplements.

16. REESTIMATE WEDC GPR AND SEG APPROPRIATIONS FOR TAX LAW CHANGES

SEG	-\$130,000
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Joint Finance: Reduce WEDC's all monies received SEG appropriation by \$130,000 SEG in 2024-25 to reflect revenue reductions estimated under "General Fund Taxes."