

Open Meetings Notice

The teleconference of the Awards Administration Committee for the Wisconsin Economic Development Corporation will be held on July 9, 2019 in WEDC's Sixth Floor Conference Room, located at 201 West Washington Avenue, Madison, WI 53703. The items to be discussed are included below. Note that some members of the committee may attend by phone. Note also that the meeting may be closed under Wis. Stat. § 19.85(1) if indicated below.

Agenda

Wisconsin Economic Development Corporation Teleconference of the Awards Administration Committee

**WEDC
Sixth Floor Conference Room
201 West Washington Avenue
Madison, WI 53703**

**July 9, 2019
1:00-2:00 PM**

1. Call to Order and Roll Call
2. Review and Approve the Minutes from the June 18, 2019 Meeting
3. Review and Approve AAC Policy Update
4. Review and Recommend to the Board the FY20 Program Guidelines
5. Closed Session
Under Wis. Stat. § 19.85(1)(e) a closed session is authorized for deliberating the investing of public funds whenever competitive or bargaining reasons require a closed session. The Board will be meeting in closed session to review pending economic development projects. The Board will open the meeting again at the end of the closed session.
4. Adjournment



WEDC Committee Best Practices

The WEDC Committee Best Practices intends to provide information about Committee Meetings for those serving on WEDC Committees.

- Your primary contact at WEDC will be Legal Assistant and Board Liaison (“Board Liaison”): Erika Julsrud **(608-210-6859 | Erika.julsrud@wedc.org)**. If you have any questions, please contact Erika and she will help assist you.
- It is very important to **state your name** when voting or making a motion at a meeting. The Board Liaison will be taking minutes of the meeting and must properly document these actions.
- Throughout your service, you should provide the Legal Assistant and Board Liaison with the most current information for the following:
 - Your e-mail address
 - Your phone number
 - Who you work for
 - Name of your staff/assistant (if applicable)
 - Staff/Assistant email
 - Staff/Assistant phone

Conflicts of Interest:

- To ensure confidence in the integrity of the WEDC process, Committee members have a responsibility to respect and adhere to both the State of Wisconsin and WEDC’s ethics codes. Please reference the “Board Ethics Policy” included in your Welcome Binder or click on the following link for detailed information regarding your ethical obligation: [Board Ethics Policy](#)
- When reviewing the materials provided for the Committee meeting, please review carefully to identify any potential or perceived conflicts of interest. Committee members must promptly disclose any conflicts of interest the Board Liaison, who will connect you with WEDC’s CEO or CLO and will provide further guidance.
- If the conflict of interest is confirmed, you will receive further guidance from WEDC staff. Under law, **you will be required to recuse yourself from performing any official function in regard to that particular conflict.**
- As it relates to committee meetings, you will be required to recuse yourself from any discussion or vote associated with the confirmed conflict. You will be reminded before each meeting to contact Board Liaison if you need to recuse yourself from a vote. **To ensure quorum is met, please review the meeting materials and report confirmed conflicts to the Board Liaison as soon as you are able.**

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**Wisconsin Economic Development Corporation
Teleconference of the WEDC Awards Administration Committee**

**WEDC
Sixth Floor Conference Room
201 West Washington Avenue
Madison, WI 53703**

**June 18, 2019
1:00 - 2:00 P.M.**

(These minutes should be read in conjunction with the agenda and documents prepared for the meeting.)

COMMITTEE MEMBERS IN PERSON:

- Mark R. Hogan, WEDC Secretary and CEO
- Tricia Braun, WEDC COO
- Brian Nowicki, WEDC CFO

COMMITTEE MEMBERS PRESENT VIA TELECONFERENCE:

- Jim Ladwig, SC Johnson (Chair, arrived at 1:29 P.M.)
- John Oathout, American Bank
- Randy Hulke, UW-Stout
- Thelma Sias, We Energies (ret.)

BOARD/COMMITTEE MEMBERS EXCUSED:

- John Brogan, Bank of Kaukauna
- John Reinke, Retired Banker

CALL TO ORDER AND ROLL CALL

AAC Chair Jim Ladwig was delayed in joining the meeting, so WEDC Board Chair Lisa Mauer called the meeting to order at 1:00 P.M.

Lisa Mauer requested a motion to approve the minutes from the May 14, 2019 meeting. Motion was made by John Oathout with a second by Mark Hogan. The motion to approve the minutes was passed unanimously.

CLOSED SESSION

Lisa Mauer requested a motion to approve entering closed session. Motion was made by Brian Nowicki with a second by Mark Hogan. The motion to enter closed session was passed unanimously.

Members of the public excused themselves for closed session.

See separate minutes for closed session.

RESUMPTION OF OPEN MEETING

The meeting reconvened in open session at 1:34 pm.

ADJOURNMENT

Lisa Mauer requested a motion to adjourn the meeting. Motion was made by Mark Hogan with a second by Tricia Braun. The motion to adjourn the meeting was passed unanimously. The meeting adjourned at 1:34 pm.

Intended use of the data – State, as specifically as possible, how the receiver will use the data. Clearly define studies to be performed, questions to be asked and expected outcomes. State if the receiver may use the data to explore additional research questions without the approval or consent of the provider.

Constraints on use of the data – List any restrictions on how the data or data findings can be used (e.g. sharing, publishing or disseminating data findings and reports). Clearly state if the reports created belong to the receiver or the provider.

Data confidentiality – Describe the required processes that the receiver must use to ensure that data remain confidential. Because data may contain information that can be linked to individuals, it is important to put safeguards in place to ensure that sensitive information remains private. Personal data should remain confidential and should not be disclosed verbally or in writing to an unauthorized third party, by accident or otherwise. Personnel who breach data confidentiality will be subject to disciplinary actions.

Data security – Describe the methods that the receiver must use to maintain data security. Clearly define who will have what level of access to the data at the receiver agency.

Methods of data sharing – Identify the way in which data will be transferred from the provider to the receiver whether physically or electronically. If data are to be sent over the Internet, a secure connection and data encryption is necessary.

Financial costs of data sharing – Clearly state who will cover the monetary costs of sharing the data.

FINANCIAL ADMINISTRATION

9.1. Awards Administration

To ensure a proper and thorough review of all awards, WEDC has implemented an awards administration process, an overview of which is provided here. It is through this process that WEDC exercises its due diligence in administering funds.

Award Approval:

- All potential awards are first sent to underwriters for initial analysis and creation of a staff review, before being reviewed by the Senior Financial Underwriting Director. Staff reviews, underwriting checklists, and background checks, which will be performed on all awardees with the exception of local units of state government, are valid for a maximum of 6 months. The size of the award determines the entities required for approval (see below). These multiple levels of review ensure that all potential awards are thoroughly and rigorously analyzed and holds WEDC to the highest standard of accountability. Likewise, any substantive amendments to awards must go through the approval process in place at the time of the amendment.

- Pursuant to the motion enacted by the Board of Directors on December 13, 2016, the Awards Administration Committee must approve any amendment to an award under which jobs must be retained or created and there has been reduction in the awardee's statewide employment. This only applies to awards for which the application was received after February 1, 2017.
- If WEDC confirms that there is a perceived or statutory conflict of interest involving a board member, as described in WEDC's conflict of interest procedures, the board member must recuse themselves from the award approval process. If the conflict of interest qualifies as a statutory conflict of interest, that award must also be approved by AAC. From there, the award follows the standard awarding process, including approval by the Board if it would otherwise be required.
- WEDC uses the tiers identified in the following chart to determine the entity authorized to approve the award. Each staff review will include a listing of all prior awards with WEDC. To determine the level of approval needed for the staff review, WEDC will calculate the aggregate amount issued to the awardee in the award category (tax credits, loans, grants) addressed in the staff review. If the award is made to a local unit of state government, the approval will be based on the award amount identified in the staff review and not the aggregate amount. The following standards should be considered when calculating the aggregate amount:
 - If a loan or grant has not been fully disbursed, but the company still has time to request the remaining funds, the entire loan or grant (even what has not yet been disbursed) counts towards the aggregate.
 - If a loan has been fully disbursed and is now being paid back, the principal and interest counts towards the aggregate.
 - For grants and tax credits, if the company is still in its required reporting timeframe to us, the original grant or tax credit award will count towards the aggregate.

SENIOR FINANCIAL UNDERWRITING DIRECTOR

- Loans up to \$150,000
- Grants up to \$25,000
- Tax Credits up to \$125,000
- For awards in this tier, an Underwriting Checklist may serve in place of a Staff Review

CEO

- Loans between \$150,001 to \$500,000;
- Grants between \$25,001 and \$500,000;
- Tax Credits between \$125,001 and \$3,500,000;
- Key Strategic Partnership Contracts;
- All Technical Assistance Programs; and
- All Bonding Authority Awards

AWARDS ADMINISTRATION COMMITTEE

- Loans between \$500,001 to \$1,000,000;
- Grants between \$500,001 and \$2,000,000; and
- Tax Credits between \$3,500,001 and \$10,000,000.
- Specified amendments where there has been a job reduction.
- Exercise an option to convert a loan into an equity investment
- Statutory conflict of interest by a board member.

FULL BOARD OF DIRECTORS

- Loans over \$1,000,000;
- Grants over \$2,000,000;
- Tax Credits over \$10,000,000;
- All Enterprise Zone Designations, regardless of amount.

- The CEO may, under urgent circumstances in which not acting expeditiously may result in WEDC losing the opportunity to contract with a business for the benefit of Wisconsin, approve an award request, regardless of amount, without the prior approval of the AAC or the Board of Directors. The CEO may only exercise this authority after obtaining approval to do so from the CFO and the AAC's Chairperson, and if the award in question does not present any exceptions to the mandatory requirements in the relevant program guideline. This authority does not apply to Enterprise Zone Designations. Upon the CEO exercising this authority, a checklist or staff review must be completed by an underwriter and flow through the standard approval process. A summary report of the exercise of this authority and award approval must be submitted to the AAC and the Board of Directors as soon as possible, but no later than thirty (30) days after the CEO's exercise of authority.

Extension of Credit to Past Due Borrowers:

Additional credit may be extended to recipients with delinquent loans for the purpose of paying principal or interest payments only with the approval of the AAC. The AAC may only approve such loans if there is a certain, identifiable source of repayment for the loan and repayment is not solely dependent on collateral available or to be pledged.

Extension of Financial Support to Borrowers with Convertible Notes:

Recipients of WEDC convertible notes or warrants are not eligible for additional WEDC financial awards such as loans, tax credits, grants or other assistance that directly impacts a company's financial status. Recipients of WEDC convertible notes are eligible for WEDC non-monetary and indirect assistance, such as technical assistance and Qualified New Business Venture certification.

(COEC PAGE 52)

FINANCIAL ADMINISTRATION

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(COEC PAGE 54)

Extension of Financial Support to Borrowers with Convertible Notes:

Recipients of WEDC convertible notes or warrants are not generally eligible for additional WEDC financial awards such as loans, tax credits, grants or other assistance that directly impacts a company's financial status. Exceptions to this restriction include subsequent Technology Development Loan financing, and International Business Development export assistance programs. Recipients of WEDC convertible notes are eligible for not restricted from WEDC non-monetary and indirect assistance, such as technical assistance and Qualified New Business Venture certification.

¹ The WEDC awards administration process must comply with all statutory requirements, including but not limited to those set forth in Wis. Stat. § 238.03.



MEMO

To: WEDC Awards Administration Committee
From: Office of Public Policy
CC: Mark R. Hogan, WEDC Secretary and CEO
Date: July 9, 2019

Re: FY20 Program Guidelines Summary

As part of the FY20 operations planning process, WEDC has drafted revised program guidelines representing the program offerings the organization intends to use to advance and maximize opportunities for businesses, communities and people in Wisconsin. The AAC reviews these guidelines and recommends to the Board of Directors for approval.

Of note, the proposed revisions for FY20 include modifications to several WEDC programs designed to increase access and available funding for areas designated as Federal Opportunity Zones. Additionally, language has been added to the Performance Reporting section for all financial assistance programs to clearly inform successful applicants WEDC annually selects awards on a sample basis for audit.

The following is an overview of substantive revisions made to the individual program guidelines.

Business and Community Development

Brownfields Grant

- Added statutory definitions and citations
- Decreased match requirement for projects in an Opportunity Zone

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Business Development Loan

- Decreased applicable interest rate for projects in an Opportunity Zone
- Clarified collateral requirements

Business Development Tax Credit (BTC)

- Expanded criteria for awarding additional tax credits to include Opportunity Zones
- Standardized application process and performance reporting sections for consistency
- Clarified duration of maintenance period and performance reporting requirements

Capacity Building

- Increased standard program budget by \$500,000 to provide funding for local community development assessments and talent initiatives
- Clarified performance reporting requirements
- Standardized application and awards process

Community Development Investment Grant (CDI)

- Allow applicants in an Opportunity Zone to receive more than one grant per fiscal year
- Allow recipients to submit performance reports annually

Development Opportunity Zones (DOZ)

- Added statutory citations
- Clarified duration of maintenance period

Disaster Recovery Microloan (DRM)

- Clarified available funding

Enterprise Zone (EZ)

- Added statutory citations
- Clarified duration of maintenance period

Historic Preservation Tax Credit (HTC)

- Clarified definition of project/parcel in consultation with the Wisconsin State Historic Preservation Office
- Added statutory citations
- Removed unnecessary language from the application and awards process

Industrial Revenue Bonding (IRB)

- Clarified eligibility requirements, incentives and available funding, and performance reporting to align with federal Internal Revenue Code and Income Tax Regulations
- Eliminated cap on bond issuance fees

Idle Sites Redevelopment (ISR)

- Clarified eligible costs
- Reduced acreage requirements for projects in an Opportunity Zone

Main Street and Connect Communities

- Added statutory citations
- Simplified Program Description
- Clarified Expected Outcomes

Minority Business Development (MBD)

- No substantive changes

Site Assessment Grants (SAG)

- Added statutory citations
- Reduced match requirement for projects in an Opportunity Zone

Workforce Training Grants (WTG)

- Clarified method to calculate grant amount
- Reduced match in a Designated Rural County or Opportunity Zone

Business and Investment Attraction

Certified Sites

- No substantive changes

Entrepreneurship and Innovation

Capacity Building – Entrepreneurship Support (see Capacity Building under Business & Community Development)

Capital Catalyst

- Removed administrative expenses as an eligible use of returns

Entrepreneurship Micro-Grant (EMG)

- No substantive changes

Qualified New Business Venture (QNBV)

- Clarified definitions and eligibility requirements
- Eliminated obsolete statutory reference

Seed Accelerator (SA)

- Clarified program goal and description
- Clarified use of funds

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SBIR/STTR Matching Grant

- No substantive changes

Technology Development Loan (TDL)

- Added clarifying language and evaluation criteria

International Business Development

ExporTech™

- No substantive changes

Global Business Development (GBD)

- Established limits on the number of grants per applicant
- Added eligibility requirement for IMAG applicants

Global Trade Ventures (GTV)

- Simplified application and awards process

Sector Strategy Development

Fab Labs

- Increased budget by \$250,000 to assist 10 additional school districts

Target Industries Projects (TIP)

- Clarified that program is not intended for fund operations long-term
- Identified potential match requirement



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- Identified potential match requirement



Wisconsin Economic Development Corporation Program Guidelines for Fiscal Year 2020
Program Name: Business Development Loan Program Program Inception: WEDC FY18 Lead Division: Business and Community Development <input checked="" type="checkbox"/> New <input type="checkbox"/> Revised <input checked="" type="checkbox"/> Aid <input type="checkbox"/> Pass-thru Aid <input type="checkbox"/> Technical Assistance

Program Goal:

The goal of the Business Development Loan Program (BDL) is to support the retention and expansion of businesses operating in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program offers financing primarily to small businesses that have limited access to standard types of debt or equity financing, particularly, but not limited to, rural areas of the state. The program is intended to provide gap financing to existing businesses seeking to expand, increase operational efficiency, or enhance competitiveness in key Wisconsin industries.

Eligibility Requirements:

Definitions:

“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“Economically Distressed” means a county or municipality so designated by WEDC by considering the most current area and state data available for the following indicators:

- Unemployment rate
- Percentage of families with incomes below the poverty line
- Median family income
- Median per capita income
- Average annual wage
- Manufacturing assessment values by county
- Other significant or irregular indicators of economic distress – such as a natural disaster, or plant closings and layoffs

“Financial Institution” means a bank, as defined in s. 214.01 (1) (c), a savings bank, as defined in s. 214.01 (1) (t), a savings and loan association, a trust company, a credit union, as defined in s. 186.01 (2), a mortgage banker, as defined in s. 224.71 (3) , or a mortgage



broker, as defined in s. 224.71 (4), whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

Eligible Recipients:

Eligible businesses may apply for a direct loan to receive financing for eligible projects in the state of Wisconsin. The WEDC loan program is available to businesses meeting the following criteria:

- For-profit enterprises registered to conduct business in the state of Wisconsin
- Less than 500 full-time employees
- Engaged in one of the following industries:
 - Aerospace
 - Bioscience
 - Energy, Power and Control
 - Food and Beverage
 - Forest Products
 - Manufacturing
 - Water Technology
 - Transportation
- Loans require financing from a primary lender

Ineligible Businesses:

“Ineligible Business” means businesses ineligible for loan funds, unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Media outlets
- Retail
- Farms
- Primary care medical facilities
- Financial institutions
- The hospitality industry



Eligible Activities:

WEDC loan funds may typically be used for the following project activities:

- Real property, plant and equipment
- Long-term leasehold improvements
- Working capital, if fixed assets are also financed with WEDC funds

Ineligible Activities:

Project costs not directly related to project activities will be considered ineligible for WEDC loan funds. Examples of ineligible activities include, but are not limited to:

- Past costs
- Mergers and acquisitions
- Refinancing, consolidation or restructuring of existing debt

Incentives and Available Funding (FY20) \$1,000,000

The incentives in this program are loans, typically not less than \$100,000 but not to exceed \$500,000. Priority may be extended to projects based on factors such as job creation or retention, capital investment, location, industry and return on investment. Loans require financing from a primary lender.

Loan Terms, Rates and Fees

Loan terms, interest rates and fees will adhere as closely as practicable to commonly accepted commercial lending practices.¹ Loan terms will vary depending upon the useful life of the asset financed. Rates will be tied to the Wall Street Journal Prime Rate published at the time the application is initially accepted by underwriting and fixed for the term of the loan. There is no penalty for pre-payment.

Term

The term for loans will typically range between 60 and 72 months to match the primary lender, up to a maximum of 84 months for real estate.

Interest Rate

Generally, the interest rate for loans will be the Prime Rate published by the Wall Street Journal bank survey at the time of application. For projects located in an Economically Distressed area, Opportunity Zone, or Designated Rural County, the interest rate shall be 1.5 percent (1.5%) or 150 basis points below the Prime Rate or 3 percent, whichever is lower.

¹ Wis. Stat. 238.124(2).



Fees

Loans have a one percent (1%) loan origination fee of the total loan amount, payable prior to loan disbursement. For projects located in an Economically Distressed area, the loan origination fee shall be waived. Additional fees shall apply for real estate transactions where title letters and commitments become necessary.

Collateral

Security interest in all or specific business assets. Subordination of WEDC's loan to those of the primary lender may be required.

Guarantor(s)

WEDC generally requires personal or corporate guaranties for any owner with ownership in the company equal to or more than 20%. WEDC may also choose to add contingencies for release of these guaranties following additional financing or other milestones.

Activities & Expected Outcomes:

Assist four businesses and achieve a 3:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting job creation, job retention, capital investment, as well as any contract deliverable(s).

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The BDL program has a continuous application process. Applicants for a BDL should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2018	Added statutory citations.
7/1/2018	Decreased applicable interest rate for projects in an Economically Distressed Area or a Designated Rural County.
7/1/2019	Decreased applicable interest rate for projects in an Opportunity Zone; clarified collateral requirements; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~ 2020

Program Name: Business Development Loan Program
Program Inception: WEDC FY18
Lead Division: Business and Community Development
☒ **New** ☐ **Revised**
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

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mortgage broker, as defined in s. 224.71 (4) ~~(a)~~, whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).

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- Engaged in one of the following industries:
 - Aerospace
 - Bioscience
 - Energy, Power and Control
 - Food and Beverage
 - Forest Products
 - Manufacturing
 - Water Technology
 - Transportation

• Loans require financing from a primary lender

• ~~Must have at least 12 months of operating financial history~~

Ineligible Businesses:

“Ineligible Business” means businesses ineligible for loan funds, unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee:

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- Past costs
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- Refinancing, consolidation or restructuring of existing debt

Incentives and Available Funding (~~FY19FY20~~) ~~\$1,500,000~~1,000,000

The incentives in this program are loans, typically not less than \$100,000 but not to exceed \$500,000. Priority may be extended to projects based on factors such as job creation or retention, capital investment, location, industry and return on investment. Loans require financing from a primary lender.

Loan Terms, Rates and Fees

Loan terms, interest rates and fees will adhere as closely as practicable to commonly accepted commercial lending practices.¹ Loan terms will vary depending upon the useful life of the asset financed. Rates will be tied to the Wall Street Journal Prime Rate published at the time the application is initially accepted by underwriting and fixed for the term of the loan. There is no penalty for pre-payment.

Term

The term for loans will typically range between 60 and 72 months to match the primary lender, up to a maximum of 84 months for real estate.

Interest Rate

Generally, the interest rate for loans will be the Prime Rate published by the Wall Street Journal bank survey at the time of application. For projects located in an Economically Distressed area, Opportunity Zone, or Designated Rural County, the interest rate shall be 1.5 percent (1.5%) or 150 basis points below the Prime Rate or 3 percent, whichever is lower.

¹ Wis. Stat. 238.124(2).



Fees

Loans have a one percent (1%) loan origination fee of the total loan amount, payable prior to loan disbursement. For projects located in an Economically Distressed area, the loan origination fee shall be waived. Additional fees shall apply for real estate transactions where title letters and commitments become necessary.

Collateral

~~Security interest in all or specific business assets. A General Business Security Agreement or Specific Security Agreement will be required.~~ Subordination of WEDC's loan to those of the primary lender may be required.

Guarantor(s)

WEDC ~~will generally~~ requires personal or corporate guaranties for any owner, ~~generally~~ with ownership in the company equal to or more than 20%. WEDC may also choose to add contingencies for release of these guaranties following additional financing or other milestones.

Activities & Expected Outcomes:

Assist four businesses and achieve a 3:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting job creation, job retention, capital investment, as well as any ~~other~~ contract deliverable(s).

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The BDL program has a continuous application process. Applicants for a BDL should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2018	Added statutory citations.
7/1/2018	Decreased applicable interest rate for projects in an Economically Distressed Area or a Designated Rural County.
<u>7/1/2019</u>	<u>Decreased applicable interest rate for projects in an Opportunity Zone; clarified collateral requirements; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Brownfields Grant Program
Program Inception: 1997 Wisconsin Act 27
Lead Division: Business and Community Development
☒ **New** ☐ **Revised**
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Brownfields Grant Program is to support community re-development in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

Under the program outlined in § 238.13, Wis. Stats. WEDC will grant funds to local governments, businesses, non-profits and individuals for redeveloping commercial and industrial sites that have been adversely impacted by environmental contamination.

Eligibility Requirements:

Definitions:

“Brownfields” means 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.¹

“Brownfields redevelopment” means any work or undertaking by a person to acquire a brownfields facility or site and to raze, demolish, remove, reconstruct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site for the purpose of promoting the use of the facility or site for commercial, industrial, or other purposes. “Brownfields redevelopment” does not include construction of new facilities on the site for any purpose other than environmental remediation activities.²

“Environmental remediation activities” means investigation, analysis and monitoring of a brownfields facility or site to determine the existence and extent of actual or potential environmental pollution; abating, removing or containing environmental pollution at a brownfields facility or site; or restoring soil or groundwater at a brownfields facility or site.³

¹ Wis. Stat. § 238.13(1)(a).

² Wis. Stat. § 238.13(1)(b).

³ Wis. Stat. § 238.13(1)(d).



“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

The Applicant:

Any individual, partnership, limited liability company, corporation, nonprofit organization, city, village, town, county, or trustee, including a trustee in bankruptcy,⁴ may apply for funds provided that the party that caused the environmental contamination and any person who possessed or controlled the environmental contaminant is unknown, cannot be located or is financially unable to pay for the remediation of the soil and / or groundwater.⁵

Phase I and Phase II Environmental Reports must be completed no greater than five years prior to the application submittal date, unless:

- Subsequent environmental reports and site ownership history provide sufficient information to demonstrate current environmental conditions; or
- The applicant demonstrates that no activities likely occurred on the site since the Phase I and Phase II that would adversely impact the environmental conditions.

Prior to contracting, the applicant must have obtained WDNR assistance in, or comments on, the planning and implementation of an environmental investigation or the environmental cleanup of a property through WDNR Technical Assistance services.⁶

Qualified Uses:

Brownfields funds may be used for brownfield redevelopment or associated environmental remediation activities.⁷ Grant funds may typically be used for the following activities:

- The environmental investigation, remediation and/or monitoring of the site
- The removal of hazardous waste containers
- Soil removal, capping, barrier installation and vapor intrusion systems
- Demolition activities that will facilitate redevelopment in a brownfield project

The recipient may not use the grant to pay lien claims of DNR or the federal Environmental Protection Agency based on investigation or remediation activities or to pay delinquent real estate taxes or interest or penalties related to those taxes.⁹

Investment Matching:

The matching investment for requested grant funds is derived from the following activities:

⁴ Wis. Stat. § 238.13(1)(g).

⁵ Wis. Stat. § 238.13(2)(a)2.

⁶ Wis. Stat. § 238.13(5).

⁷ Wis. Stat. § 238.13(2)(a)(1); Wis. Stat. § 238.13(1)(b); Wis. Stat. § 238.13(1)(d)

⁹ Wis. Stat. § 238.13(2)(a)1m



- The acquisition cost of the brownfield site
- Site clearance, building demolition or building renovation
- Asbestos and lead paint abatement
- Infrastructure improvements

Activities ineligible for grant assistance or match include but are not limited to:

- Past costs
- Indirect construction costs (a.k.a. “soft” costs)
- Costs of new construction, including geopiers or other foundational support systems

Grant Criteria:

WEDC will take the following into account when considering a Brownfields award:

- The potential of the project to promote economic development in the area¹¹
- A written financial commitment¹² by a lending institution or government entity to the applicant enabling the project to reach fruition
- Documentation of ownership or future ownership of the project site by the submittal of the most recent executed real estate transaction
- The extent and degree of soil and groundwater contamination at the project site¹³
- The need for a vapor intrusion system
- The adequacy and completeness of the site investigation and remediation plan¹⁴
- The eligible costs projected to be utilized for grant funds and matching investments in the application’s budget are supported by estimates from qualified and independent third parties clearly demonstrating how project costs were derived
- The determination of the future higher use of the property as it will impact the extent of the environmental clean-up
- Project consistency with community planning documents and whether a developer’s agreement was concluded
- The favorable impact of the project on human health and the environment
- The size of the property and its relationship to the downtown area and economic centers of the community
- Any other factors considered by WEDC to be relevant to assessing project readiness and viability

Incentives and Available Funding (FY20): \$3,000,000

The recipient shall contribute matching funds equal to at least 50% of the grant.¹⁵ Due to program demand, generally WEDC requires that the applicant’s eligible matching investment is at least 70% of the eligible project costs, unless the project is located in a Designated Rural County or Opportunity Zone, in which case the match may be reduced to 50 percent of the eligible project costs.

¹¹ Wis. Stat. § 238.13(3)(a)

¹² Wis. Stat. § 238.13(3)(c)

¹³ Wis. Stat. § 238.13(3)(d)

¹⁴ Wis. Stat. § 238.13(3)(e)

¹⁵ Wis. Stat. § 238.13(2)(b)3



The maximum award generally does not exceed \$500,000 unless the request for funds is for a project that, due to the size of the brownfield and the degree and extent of contamination, clearly justifies an award beyond normal parameters.

Activities and Expected Outcomes:

Assist 10 communities or businesses and achieve a 35:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, environmental remediation, assessed taxable property values, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Award Process:

The Brownfields Grant Program has a continuous application process. Applicants for Brownfields Grants should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process. All awards will be made in consultation with the DNR¹⁶.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

¹⁶ Wis. Stat. § 238.13(5)



Revision History:

Effective Date	Description of Change
7/1/2017	Aligned environmental conditions reporting requirements to DNR standard practices
7/1/2017	Clarified activities ineligible for grant assistance or match
7/1/2018	Clarified requirements for Phase I and Phase II Environmental Reports
7/1/2018	Decreased match requirement for projects located in a Designated Rural County
7/1/2018	Removed Tribal entities as eligible program applicants in accordance with § 238.13(1)(g)
7/1/2019	Added statutory definitions and citations; decreased match requirement for projects in an Opportunity Zone; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date: _____

Division Vice President: _____

Date: _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date: _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Brownfields Grant Program
Program Inception: 1997 Wisconsin Act 27
Lead Division: Business and Community Development
☒ **New** ☐ **Revised**
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Brownfields Grant Program is to support community re-development in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

Under the program outlined in § 238.13, Wis. Stats. WEDC will grant funds to local governments, businesses, non-profits and individuals for redeveloping commercial and industrial sites that have been adversely impacted by environmental contamination.

Eligibility Requirements:

Definitions:

"Brownfields" means 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.¹

"Brownfields redevelopment" means any work or undertaking by a person to acquire a brownfields facility or site and to raze, demolish, remove, reconstruct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site for the purpose of promoting the use of the facility or site for commercial, industrial, or other purposes. "Brownfields redevelopment" does not include construction of new facilities on the site for any purpose other than environmental remediation activities.²

"Environmental remediation activities" means investigation, analysis and monitoring of a brownfields facility or site to determine the existence and extent of actual or potential environmental pollution; abating, removing or containing environmental pollution at a brownfields facility or site; or restoring soil or groundwater at a brownfields facility or site.³

¹ Wis. Stat. § 238.13(1)(a).

² Wis. Stat. § 238.13(1)(b).

³ Wis. Stat. § 238.13(1)(d).



“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

The Applicant:

Any individual, partnership, limited liability company, corporation, nonprofit organization, city, village, town, county, or trustee, including a trustee in bankruptcy, city, village, town, county, individual, or business⁴ may apply for funds provided that the party that caused the environmental contamination and any person who possessed or controlled the environmental contaminant is unknown, cannot be located or is financially unable to pay for the remediation of the soil and / or groundwater.⁵

Phase I and Phase II Environmental Reports must be completed no greater than five years prior to the application submittal date, unless:

- Subsequent environmental reports and site ownership history provide sufficient information to demonstrate current environmental conditions; or
- The applicant demonstrates that no activities likely occurred on the site since the Phase I and Phase II that would adversely impact the environmental conditions.

Prior to contracting, the applicant must have obtained WDNR assistance in, or comments on, the planning and implementation of an environmental investigation or the environmental cleanup of a property through WDNR Technical Assistance services ~~identified in WI. Stats 292.55.~~⁶

Qualified Uses:

Brownfields funds may be used for brownfield redevelopment or associated environmental remediation activities.⁷ Grant funds may typically be used for the following activities:⁸

- The environmental investigation, remediation and/or monitoring of the site
- The removal of hazardous waste containers
- Soil removal, capping, barrier installation and vapor intrusion systems
- Demolition activities that will facilitate redevelopment in a brownfield project

~~Under § 238.13(2)(a)1m, Wis. Stats. t~~he recipient may not use the grant to pay lien claims of DNR or the federal Environmental Protection Agency based on investigation or remediation activities or to pay delinquent real estate taxes or interest or penalties related to those taxes.⁹

Investment Matching:

⁴ Wis. Stat. § 238.13(1)(g).

⁵ Wis. Stat. § 238.13(2)(a)2.

⁶ ~~Wis. Stat. § 238.13(5).~~

⁷ ~~Wis. Stat. § 238.13(2)(a)(1); Wis. Stat. § 238.13(1)(b); Wis. Stat. § 238.13(1)(d)~~

⁸ ~~Wis. Stat. § 238.13(2)(a)(1); Wis. Stat. § 238.13(1)(b); Wis. Stat. § 238.13(1)(d)~~

⁹ ~~Wis. Stat. § 238.13(2)(a)1m~~



The matching investment for requested grant funds is derived from the following activities:

- The acquisition cost of the brownfield site
- Site clearance, building demolition or building renovation
- Asbestos and lead paint abatement
- Infrastructure improvements

Activities ineligible for grant assistance or match include but are not limited to:

- Past costs
- Indirect construction costs (a.k.a. “soft” costs)
- Costs of new construction, including geopiers or other foundational support systems

Grant Criteria:

WEDC will take the following into account when considering a Brownfields award:¹⁰

- The potential of the project to promote economic development in the area¹¹
- A written financial commitment¹² by a lending institution or government entity to the applicant enabling the project to reach fruition
- Documentation of ownership or future ownership of the project site by the submittal of the most recent executed real estate transaction
- The extent and degree of soil and groundwater contamination at the project site¹³
- The need for a vapor intrusion system
- The adequacy and completeness of the site investigation and remediation plan¹⁴
- The eligible costs projected to be utilized for grant funds and matching investments in the application’s budget are supported by estimates from qualified and independent third parties clearly demonstrating how project costs were derived
- The determination of the future higher use of the property as it will impact the extent of the environmental clean-up
- Project consistency with community planning documents and whether a developer’s agreement was concluded
- The favorable impact of the project on human health and the environment
- The size of the property and its relationship to the downtown area and economic centers of the community
- Any other factors considered by WEDC to be relevant to assessing project readiness and viability

Incentives and Available Funding (~~FY19~~FY20): ~~\$5,000,000~~\$3,000,000

~~Wis. Stat. § 238.13 (2) (b) 3 requires the applicant~~The recipient to shall contribute matching funds ~~of equal to~~ at least 50% of the grant.¹⁵ Due to program demand, generally WEDC requires that the

¹⁰ ~~Wis. Stat. § 238.13(3)~~

¹¹ ~~Wis. Stat. § 238.13(3)(a)~~

¹² ~~Wis. Stat. § 238.13(3)(c)~~

¹³ ~~Wis. Stat. § 238.13(3)(d)~~

¹⁴ ~~Wis. Stat. § 238.13(3)(e)~~

¹⁵ ~~Wis. Stat. § 238.13(2)(b){3}~~



applicant's eligible matching investment is at least 70% of the eligible project costs, unless the project is located in a Designated Rural County or Opportunity Zone, in which case the match may be reduced to 50 percent of the eligible project costs.

The maximum award generally does not exceed \$500,000 unless the request for funds is for a project that, due to the size of the brownfield and the degree and extent of contamination, clearly justifies an award beyond normal parameters.

Activities and Expected Outcomes:

Assist 14-10 communities or businesses and achieve a ~~3335~~:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, environmental remediation, assessed taxable property values, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Award Process:

The Brownfields Grant Program has a continuous application process. Applicants for Brownfields Grants should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process. All awards will be made in consultation with the DNR¹⁶.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

¹⁶ Wis. Stat. § 238.13(5)



Revision History:

Effective Date	Description of Change
7/1/2017	Aligned environmental conditions reporting requirements to DNR standard practices
7/1/2017	Clarified activities ineligible for grant assistance or match
7/1/2018	Clarified requirements for Phase I and Phase II Environmental Reports
7/1/2018	Decreased match requirement for projects located in a Designated Rural County
7/1/2018	Removed Tribal entities as eligible program applicants in accordance with § 238.13(1)(g)
<u>7/1/2019</u>	<u>Added statutory definitions and citations; decreased match requirement for projects in an Opportunity Zone; clarified performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Business Development Tax Credits (BTC)

Program Inception: 2015 Wisconsin Act 55

Lead Division: Business and Community Development

☒ **New** ☐ **Revised**

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Business Development Tax Credit (BTC) Program is to incent new and expanding businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program supports job creation, capital investment, training, and Corporate Headquarters location or retention by providing businesses located in or relocating to Wisconsin with refundable tax credits that can help to reduce their Wisconsin income/franchise tax liability or provide a refund, thereby helping to enhance their cash flow to expand the project's scope, accelerate the timing of the project or enhance payroll.

Eligibility Requirements:

Definitions:

The following definitions supplement those in §§ 238.308, 71.07 (3y), 71.28 (3y), and 71.47 (3y), Wis. Stats.

- "Baseline" means Recipient's number of Full-Time Jobs during the 12 months immediately preceding the Certification Date. Projects will have a Statewide Baseline, as well as a Project Baseline.
- "Certified Business" means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business' total number of Eligible Employees in the State of Wisconsin as determined by the Federal Employment Identification Number ("FEIN") under which the business files its taxes.
- "Certification Date" means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.
- "Corporate Headquarters" means the office location where staff members or employees are physically employed and where the majority of the company's financial, personnel, legal,



planning, or other related functions are organized at a divisional, regional, national or global basis. In considering an office as a Corporate Headquarters, WEDC will consider the business' existing locations as of the Certification Date.

- “Economically Distressed” means a county or municipality so designated by WEDC by considering the most current area and state data available for the following indicators:
 - Unemployment rate
 - Percentage of families with incomes below the poverty line
 - Median family income
 - Median per capita income
 - Average annual wage
 - Manufacturing assessment values by county
 - Other significant or irregular indicators of economic distress – such as a natural disaster, or plant closings and layoffs
- “Eligible Employee” means a person employed in a Full-Time Job by a Certified Business.¹
- “Eligible Training Cost” means (1) the cost of the trainer; (2) the cost of the training materials; (3) the wages of the trainee while in a classroom setting; or (4) the costs of the trainer and the wages of the trainee while in an on-the-job or job shadowing setting. Eligible training costs do not include travel expenses, food or lodging.
- “Financial Institution” means a bank, as defined in s. 214.01 (1) (c), a savings bank, as defined in s. 214.01 (1) (t), a savings and loan association, a trust company, a credit union, as defined in s. 186.01 (2), a mortgage banker, as defined in s. 224.71 (3), or a mortgage broker, as defined in s. 224.71 (4), whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).
- A “Full-Time Job” means a regular, non-seasonal full-time position in which the annual pay for the position is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, and an individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year. “Full-Time Job” does not include initial training before an employment position begins.²

Employees that do not meet this definition will not be counted toward headcount or wages. Part-time employees do not count.

¹ Wis. Stat. § 238.308(1); Wis. Stat. § 71.07(3y)(a)2; Wis. Stat. § 71.28(3y)(a)2; Wis. Stat. § 71.47(3y)(a)2.

² While there are two statutory definitions of Full-Time Employee, WEDC utilizes the above identified definition in its contracts: Wis. Stat. § 238.30(2m).



- “Ineligible Business” means businesses ineligible for tax credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee. Such Ineligible Businesses include:
 - Payday loan and title loan companies
 - Telemarketing other than inbound call centers
 - Pawn shops
 - Media outlets
 - Retail
 - Farms
 - Primary care medical facilities
 - Financial Institutions
 - The hospitality industry
- “Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.
- “Tax Credits” means the BTCs authorized pursuant to Wisconsin Statutes §§ 238.308, 71.07 (3y), 71.28 (3y), and 71.47 (3y).
- “Taxable Year” means the taxable period upon the basis of which the taxable income of the taxpayer is computed for federal income tax purposes. The taxable year of a taxpayer who keeps his or her accounting records on the basis of a 52–53 week period ends on the last day of the month closest to the end of the 52–53 week period.³

Certification:

WEDC may certify a business as eligible to earn Tax Credits if (1) the business plans to annually increase its net employment in Wisconsin above the business’ employment in Wisconsin in each year after its Certification Date;⁴ (2) the business is operating, or intends to operate, in the state of Wisconsin;⁵ and (3) the business applies and enters into a contract with WEDC.⁶ There is no limit on the number of businesses that may be certified for Tax Credits under this program. Each certification may exist for up to ten cumulative years.⁷ WEDC may cap the award and/or limit the number of years in which Tax Credits may be claimed by a Certified Business.

WEDC will evaluate Tax Credit applications based on factors including:

- Whether the project would occur without the allocation of Tax Credits;
- The extent to which the project will increase employment in Wisconsin;
- The extent to which the project will contribute to the economic growth of Wisconsin;
- The extent to which the project will increase geographic diversity of available Tax Credits throughout Wisconsin;

³ Wis. Stat. § 71.01(12).

⁴ Wis. Stat. § 238.308(3).

⁵ Wis. Stat. § 238.308(2)(a)1.

⁶ Wis. Stat. § 238.308(2)(a)2.

⁷ Wis. Stat. § 238.308(2)(b).



- The financial soundness of the business; and
- Any previous financial assistance that the business received from the Department of Commerce or WEDC.

To be eligible for a BTC award, the applicant must offer the employees filling the Full-Time Jobs to be attracted, created or retained as part of the project at least 50% of the health insurance benefit costs to the employees or other equivalent health insurance benefits that are acceptable to WEDC. Recipients will be expected to continue to offer all Eligible Employees retirement, health and other benefits.

Tax Credits may be awarded for any of the following eligible activities: job creation,⁸ training,⁹ capital investment¹⁰ and/or Corporate Headquarters location or retention¹¹. Generally, the maximum amount of Tax Credits awarded for a project will be determined by calculating the amount a Recipient could earn under job creation. WEDC is not required to award the Recipient the maximum amount allowed by statute. A business may be awarded an additional amount of Tax Credits if the project meets any of the following criteria:

- The project is located in an Economically Distressed area or Opportunity Zone;
- Locating or retaining a Corporate Headquarters;
- Wisconsin is competing for the investment with one or more out-of-state locations;
- Fifty percent of Eligible Employees' wages are greater than 400 percent of the federal minimum wage;
- Industry jobs multiplier is greater than 2.0; or
- Any other criteria as approved by the Awards Administration Committee of the Board of Directors

Once the maximum tax credit award amount is determined, WEDC will evaluate all aspects of the project to determine which eligible activities to incent with tax credits. A project may receive tax credits for multiple eligible activities. A Certified Business may qualify for Tax Credits only for eligible activities that occur after the Certification Date established by WEDC. The amount of tax credits awarded for each activity shall align with the following calculations:

Job Creation

The amount of Tax Credits awarded for job creation may equal up to 10% of the annual wages for Eligible Employees in Full-Time Jobs.¹² In an Economically Distressed area, the amount of Tax Credits may equal up to an additional 5% of the annual wages for Eligible Employees.¹³ Tax Credits may not be earned for wages over \$100,000 per year.

Generally, a business will be initially certified for amounts for job creation based on projected Full-Time Jobs to be created over three years. Certified Businesses may earn these Tax Credits over three years, based on the increase in wages, each year compared to the prior year, at the project location(s) for which the award is made, subject to annual verification. Full-Time Jobs filled by Eligible Employees for which

⁸ Wis. Stat. § 238.308(4)(a)1, 2; Wis. Stat. § 71.07(3y)(b)1, 2; Wis. Stat. § 71.28(3y)(b)1, 2; Wis. Stat. § 71.47(3y)(b)1, 2.

⁹ Wis. Stat. § 238.308(4)(a)3; Wis. Stat. § 71.07(3y)(b)3; Wis. Stat. § 71.28(3y)(b)3; Wis. Stat. § 71.47(3y)(b)3.

¹⁰ Wis. Stat. § 238.308(4)(a)4; Wis. Stat. § 71.07(3y)(b)4; Wis. Stat. § 71.28(3y)(b)4; Wis. Stat. § 71.47(3y)(b)4.

¹¹ Wis. Stat. § 238.308(4)(a)5; Wis. Stat. § 71.07(3y)(b)5; Wis. Stat. § 71.28(3y)(b)5; Wis. Stat. § 71.47(3y)(b)5.

¹² Wis. Stat. § 238.308(4)(a)1; Wis. Stat. § 71.07(3y)(b)1; Wis. Stat. § 71.28(3y)(b)1; Wis. Stat. § 71.47(3y)(b)1.

¹³ Wis. Stat. § 238.308(4)(a)2; Wis. Stat. § 71.07(3y)(b)2; Wis. Stat. § 71.28(3y)(b)2; Wis. Stat. § 71.47(3y)(b)2.



Tax Credits have been verified must be maintained for a period of either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Generally, WEDC will not award tax credits for retained jobs; however, in cases where WEDC does incent retained jobs with job retention tax credits, those credits will be calculated based on the Baseline wages earned on an equal basis over three years. Tax Credits will be released annually, based on the wages of Full-Time Jobs filled by Eligible Employees during the Recipient's taxable year.

Training

The amount of Tax Credits awarded for training may equal up to 50% of Eligible Training Costs incurred to undertake activities to enhance an Eligible Employee's general knowledge, employability, and flexibility in the workplace; to develop skills unique to the business's workplace or equipment; or to develop skills that will increase the quality of the business's product.¹⁴

Those activities must be related to the project that is the subject of the application for Tax Credits, and not for those activities that allow an employee to function within the day-to-day operations of the business or for the general, organic growth of the business. Examples of ineligible activities include orientation, or training on a business process management system.

Capital Investment¹⁵

The amount of Tax Credits awarded for new capital investment may equal up to 3% of the business' personal property investment and up to 5% of its new real property investment.

To qualify for Capital Investment tax credits, the project must involve a total capital investment of at least \$1,000,000 or for projects that involve a total capital investment of less than \$1,000,000, the total investment must be equal to at least \$10,000 per Eligible Employee employed on the project.

Corporate Headquarters

The amount of Tax Credits awarded for the location or retention of a Corporate Headquarters may equal up to 10% of the annual wages of positions created or retained for Eligible Employees if the position in which the Eligible Employee was employed was created or retained in connection with the location or retention of the Corporate Headquarters in Wisconsin, and the job duties associated with the Eligible Employee's position involve the performance of Corporate Headquarters functions.¹⁶ Tax Credits may not be earned for wages over \$100,000 per year. Generally, a business will be initially certified for amounts for Corporate Headquarters job creation based on projected Full-Time Jobs to be created over three years.

Certified Businesses may then earn these Corporate Headquarters job creation credits over a period of three years based on the increase in wages at the project location(s) for which the award is made, year-over-year, subject to annual verification.

¹⁴ Wis. Stat. § 238.308(4)(a)3; Wis. Stat. § 71.07(3y)(b)3; Wis. Stat. § 71.28(3y)(b)3; Wis. Stat. § 71.47(3y)(b)3.

¹⁵ Wis. Stat. § 238.308(4)(a)4; Wis. Stat. § 71.07(3y)(b)4; Wis. Stat. § 71.28(3y)(b)4; Wis. Stat. § 71.47(3y)(b)4.

¹⁶ Wis. Stat. § 238.308(4)(a)5; Wis. Stat. § 71.07(3y)(b)5; Wis. Stat. § 71.28(3y)(b)5; Wis. Stat. § 71.47(3y)(b)5.



Corporate Headquarters retention credits will be calculated based on the Baseline wages earned on an equal basis over three years.

Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period.

Tax Credits will be earned annually, based on the wages of Full-Time Jobs filled by Eligible Employees during the Recipient's taxable year.

Eligibility to Claim:

In order to be eligible to claim Tax Credits in any year for which the business is certified, the Certified Business must increase its net employment in Wisconsin above the Certified Business' net employment in Wisconsin in each year after the Certification Date.¹⁷

WEDC will annually calculate the amount of Tax Credits earned¹⁸ and able to be claimed by the Certified Business based on eligible activities, and may request additional information from the Certified Business. WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business' taxes each year with a written verification of the Tax Credits earned. A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits.¹⁹ No person may file with the Department of Revenue for Tax Credits without the written certification of WEDC.²⁰

Tax Credits are refundable. If the amount of Tax Credits approved for a taxable year exceeds the amount of tax due for the taxable year, the excess credit amount will be refunded to the Certified Business.²¹ The Tax Credits are non-transferable, and must be claimed in accordance with the statutory requirements.

Incentives and Available Funding (CY 2019): \$22,000,000 tax credit allocation

Subject to reallocation of additional funds up to \$10,000,000,²² and carryforward unused credits, WEDC will allocate no more than \$22,000,000²³ in Tax Credits for Certified Businesses in any calendar year.

Activities and Expected Outcomes:

Assist 40 businesses to support the creation of 3,000 jobs, retention of 6,000 jobs and achieve a 20:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, job creation, job retention, as well as any other contract deliverables.

¹⁷ Wis. Stat. § 238.308(3)

¹⁸ Wis. Stat. § 238.308(5)(b).

¹⁹ Wis. Stat. § 71.07(3y)(c)2; Wis. Stat. § 71.28(3y)(c)2; Wis. Stat. § 71.47(3y)(c)2.

²⁰ Wis. Stat. § 71.07(3y)(c)2; Wis. Stat. § 71.28(3y)(c)2; Wis. Stat. § 71.47(3y)(c)2.

²¹ Wis. Stat. § 71.07(3y)(d)2; Wis. Stat. § 71.28(3y)(d)2; Wis. Stat. § 71.47(3y)(d)2.

²² Wis. Stat. § 238.308(4)(c).

²³ Wis. Stat. § 238.308(4)(b).



WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The BTC program has a continuous application process. Applicants for the BTC program should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Standardized expected outcomes language and added metric for leverage
7/1/2017	Eliminated unnecessary maintenance period for tax credits awarded for training
9/23/2017	Pursuant to 2017 Act 59, WEDC may annually request from the Joint Committee on Finance additional allocation authority
7/1/2018	Added statutory citations.
7/1/2018	Clarified criteria for awarding additional tax credits.
7/1/2018	Clarified maintenance requirements for job creation and retention
7/1/2019	Expanded criteria for awarding additional tax credits to include Opportunity zones; standardized application process and performance reporting sections for consistency; clarified duration of maintenance period and performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Business Development Tax Credits (BTC)

Program Inception: 2015 Wisconsin Act 55

Lead Division: Business and Community Development

☒ **New** ☐ **Revised**

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Business Development Tax Credit (BTC) Program is to incent new and expanding businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program supports job creation, capital investment, training, and Corporate Headquarters location or retention by providing businesses located in or relocating to Wisconsin with refundable tax credits that can help to reduce their Wisconsin income/franchise tax liability or provide a refund, thereby helping to enhance their cash flow to expand the project's scope, accelerate the timing of the project or enhance payroll.

Eligibility Requirements:

Definitions:

The following definitions supplement those in §§ 238.308, 71.07 (3y), 71.28 (3y), and 71.47 (3y), Wis. Stats.

- "Baseline" means Recipient's number of Full-Time Jobs during the 12 months immediately preceding the Certification Date. Projects will have a Statewide Baseline, as well as a Project Baseline.
- "Certified Business" means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business' total number of Eligible Employees in the State of Wisconsin as determined by the Federal Employment Identification Number ("FEIN") under which the business files its taxes.
- "Certification Date" means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.
- "Corporate Headquarters" means the office location where staff members or employees are physically employed and where the majority of the company's financial, personnel, legal,



planning, or other related functions are organized at a divisional, regional, national or global basis. In considering an office as a Corporate Headquarters, WEDC will consider the business' existing locations as of the Certification Date.

- “Economically Distressed” means a county or municipality so designated by WEDC by considering the most current area and state data available for the following indicators:
 - Unemployment rate
 - Percentage of families with incomes below the poverty line
 - Median family income
 - Median per capita income
 - Average annual wage
 - Manufacturing assessment values by county
 - Other significant or irregular indicators of economic distress – such as a natural disaster, or plant closings and layoffs
- “Eligible Employee” means a person employed in a Full-Time Job by a Certified Business.¹
- “Eligible Training Cost” means (1) the cost of the trainer; (2) the cost of the training materials; (3) the wages of the trainee while in a classroom setting; or (4) the costs of the trainer and the wages of the trainee while in an on-the-job or job shadowing setting. Eligible training costs do not include travel expenses, food or lodging.
- “Financial Institution” means a bank, as defined in s. 214.01 (1) (c), a savings bank, as defined in s. 214.01 (1) (t), a savings and loan association, a trust company, a credit union, as defined in s. 186.01 (2), a mortgage banker, as defined in s. 224.71 (3) ~~(a)~~, or a mortgage broker, as defined in s. 224.71 (4) ~~(a)~~, whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).
- A “Full-Time Job” means a regular, non-seasonal full-time position in which the annual pay for the position is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, and an individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year. “Full-Time Job” does not include initial training before an employment position begins.²

Employees that do not meet this definition will not be counted toward headcount or wages. Part-time employees do not count.

¹ Wis. Stat. § 238.308(1); Wis. Stat. § 71.07(3y)(a)2; Wis. Stat. § 71.28(3y)(a)2; Wis. Stat. § 71.47(3y)(a)2.

² While there are two statutory definitions of Full-Time Employee, WEDC utilizes the above identified definition in its contracts: Wis. Stat. § 238.30(2m).



- “Ineligible Business” means businesses ineligible for tax credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee. Such Ineligible Businesses include:
 - Payday loan and title loan companies
 - Telemarketing other than inbound call centers
 - Pawn shops
 - Media outlets
 - Retail
 - Farms
 - Primary care medical facilities
 - Financial Institutions
 - The hospitality industry

- “Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.
- “Tax Credits” means the BTCs authorized pursuant to Wisconsin Statutes §§ 238.308, 71.07 (3y), 71.28 (3y), and 71.47 (3y).
- “Taxable Year” means the taxable period upon the basis of which the taxable income of the taxpayer is computed for federal income tax purposes. The taxable year of a taxpayer who keeps his or her accounting records on the basis of a 52–53 week period ends on the last day of the month closest to the end of the 52–53 week period.³

Certification:

WEDC may certify a business as eligible to earn Tax Credits if (1) the business plans to annually increase its net employment in Wisconsin above the business’ employment in Wisconsin in each year after its Certification Date;⁴ (2) the business is operating, or intends to operate, in the state of Wisconsin;⁵ and (3) the business applies and enters into a contract with WEDC.⁶ There is no limit on the number of businesses that may be certified for Tax Credits under this program. Each certification may exist for up to ten cumulative years.⁷ WEDC may cap the award and/or limit the number of years in which Tax Credits may be claimed by a Certified Business.

WEDC will evaluate Tax Credit applications based on factors including:

- Whether the project would occur without the allocation of Tax Credits;
- The extent to which the project will increase employment in Wisconsin;
- The extent to which the project will contribute to the economic growth of Wisconsin;

³ Wis. Stat. § 71.01(12).

⁴ Wis. Stat. § 238.308(3).

⁵ Wis. Stat. § 238.308(2)(a)1.

⁶ Wis. Stat. § 238.308(2)(a)2.

⁷ Wis. Stat. § 238.308(2)(b).



- The extent to which the project will increase geographic diversity of available Tax Credits throughout Wisconsin;
- The financial soundness of the business; and
- Any previous financial assistance that the business received from the Department of Commerce or WEDC.

To be eligible for a BTC award, the applicant must offer the employees filling the Full-Time Jobs to be attracted, created or retained as part of the project at least 50% of the health insurance benefit costs to the employees or other equivalent health insurance benefits that are acceptable to WEDC. Recipients will be expected to continue to offer all Eligible Employees retirement, health and other benefits.

Tax Credits may be awarded for any of the following eligible activities: job creation,⁸ training,⁹ capital investment¹⁰ and/or Corporate Headquarters location or retention¹¹. Generally, the maximum amount of Tax Credits awarded amount for a project will be determined by calculating the greater of the maximum amount the a Recipient could earn under either job creation or capital investment. WEDC is not required to award the Recipient the maximum amount allowed for under the calculation by statute. A business may be awarded an additional amount of Tax Credits if the project meets any of the following criteria:

- The project is located in an Economically Distressed area or Opportunity Zone;
- Locating or retaining a Corporate Headquarters;
- Wisconsin is competing for the investment with one or more out-of-state locations;
- Fifty percent of Eligible Employees' wages are greater than 400 percent of the federal minimum wage;
- Industry jobs multiplier is greater than 2.0; or
- Any other criteria as approved by the Awards Administration Committee of the Board of Directors

Once the maximum tax credit award amount is determined, WEDC will evaluate all aspects of the project to determine which eligible activities to incent with tax credits. A project may receive tax credits for multiple eligible activities. A Certified Business may qualify for Tax Credits only for eligible activities that occur after the Certification Date established by WEDC. The amount of tax credits awarded for each activity shall align with the following calculations:

Job Creation

The amount of Tax Credits awarded for job creation may equal up to 10% of the annual wages for Eligible Employees in Full-Time Jobs.¹² In an Economically Distressed area, the amount of Tax Credits may equal up to an additional 5% of the annual wages for Eligible Employees.¹³ Tax Credits may not be earned for wages over \$100,000 per year.

⁸ Wis. Stat. § 238.308(4)(a)1, 2; Wis. Stat. § 71.07(3y)(b)1, 2; Wis. Stat. § 71.28(3y)(b)1, 2; Wis. Stat. § 71.47(3y)(b)1, 2.

⁹ Wis. Stat. § 238.308(4)(a)3; Wis. Stat. § 71.07(3y)(b)3; Wis. Stat. § 71.28(3y)(b)3; Wis. Stat. § 71.47(3y)(b)3.

¹⁰ Wis. Stat. § 238.308(4)(a)4; Wis. Stat. § 71.07(3y)(b)4; Wis. Stat. § 71.28(3y)(b)4; Wis. Stat. § 71.47(3y)(b)4.

¹¹ Wis. Stat. § 238.308(4)(a)5; Wis. Stat. § 71.07(3y)(b)5; Wis. Stat. § 71.28(3y)(b)5; Wis. Stat. § 71.47(3y)(b)5.

¹² Wis. Stat. § 238.308(4)(a)1; Wis. Stat. § 71.07(3y)(b)1; Wis. Stat. § 71.28(3y)(b)1; Wis. Stat. § 71.47(3y)(b)1.

¹³ Wis. Stat. § 238.308(4)(a)2; Wis. Stat. § 71.07(3y)(b)2; Wis. Stat. § 71.28(3y)(b)2; Wis. Stat. § 71.47(3y)(b)2.



Generally, a business will be initially certified for amounts for job creation based on projected Full-Time Jobs to be created over three years. Certified Businesses may earn these Tax Credits over three years, based on the increase in wages, each year compared to the prior year, at the project location(s) for which the award is made, subject to annual verification. Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Generally, WEDC will not award tax credits for retained jobs; however, in cases where WEDC does incent retained jobs with job retention tax credits, those credits will be calculated based on the Baseline wages earned on an equal basis over three years. Tax Credits will be released annually, based on the wages of Full-Time Jobs filled by Eligible Employees during the Recipient's taxable year.

Training

The amount of Tax Credits awarded for training may equal up to 50% of Eligible Training Costs incurred to undertake activities to enhance an Eligible Employee's general knowledge, employability, and flexibility in the workplace; to develop skills unique to the business's workplace or equipment; or to develop skills that will increase the quality of the business's product.¹⁴

Those activities must be related to the project that is the subject of the application for Tax Credits, and not for those activities that allow an employee to function within the day-to-day operations of the business or for the general, organic growth of the business. Examples of ineligible activities include orientation, or training on a business process management system.

Capital Investment¹⁵

The amount of Tax Credits awarded for new capital investment may equal up to 3% of the business' personal property investment and up to 5% of its new real property investment.

To qualify for Capital Investment tax credits, the project must involve a total capital investment of at least \$1,000,000 or for projects that involve a total capital investment of less than \$1,000,000, the total investment must be equal to at least \$10,000 per Eligible Employee employed on the project.

Corporate Headquarters

The amount of Tax Credits awarded for the location or retention of a Corporate Headquarters may equal up to 10% of the annual wages of positions created or retained for Eligible Employees if the position in which the Eligible Employee was employed was created or retained in connection with the location or retention of the Corporate Headquarters in Wisconsin, and the job duties associated with the Eligible Employee's position involve the performance of Corporate Headquarters functions.¹⁶ Tax Credits may not be earned for wages over \$100,000 per year. Generally, a business will be initially certified for amounts for Corporate Headquarters job creation based on projected Full-Time Jobs to be created over three years.

¹⁴ Wis. Stat. § 238.308(4)(a)3; Wis. Stat. § 71.07(3y)(b)3; Wis. Stat. § 71.28(3y)(b)3; Wis. Stat. § 71.47(3y)(b)3.

¹⁵ Wis. Stat. § 238.308(4)(a)4; Wis. Stat. § 71.07(3y)(b)4; Wis. Stat. § 71.28(3y)(b)4; Wis. Stat. § 71.47(3y)(b)4.

¹⁶ Wis. Stat. § 238.308(4)(a)5; Wis. Stat. § 71.07(3y)(b)5; Wis. Stat. § 71.28(3y)(b)5; Wis. Stat. § 71.47(3y)(b)5.



Certified Businesses may then earn these Corporate Headquarters job creation credits over a period of three years based on the increase in wages at the project location(s) for which the award is made, year-over-year, subject to annual verification.

Corporate Headquarters retention credits will be calculated based on the Baseline wages earned on an equal basis over three years.

Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Tax Credits will be earned annually, based on the wages of Full-Time Jobs filled by Eligible Employees during the Recipient's taxable year.

Verification Eligibility to Claim:

In order to be eligible to claim Tax Credits in any year for which the business is certified, the Certified Business must increase its net employment in Wisconsin above the Certified Business' net employment in Wisconsin in each year after the Certification Date.¹⁷

WEDC will annually ~~verify~~ calculate the amount of Tax Credits earned¹⁸ and able to be claimed by the Certified Business based on eligible activities, and may request additional information from the Certified Business. WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business' taxes each year with a written verification of the Tax Credits earned. A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits.¹⁹ No person may file with the Department of Revenue for Tax Credits without the written ~~verification~~ certification of WEDC.²⁰

Tax Credits are refundable. If the amount of Tax Credits approved for a taxable year exceeds the amount of tax due for the taxable year, the excess credit amount will be refunded to the Certified Business.²¹ The Tax Credits are non-transferable, and must be claimed in accordance with the statutory requirements by the Certified Business that is conducting the eligible activities.

Incentives and Available Funding (CY ~~2018~~ 2019): \$22,000,000 tax credit allocation

Subject to reallocation of additional funds up to \$10,000,000,²² and carryforward unused credits, WEDC will allocate no more than \$22,000,000²³ in Tax Credits for Certified Businesses in any ~~Calendar~~ year ~~2018 or in any year thereafter~~.

Activities and Expected Outcomes:

¹⁷ Wis. Stat. § 238.308(3)

¹⁸ Wis. Stat. § 238.308(5)(b).

¹⁹ Wis. Stat. § 71.07(3y)(c)2; Wis. Stat. § 71.28(3y)(c)2; Wis. Stat. § 71.47(3y)(c)2.

²⁰ Wis. Stat. § 71.07(3y)(c)2; Wis. Stat. § 71.28(3y)(c)2; Wis. Stat. § 71.47(3y)(c)2.

²¹ Wis. Stat. § 71.07(3y)(d)2-a; Wis. Stat. § 71.28(3y)(d)2-a; Wis. Stat. § 71.47(3y)(d)2-a.

²² Wis. Stat. § 238.308(4)(c).

²³ Wis. Stat. § 238.308(4)(b).



Assist ~~50-40~~ businesses to support the creation of ~~4,000~~3,000 jobs, retention of 6,000 jobs and achieve a 20:1 leverage of other investment.

Performance Reporting:

~~Certified Businesses are~~Recipients will be required to annually submit an annual performance project report documenting capital investment, expenditures, training, job creation, and job retention, as well as any other contract deliverables.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

~~Reports may include detailed payroll and earnings spreadsheets to substantiate the number of jobs located at the project location. WEDC annually verifies the performance information submitted by the business. Annual reports will be submitted as defined in the contract schedule.~~

~~Project information and reports will be processed to track milestones, expenditures, and project deliverables. In addition, all projects will be reviewed to ensure compliance with contract deliverables.~~



Application and Awards Process:

The BTC program has a continuous application process. Applicants for the BTC program should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

~~WEDC shall notify each applicant of whether it has been certified for tax benefits. A Certified Business may qualify for tax benefits only for eligible activities that occur after the Certification Date established by WEDC.~~

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Standardized expected outcomes language and added metric for leverage
7/1/2017	Eliminated unnecessary maintenance period for tax credits awarded for training
9/23/2017	Pursuant to 2017 Act 59, WEDC may annually request from the Joint Committee on Finance additional allocation authority
7/1/2018	Added statutory citations.
7/1/2018	Clarified criteria for awarding additional tax credits.
7/1/2018	Clarified maintenance requirements for job creation and retention
<u>7/1/2019</u>	<u>Expanded criteria for awarding additional tax credits to include Opportunity zones; standardized application process and performance reporting sections for consistency; clarified duration of maintenance period and performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Capacity Building Grant

Program Inception: WEDC FY13

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☒ **Aid**

☐ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Capacity Building Program is to support local and regional economic development efforts in the state of Wisconsin.

Projects receiving Capacity Building funding must support one of WEDC's Strategic Pillars and Focus Areas.

Program Description:

The program provides funds to assist organizations and local and regional economic development groups to further the goals of WEDC in its efforts to foster an advanced economic development network within the state of Wisconsin.

Eligibility Requirements:

Local and regional economic development groups may use the funds for purposes that support one of WEDC's Strategic Pillars. Activities may include:

- Local or regional assessments of the economic competitiveness of the area (e.g. workforce, infrastructure, sustainability, export capacity and competitiveness).
- Initiatives that will assist or enhance an organization's ability to develop or deliver economic development programming that helps to identify or address issues or challenges of an area or the state.
- Implementation or replication of successful pilot programs or economic development best practices.
- Marketing by regional economic development organizations. Regional economic development organizations may receive grants not to exceed \$100,000 or the amount of matching funds the organization obtains from sources other than WEDC or the state, whichever is less, to fund marketing activities.¹
- Delivery of resources and services to Wisconsin entrepreneurs through the Entrepreneurship Support grant.

Capacity Building funding may not be used for past costs, nor may past costs incurred prior to application be considered for matching funds, if applicable.

WEDC may take the following into account when evaluating Capacity Building applications:

¹ Wis. Stat. §238.135.



- The likelihood the proposed effort will result in long-term benefits to the organization, its members, the region or state, or its clients
- The degree to which the organization can influence state or regional economic conditions (e.g. number of localities served, geography, membership size)
- The extent to which the problem has been approached through regional collaboration with other economic development groups and other local jurisdictions
- The extent to which the project will provide an impact to smaller communities/rural areas of Wisconsin
- The financial need demonstrated by the applicant
- The extent to which the proposed effort can be replicated throughout Wisconsin

WEDC may require matching funds depending on the project's attributes.

Capacity Building – Entrepreneurship Support

The Entrepreneurship Support grant provides funds awarded through a competitive application process for the implementation of entrepreneurship programs. Wisconsin organizations may use the funds for the following purposes:

- Promotion of entrepreneurship
- Entrepreneurial education, mentorship or training programs
- Facilitation of business development or financial services

Entrepreneurship Support funding is not available for activities that are otherwise eligible to be funded through other programs offered by WEDC or its partners. Applicants are limited to one grant in any application year.

Incentives and Available Funding (FY20):

Capacity Building: \$750,000

The amount of funding per project will generally be up to \$50,000.

Capacity Building – Entrepreneurship Support: \$500,000

The amount of funding per project will generally be between \$10,000 and maximum of \$100,000. Funds will be awarded through a competitive application process. Organizations applying for Entrepreneurship Support funds must demonstrate a commitment of a minimum 1:1 match of WEDC funds requested. Matching funds may include in-kind support of no more than 50% of the total match required. Match should be calculated as a percentage of the cost of the entire project identified in the application.

Activities and Expected Outcomes:

Capacity Building

Assist 15 organizations



Capacity Building – Entrepreneurship Support

Assist 10 organizations and 300 businesses

Performance Reporting:

Recipients will be required to periodically submit a performance report documenting specific project activities, as well as any other contract deliverables.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Capacity Building

The Capacity Building program has a continuous application process. Applicants for a Capacity Building Grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

Capacity Building – Entrepreneurship Support

The Capacity Building – Entrepreneurship Support program has a competitive application process. Applicants for a Capacity Building – Entrepreneurship Support grant should complete an application through an Account Manager. The completed applications will be assigned to a committee for review and recommendation. An underwriter will be assigned to review each recommended award and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Eliminated pilot status for Entrepreneurship Support track
7/1/2019	Clarified performance reporting requirements; standardized application and awards process



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Capacity Building Grant

Program Inception: WEDC FY13

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☒ **Aid**

☐ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Capacity Building Program is to support local and regional economic development efforts in the state of Wisconsin.

Projects receiving Capacity Building funding must support one of WEDC's Strategic Pillars and Focus Areas.

Program Description:

The program provides funds to assist organizations and local and regional economic development groups to further the goals of WEDC in its efforts to foster an advanced economic development network within the state of Wisconsin.

Eligibility Requirements:

Local and regional economic development groups may use the funds for purposes that support one of WEDC's Strategic Pillars. Activities may include:

- Local or regional assessments of the economic competitiveness of the area (e.g. workforce, infrastructure, sustainability, export capacity and competitiveness).
- Initiatives that will assist or enhance an organization's ability to develop or deliver economic development programming that helps to identify or address issues or challenges of an area or the state.
- Implementation or replication of successful pilot programs or economic development best practices.
- Marketing by regional economic development organizations. Regional economic development organizations may receive grants not to exceed \$100,000 or the amount of matching funds the organization obtains from sources other than WEDC or the state, whichever is less, to fund marketing activities.¹
- Delivery of resources and services to Wisconsin entrepreneurs through the Entrepreneurship Support grant.

Capacity Building funding may not be used for past costs, nor may past costs incurred prior to application be considered for ~~project match~~matching funds, if applicable.

WEDC may take the following into account when evaluating Capacity Building applications:

¹ Wis. Stat. §238.135.



- The likelihood the proposed effort will result in long-term benefits to the organization, its members, the region or state, or its clients
- The degree to which the organization can influence state or regional economic conditions (e.g. number of localities served, geography, membership size)
- The extent to which the problem has been approached through regional collaboration with other economic development groups and other local jurisdictions
- The extent to which the project will provide an impact to smaller communities/rural areas of Wisconsin
- The financial need demonstrated by the applicant
- The extent to which the proposed effort can be replicated throughout Wisconsin

WEDC may require ~~project match~~matching funds depending on the project's attributes.

Capacity Building – Entrepreneurship Support

The Entrepreneurship Support grant provides funds awarded through a competitive application process for the implementation of entrepreneurship programs. Wisconsin organizations may use the funds for the following purposes:

- Promotion of entrepreneurship
- Entrepreneurial education, mentorship or training programs
- Facilitation of business development or financial services

Entrepreneurship Support funding is not available for activities that are otherwise eligible to be funded through other programs offered by WEDC or its partners. Applicants are limited to one grant in any application year.

Incentives and Available Funding (~~FY19~~FY20):

Capacity Building: ~~\$250,000~~\$750,000

The amount of funding per project will generally be up to \$50,000.

Capacity Building – Entrepreneurship Support: \$500,000

The amount of funding per project will generally be between \$10,000 and maximum of \$100,000. Funds will be awarded through a competitive application process. Organizations applying for ~~ES~~ Entrepreneurship Support funds must demonstrate a commitment of a minimum 1:1 match of WEDC funds requested. Matching funds may include in-kind support of no more than 50% of the total match required. Match should be calculated as a percentage of the cost of the entire project identified in the application.

Activities and Expected Outcomes:

Capacity Building

Assist ~~8~~ 15 organizations



Capacity Building – Entrepreneurship Support

Assist 10 organizations and 300 businesses

Performance Reporting:

Recipients will be required to periodically submit a performance report documenting specific project activities, as well as any other contract deliverables.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Capacity Building

The Capacity Building program has a continuous application process. Applicants for a Capacity Building Grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

Capacity Building – Entrepreneurship Support

The Capacity Building – Entrepreneurship Support program has a competitive application process. Applicants for a Capacity Building – Entrepreneurship Support grant should complete an application through an Account Manager. The completed applications will be assigned to a committee for review and recommendation. An underwriter will be assigned to review each recommended award and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Eliminated pilot status for Entrepreneurship Support track
<u>7/1/2019</u>	<u>Clarified performance reporting requirements; standardized application and awards process</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Community Development Investment (CDI) Grant Program

Program Inception: WEDC FY13

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Community Development Investment (CDI) Grant Program is to incent primarily downtown community development in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

The program will support urban, small city and rural community redevelopment efforts by providing financial incentives for shovel-ready projects with emphasis on, but not limited to, downtown community driven efforts. Funded activities should lead to measurable benefits in job opportunities, property values and/or leveraged investment by local and private partners.

Eligibility Requirements:

Definitions:

“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

Municipalities (including counties, cities, villages, and towns), tribal entities, and other governmental authorities designated by a municipality to apply on its behalf will be eligible to receive grant assistance under the following restrictions:

- Grant recipients must provide a minimum 3:1 match investment in project costs
- No more than 30% of the match investment may consist of other state and/or federal grant sources
- Applicants must provide a signed resolution by the governing elected body authorizing the submittal of an application to the CDI Grant Program
- Generally, applicants may only receive one CDI grant per fiscal year; applicants within Designated Rural Counties or Opportunity Zones may receive more than one grant per year, based on available funding.
- An applicant that was impacted by an event that has resulted in a State or Federal Disaster Declaration within the 24 months prior to submitting an application may receive funds for



mitigation or preparedness planning and will receive additional considerations including the following:

- WEDC may reduce or waive the match requirements
- Applicants must demonstrate that other funding mechanisms (CSBG, WI Disaster Fund, FEMA, etc.) have been evaluated and fully utilized before applying for WEDC CDI Grant funding

Eligible activities are:

- Building renovation
- Historic preservation
- Demolition
- New construction
- Infrastructure investment
- Project or site development planning

Eligible projects are:

- Development of significant destination attractions
- Rehabilitation and reuse of underutilized or landmark buildings
- Infill development
- Historic preservation
- Infrastructure efforts, including disaster prevention measures, providing substantial benefits to downtown residents/property owners
- Mixed-use developments (not exclusively residential)

Activities ineligible for grant assistance or match include, but are not limited to:

- Past costs
- In-kind contributions
- Indirect construction costs (a.k.a. "soft" costs)

WEDC will take the following into account when considering a CDI Grant:

- Impact on the community
- Financial justification
- Previous planning efforts
- Readiness to proceed
- Involvement of public-private partnerships
- Other factors determined by WEDC

Incentives and Available Funding (FY20): \$6,000,000

Funding will be limited to 25% of eligible project costs, with a maximum grant amount of up to \$250,000.

At least 50% of the funds will be awarded to cities/towns within Designated Rural Counties.



Activities and Expected Outcomes:

Assist 24 communities and achieve a 35:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, assessed taxable property values, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The CDI program has a continuous application process. Applicants for a CDI grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and will go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Consideration of multiple applications per community per fiscal year when funding is available
7/1/2017	Remove limitation of one CDI or BF grant per project
7/1/2017	Added project or site development planning as eligible activity
7/1/2018	Allow applicants in a Designated Rural County to receive more than one grant per fiscal year
7/1/2018	Reserve 50 percent of program funding for projects in a Designated Rural County
7/1/2019	Allow applicants in an Opportunity Zone to receive more than one grant per fiscal year; allow recipients to submit performance reports annually; clarify performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: Community Development Investment (CDI) Grant Program

Program Inception: WEDC FY13

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Community Development Investment (CDI) Grant Program is to incent primarily downtown community development in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

The program will support urban, small city and rural community redevelopment efforts by providing financial incentives for shovel-ready projects with emphasis on, but not limited to, downtown community driven efforts. Funded activities should lead to measurable benefits in job opportunities, property values and/or leveraged investment by local and private partners.

Eligibility Requirements:

Definitions:

“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

Municipalities (including counties, cities, villages, and towns), tribal entities, and other governmental authorities designated by a municipality to apply on its behalf will be eligible to receive grant assistance under the following restrictions:

- Grant recipients must provide a minimum 3:1 match investment in project costs
- No more than 30% of the match investment may consist of other state and/or federal grant sources
- Applicants must provide a signed resolution by the governing elected body authorizing the submittal of an application to the CDI Grant Program
- Generally, applicants may only receive one CDI grant per fiscal year; applicants within Designated Rural Counties or Opportunity Zones may receive more than one grant per year, based on available funding.
- An applicant that was impacted by an event that has resulted in a State or Federal Disaster Declaration within the 24 months prior to submitting an application may receive funds for



mitigation or preparedness planning and will receive additional considerations including the following:

- WEDC may reduce or waive the match requirements
- Applicants must demonstrate that other funding mechanisms (CSBG, WI Disaster Fund, FEMA, etc.) have been evaluated and fully utilized before applying for WEDC CDI Grant funding

Eligible activities are:

- Building renovation
- Historic preservation
- Demolition
- New construction
- Infrastructure investment
- Project or site development planning

Eligible projects are:

- Development of significant destination attractions
- Rehabilitation and reuse of underutilized or landmark buildings
- Infill development
- Historic preservation
- Infrastructure efforts, including disaster prevention measures, providing substantial benefits to downtown residents/property owners
- Mixed-use developments (not exclusively residential)

Activities ineligible for grant assistance or match include, but are not limited to:

- Past costs
- In-kind contributions
- Indirect construction costs (a.k.a. “soft” costs)

WEDC will take the following into account when considering a CDI Grant:

- Impact on the community
- Financial justification
- Previous planning efforts
- Readiness to proceed
- Involvement of public-private partnerships
- Other factors determined by WEDC

Incentives and Available Funding (~~FY19~~FY20): ~~\$5,000,000~~\$6,000,000

Funding will be limited to 25% of eligible project costs, with a maximum grant amount of up to \$250,000.

At least 50% of the funds will be awarded to cities/towns within Designated Rural Counties.



Activities and Expected Outcomes:

Assist 2024 communities and achieve a 2235:1 leverage of other investment.

Performance Reporting:

Recipients will be required to semi-annually submit a performance report documenting capital investment, assessed taxable property values, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The CDI program has a continuous application process. Applicants for a CDI grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and will go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Consideration of multiple applications per community per fiscal year when funding is available
7/1/2017	Remove limitation of one CDI or BF grant per project
7/1/2017	Added project or site development planning as eligible activity
7/1/2018	Allow applicants in a Designated Rural County to receive more than one grant per fiscal year
7/1/2018	Reserve 50 percent of program funding for projects in a Designated Rural County
<u>7/1/2019</u>	<u>Allow applicants in an Opportunity Zone to receive more than one grant per fiscal year; allow recipients to submit performance reports annually; clarify performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Development Opportunity Zone (DOZ)

Program Inception: 1993 Act 232

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** Click here to enter date.

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Development Opportunity Zone (DOZ) program is to incent new and expanding businesses in the Cities of Beloit, Janesville and Kenosha.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program supports job creation, job retention, capital investment, and environmental remediation by providing non-refundable tax credits that can help to reduce a company's Wisconsin state income tax liability, thereby helping to enhance its cash flow to either increase the expansion project's scope, accelerate the timing of the project or enhance payroll. Also, the program incents the creation of jobs for target group members.

Eligibility Requirements:

Generally, businesses located in or relocating to an area designated as a DOZ under § 238.395(1), Wis. Stats. – currently the Cities of Beloit, Janesville, and Kenosha – may be eligible for DOZ Tax Credits.

A Certified Business may qualify for tax credits only for activities that occur after an eligibility date established by WEDC and while the particular area(s) is designated as a DOZ – currently:

- The city of Janesville's DOZ designation extends until February 28, 2020,¹
- The city of Kenosha's DOZ designation extends until March 8, 2021,² and
- The city of Beloit's DOZ designation extends until July 31, 2021.³

Any person that is conducting or intends to conduct economic activity under the DOZ must submit a project plan, in conjunction with the local governing body of the city in which the DOZ is located.⁴ The project plan must comply with the requirements under Wis. Stat. Sec. 238.395(3)(b).

¹ Wis. Stat. § 238.395(2)(e)1.

² Wis. Stat. § 238.395(2)(e)2.

³ Wis. Stat. § 238.395(2)(e)3.

⁴ Wis. Stat. § 238.395(3).



DOZ projects must meet the requirements as contained in §§ 238.385, 238.395, 71.07 (2dm) and (2dx), 71.28 (1dm) and (1dx), 71.47 (1dm) and (1dx), and 76.636, Wis. Stats. These statutes cover definitions, eligibility, and limits on these tax credits.

Definitions:

The following definitions supplement those in §§ 238.395, 71.07 (2dm) and (2dx), 71.28 (1dm) and (1dx), 71.47 (1dm) and (1dx), and 76.636, Wis. Stats.

- “Certified Business” means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business’ total number of Eligible Employees in the State of Wisconsin as determined by the Federal Employment Identification Number (“FEIN”) under which the business files its taxes.
- “Certification Date” means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.
- “Environmental Remediation” means removal or containment of environment pollution, as defined in § 299.01 (4) Wis. Stats, and restoration of soil or groundwater that is affected by environmental pollution, as defined in § 299.01 (4) Wis. Stats, in a brownfield if that removal, containment or restoration fulfills the statutory requirement⁵ and investigation unless the investigation determines that remediation is required and that remediation is not undertaken.
- A “Full-Time Job” means a regular, non-seasonal full-time position in which the annual pay for the position is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, and an individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.⁶ “Full-Time Job” does not include initial training before an employment position begins.⁷

Employees that do not meet the definition will not be counted toward headcount or wages. Part-time employees do not count.

- “Ineligible Business” means businesses ineligible for tax credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee. Such Ineligible Businesses include:
 - Payday loan and title loan companies
 - Telemarketing other than inbound call centers
 - Pawn shops
 - Media outlets
 - Retail

⁵ Wis. Stat. §§ 71.07 (2de) (a) 1., 2013 stats.; 71.28 (1de) (a) 1., 2013 stats.; 71.47 (1de) (a) 1., 2013 stats.

⁶ Wis. Stat. §§ 238.30(2m)(b)

⁷ Wis. Stat. §§ 238.30(2m)(a). While there are two statutory definitions of Full-Time Employee, WEDC utilizes the above identified definition in its contracts.



- Farms
 - Primary care medical facilities
 - Financial Institutions
 - The hospitality industry
-
- “Member of a targeted group” means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets eligibility requirements for a Wisconsin Works employment position, a person who is employed in a trial job, or in a trial employment match program, a person who is eligible for child care assistance, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, and economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, and economic disadvantaged ex-convict, a dislocated worker, or a food stamp recipient.⁸
 - “Tax Credits” means the DOZs Tax Credits authorized pursuant to Wisconsin Statutes §§ 238.395, 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx).

Certification:

Companies can be certified for DOZ tax credits in four categories: Job Creation, Job Retention, Capital Investment (Real and Personal Property) and Environmental Remediation. Each are described in detail herein.

Job Creation:

Job creation allocations will be based on projected jobs to be created over three years. Businesses will earn job creation tax credits for a maximum of three years, and must maintain jobs for five years, commencing on the Certification Date established by WEDC. Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of at least either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Once the DOZ expiration date passes, no additional tax credits can be claimed under the program, but the company must maintain all jobs for the full five years after the Certification Date.

The following job creation credits may be available:

- Up to \$8,000 in tax benefits will be allowed for creating a Full-Time Job in the DOZ filled by a member of the targeted population.⁹ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the created jobs must be deducted from the calculation of credits.¹⁰
- Up to \$6,000 in tax benefits will be allowed for creating a Full-Time Job in the DOZ filled by an individual who is a Wisconsin Resident that is not a member of the targeted population.¹¹ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the created jobs must be deducted from the calculation of credits.¹²

⁸ Wis. Stat. §§ 71.07(2dx)(a)5; 71.28(1dx)(a)5; 71.47(1dx)(a)5.

⁹ Wis. Stat. § 238.385(1)(b).

¹⁰ Wis. Stat. §§ 71.07(2dx)(b)2; 71.28(1dx)(b)2; 71.47(1dx)(b)2.

¹¹ Wis. Stat. § 238.385(1)(c)1.

¹² Wis. Stat. §§ 71.07(2dx)(b)3; 71.28(1dx)(b)3; 71.47(1dx)(b)3.



Award amounts will be made with consideration of unemployment rates, recent layoffs, health benefits, regional poverty rates, distressed county, per capita income, and public involvement necessary to move the project forward.

At least one-third of the tax credits claimed by a business based on creating full-time jobs shall be based on creating jobs that are filled by members of a targeted group.¹³ WEDC may grant exceptions to this requirement if the corporation determines that a business has made reasonable attempts to hire members of a targeted group, but has been unable to hire sufficient numbers of target group members to reach the one-third standard.¹⁴

Job Retention:

Job retention tax credits are available only for positions that WEDC identifies would not have been retained without the tax credits.¹⁵ Businesses will earn job retention tax credits over five years and must maintain those jobs during the entire five-year period, commencing on the Certification Date. Once the DOZ expiration date passes, no additional tax credits can be claimed under the program, but the company must maintain all jobs for the full five years after the Certification Date, measured as of the last day of the maintenance period.

The following job retention credits may be available:

- Up to \$8,000 in tax benefits will be allowed for retaining a Full-Time Job in the DOZ if the WEDC identifies that a significant capital investment was made to retain that job.¹⁶ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the retained jobs must be deducted from the calculation of credits.¹⁷
- Up to \$6,000 in tax benefits will be allowed for retaining a Full-Time Job in the DOZ filled by an individual who is a Wisconsin Resident that is not a member of the targeted population.¹⁸ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the retained jobs must be deducted from the calculation of credits.¹⁹

Award amounts will be made with consideration of unemployment rates, recent layoffs, health benefits, regional poverty rates, distressed county, per capita income, and public involvement necessary to move the project forward.

Capital Investment:

Allocation of capital investment tax credits will be limited to up to 3% of the eligible capital investment.²⁰ The tax credits can be earned on both real and personal property capital investments.

Businesses whose primary activity includes retail, commercial development, recreation, entertainment or direct health care are not eligible to earn tax credits through capital investment.

¹³ Wis. Stat. § 238.385(1)(e).

¹⁴ Wis. Stat. § 238.385(2)(a).

¹⁵ Wis. Stat. § 238.385(1)(a).

¹⁶ Wis. Stat. § 238.385(1)(bm).

¹⁷ Wis. Stat. §§ 71.07(2dx)(b)4; 71.28(1dx)(b)4; 71.47(1dx)(b)4.

¹⁸ Wis. Stat. § 238.385(1)(c)2.

¹⁹ Wis. Stat. §§ 71.07(2dx)(b)5; 71.28(1dx)(b)5; 71.47(1dx)(b)5.

²⁰ Wis. Stat. §§ 71.07(2dm)(b); 71.28(1dm)(b); 71.47(1dm)(b).



Allocation of credits will be based on eligible capital investments projected over a three-year period. Businesses will have three years in which to earn allocated credits, which will be released annually based on the actual eligible capital investment taking place during the preceding year.

Tax credits allocated for capital investment must meet the following criteria:

- There must be capital investment in a project that is beyond a Certified Business's normal capital expenditures. This specific purpose includes, but is not limited to, diversifying product lines and modernizing and enhancing the efficiency of production processes.
- The amount of the investment is at least \$10,000 for each full-time employee working at the Certified Business's project location, or \$1,000,000, whichever is less.
- At least 25% of the tax benefit verified by WEDC must be based on creating or retaining full-time jobs.²¹ WEDC may grant exceptions to this requirement if WEDC determines that a business makes a significant capital investment.²²

Personal Property Capital Investment

At least 50% of the use of the depreciable, tangible personal property (i.e., equipment, machinery) shall be for the Certified Business's operations located in the DOZ.²³

The depreciable, tangible personal property (i.e., equipment, machinery) must be purchased after the certification date and cannot be purchased from a Related Person. "Related Person" includes a family member, such as a brother, sister, parent, grandparent, child, grandchild, spouse or in-laws; a corporation or any entity that owns more than 50% of the Certified Business; or any corporation which is part of the same controlled group of corporations.

Real Property Capital Investment

A Certified Business may qualify for capital investment tax credits for an amount expended to construct, rehabilitate, remodel or repair real property if the business began the physical work of construction, rehabilitation, remodeling or repair, or any demolition or destruction in preparation for the physical work after the Certification Date specified by WEDC.²⁴ Physical work does not include preliminary activities such as planning, designing, securing financing, researching, developing specifications or stabilizing property to prevent deterioration.²⁵

The claimant may claim credits for amounts expended to acquire the real property if either of the following are met:

- (1) the claimant acquired the real property after the designation of the property as a DOZ and the property was not a "Previously Owned Property" as defined in Wis. Stat. Sec. 71.07(a)4; or
- (2) the completed project was placed in service after the claimant was certified.²⁶

²¹ Wis. Stat. § 238.385(1)(d).

²² Wis. Stat. § 238.385(2)(a).

²³ Wis. Stat. §§ 71.07(2dm)(c); 71.28(1dm)(c); 71.47(1dm)(c).

²⁴ Wis. Stat. §§ 71.07(2dm)(d); 71.28(1dm)(d); 71.47(1dm)(d).

²⁵ Id.

²⁶ Wis. Stat. §§ 71.07(2dm)(e); 71.28(1dm)(e); 71.47(1dm)(e).



To the extent that the property is not being used for the purpose for which the claimant is certified, the credit will be reduced on a proportional basis.

Environmental Remediation:

Tax benefits for environmental remediation are determined as 50% of eligible costs.²⁷

A business is not required to qualify for job creation, job retention, or capital investment credit in order to obtain credits for environmental remediation under §§ 71.07(2dx)(b)1, 71.28(1dx)(b)1, 71.47(1dx)(b)1, or 76.636, Wis. Stats.²⁸ Credits may only be earned under this activity for an eligible remediation activity.

Eligibility to Claim:

Certified Businesses will be required to submit documentation outlining the eligible activities, actual wages and expenditures to be awarded its designated DOZ Tax Credits. WEDC may request additional information from the Certified Business.

WEDC will annually determine the amount of Tax Credits earned and able to be claimed by the Certified Business based on eligible activities and expenditures.²⁹ WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business' taxes each year with a written verification of the Tax Credits earned. A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits.³⁰ No person may file with the Department of Revenue for Tax Credits without the written verification of WEDC.

Tax Credits are non-refundable. If the amount of Tax Credits approved for a tax year exceeds the amount of tax due for the tax year, the excess credit may be carried forward for up to 15 years.³¹

The corporation shall revoke the entitlement of a person to claim tax benefits if the person does any of the following:

- Supplies false or misleading information to obtain the tax benefits;
- Leaves the development opportunity zone to conduct substantially the same business outside of the development opportunity zone; or
- Ceases operations in the development opportunity zone and does not renew operation of the trade or business or a similar trade or business in the development opportunity zone within 12 months.³²

Incentives and Available Funding (FY20): \$2,972,650 – Janesville; \$9,519,000 – Beloit; \$9,250,000 – Kenosha

²⁷ Wis. Stat. §§ 71.07(2dx)(b)1; 71.28(1dx)(b)1; 71.47(1dx)(b)1.

²⁸ Wis. Stat. § 238.385(1)(d).

²⁹ Wis. Stat. § 238.395(3)(d).

³⁰ Wis. Stat. §§ 71.07(2dm)(f); 71.28(1dm)(f); 71.47(1dm)(f); Wis. Stat. §§ 71.07(2dx)(e)1; 71.28(1dx)(e)1; 71.47(1dx)(e)1.

³¹ Wis. Stat. §§ 71.07(2dm)(h); 71.07(2dx)(e)1; 71.28(1dm)(h); 71.28(1dx)(e)1; 71.47(1dm)(h); 71.47(1dx)(e)1; 76.636(3).

³² Wis. Stat. § 238.395(4).



Activities and Expected Outcomes:

No awards are expected in this program in FY20.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, job creation, job retention, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The DOZ program has a continuous application process. Applicants for a DOZ certification should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Added statutory references to eligibility requirements to clarify submission requirements
7/1/2017	Clarified definition of Full-Time Employee to reflect standard WEDC contract language
7/1/2017	Eliminated redundant language related to benefits offered by the business
7/1/2017	Added statutory references to clarify certification requirements for eligible activities
7/1/2017	Clarified the conditions under which WEDC may revoke tax benefits
7/1/2018	Added statutory citations
7/1/2018	Clarified maintenance requirements for job creation and retention
7/1/2019	Added statutory citations; clarified duration of maintenance period; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____ Date _____

Division Vice President: _____ Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Development Opportunity Zone (DOZ)

Program Inception: 1993 Act 232

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** Click here to enter date.

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Development Opportunity Zone (DOZ) program is to incent new and expanding businesses in the Cities of Beloit, Janesville and Kenosha.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program supports job creation, job retention, capital investment, and environmental remediation by providing non-refundable tax credits that can help to reduce a company's Wisconsin state income tax liability, thereby helping to enhance its cash flow to either increase the expansion project's scope, accelerate the timing of the project or enhance payroll. Also, the program incents the creation of jobs for target group members.

Eligibility Requirements:

Generally, businesses located in or relocating to an area designated as a DOZ under § 238.395(1), Wis. Stats. – currently the Cities of Beloit, Janesville, and Kenosha – may be eligible for DOZ Tax Credits.

A Certified Business may qualify for tax credits only for activities that occur after an eligibility date established by WEDC and while the particular area(s) is designated as a DOZ – currently:

- The city of Janesville's DOZ designation extends until February 28, 2020,¹
- The city of Kenosha's DOZ designation extends until March 8, 2021,² and
- The city of Beloit's DOZ designation extends until July 31, 2021.³

Any person that is conducting or intends to conduct economic activity under the DOZ must submit a project plan, in conjunction with the local governing body of the city in which the DOZ is located.⁴ The project plan must comply with the requirements under Wis. Stat. Sec. 238.395(3)(b).

¹ Wis. Stat. § 238.395(2)(e)1.

² Wis. Stat. § 238.395(2)(e)2.

³ Wis. Stat. § 238.395(2)(e)3.

⁴ Wis. Stat. § 238.395(3).



DOZ projects must meet the requirements as contained in §§ 238.385, 238.395, 71.07 (2dm) and (2dx), 71.28 (1dm) and (1dx), 71.47 (1dm) and (1dx), and 76.636, Wis. Stats. These statutes cover definitions, eligibility, and limits on these tax credits.

Definitions:

The following definitions supplement those in §§ 238.395, 71.07 (2dm) and (2dx), 71.28 (1dm) and (1dx), 71.47 (1dm) and (1dx), and 76.636, Wis. Stats.

- “Certified Business” means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business’ total number of Eligible Employees in the State of Wisconsin as determined by the Federal Employment Identification Number (“FEIN”) under which the business files its taxes.
- “Certification Date” means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.
- “Environmental Remediation” means removal or containment of environment pollution, as defined in § 299.01 (4) Wis. Stats, and restoration of soil or groundwater that is affected by environmental pollution, as defined in § 299.01 (4) Wis. Stats, in a brownfield if that removal, containment or restoration fulfills the statutory requirement⁵ and investigation unless the investigation determines that remediation is required and that remediation is not undertaken.
- A “Full-Time Job” means a regular, non-seasonal full-time position in which the annual pay for the position is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, and an individual in the position is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.⁶ “Full-Time Job” does not include initial training before an employment position begins.⁷

Employees that do not meet the definition will not be counted toward headcount or wages. Part-time employees do not count.

- “Ineligible Business” means businesses ineligible for tax credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee. Such Ineligible Businesses include:
 - Payday loan and title loan companies
 - Telemarketing other than inbound call centers
 - Pawn shops
 - Media outlets
 - Retail

⁵ Wis. Stat. §§ 71.07 (2de) (a) 1., 2013 stats.; 71.28 (1de) (a) 1., 2013 stats.; 71.47 (1de) (a) 1., 2013 stats.

⁶ [Wis. Stat. §§ 238.30\(2m\)\(b\)](#)

⁷ [Wis. Stat. §§ 238.30\(2m\)\(a\)](#). While there are two statutory definitions of Full-Time Employee, WEDC utilizes the above identified definition in its contracts.



- Farms
 - Primary care medical facilities
 - Financial Institutions
 - The hospitality industry
- “Member of a targeted group” means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets eligibility requirements for a Wisconsin Works employment position, a person who is employed in a trial job, or in a trial employment match program, a person who is eligible for child care assistance, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, and economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, and economic disadvantaged ex-convict, a dislocated worker, or a food stamp recipient.⁸
 - “Tax Credits” means the DOZs Tax Credits authorized pursuant to Wisconsin Statutes §§ 238.395, 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx).

Certification:

Companies can be certified for DOZ tax credits in four categories: Job Creation, Job Retention, Capital Investment (Real and Personal Property) and Environmental Remediation. Each are described in detail herein.

Job Creation:

Job creation allocations will be based on projected jobs to be created over three years. Businesses will earn job creation tax credits for a maximum of three years, and must maintain jobs for five years, commencing on the Certification Date established by WEDC. Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of at least either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Once the DOZ expiration date passes, no additional tax credits can be claimed under the program, but the company must maintain all jobs for the full five years after the Certification Date.

The following job creation credits may be available:

- Up to \$8,000 in tax benefits will be allowed for creating a Full-Time Job in the DOZ filled by a member of the targeted population.⁹ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the created jobs must be deducted from the calculation of credits.¹⁰
- Up to \$6,000 in tax benefits will be allowed for creating a Full-Time Job in the DOZ filled by an individual who is a Wisconsin Resident that is not a member of the targeted population.¹¹ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the created jobs must be deducted from the calculation of credits.¹²

⁸ Wis. Stat. §§ 71.07(2dx)(a)5; 71.28(1dx)(a)5; 71.47(1dx)(a)5.

⁹ Wis. Stat. § 238.385(1)(b).

¹⁰ Wis. Stat. §§ 71.07(2dx)(b)2; 71.28(1dx)(b)2; 71.47(1dx)(b)2.

¹¹ Wis. Stat. § 238.385(1)(c)1.

¹² Wis. Stat. §§ 71.07(2dx)(b)3; 71.28(1dx)(b)3; 71.47(1dx)(b)3.



Award amounts will be made with consideration of unemployment rates, recent layoffs, health benefits, regional poverty rates, distressed county, per capita income, and public involvement necessary to move the project forward.

At least one-third of the tax credits claimed by a business based on creating full-time jobs shall be based on creating jobs that are filled by members of a targeted group.¹³ WEDC may grant exceptions to this requirement if the corporation determines that a business has made reasonable attempts to hire members of a targeted group, but has been unable to hire sufficient numbers of target group members to reach the one-third standard.¹⁴

Job Retention:

Job retention tax credits are available only for positions that WEDC identifies would not have been retained without the tax credits.¹⁵ Businesses will earn job retention tax credits over five years and must maintain those jobs during the entire five-year period, commencing on the Certification Date. Once the DOZ expiration date passes, no additional tax credits can be claimed under the program, but the company must maintain all jobs for the full five years after the Certification Date, measured as of the last day of the maintenance period.

The following job retention credits may be available:

- Up to \$8,000 in tax benefits will be allowed for retaining a Full-Time Job in the DOZ if the WEDC identifies that a significant capital investment was made to retain that job.¹⁶ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the retained jobs must be deducted from the calculation of credits.¹⁷
- Up to \$6,000 in tax benefits will be allowed for retaining a Full-Time Job in the DOZ filled by an individual who is a Wisconsin Resident that is not a member of the targeted population.¹⁸ Any Wisconsin Works subsidy under Wis. Stat. Sec. 49.147(3)(a) paid for the retained jobs must be deducted from the calculation of credits.¹⁹

Award amounts will be made with consideration of unemployment rates, recent layoffs, health benefits, regional poverty rates, distressed county, per capita income, and public involvement necessary to move the project forward.

Capital Investment:

Allocation of capital investment tax credits will be limited to up to 3% of the eligible capital investment.²⁰ The tax credits can be earned on both real and personal property capital investments.

Businesses whose primary activity includes retail, commercial development, recreation, entertainment or direct health care are not eligible to earn tax credits through capital investment.

¹³ Wis. Stat. § 238.385(1)(e).

¹⁴ Wis. Stat. § 238.385(2)(a).

¹⁵ Wis. Stat. § 238.385(1)(a).

¹⁶ Wis. Stat. § 238.385(1)(bm).

¹⁷ Wis. Stat. §§ 71.07(2dx)(b)4; 71.28(1dx)(b)4; 71.47(1dx)(b)4.

¹⁸ Wis. Stat. § 238.385(~~2~~1)(c)2.

¹⁹ Wis. Stat. §§ 71.07(2dx)(b)5; 71.28(1dx)(b)5; 71.47(1dx)(b)5.

²⁰ Wis. Stat. §§ 71.07(2dm)(b); 71.28(1dm)(b); 71.47(1dm)(b).



Allocation of credits will be based on eligible capital investments projected over a three-year period. Businesses will have three years in which to earn allocated credits, which will be released annually based on the actual eligible capital investment taking place during the preceding year.

Tax credits allocated for capital investment must meet the following criteria:

- There must be capital investment in a project that is beyond a Certified Business's normal capital expenditures. This specific purpose includes, but is not limited to, diversifying product lines and modernizing and enhancing the efficiency of production processes.
- The amount of the investment is at least \$10,000 for each full-time employee working at the Certified Business's project location, or \$1,000,000, whichever is less.
- At least 25% of the tax benefit verified by WEDC must be based on creating or retaining full-time jobs.²¹ WEDC may grant exceptions to this requirement if WEDC determines that a business makes a significant capital investment.²²

Personal Property Capital Investment

At least 50% of the use of the depreciable, tangible personal property (i.e., equipment, machinery) shall be for the Certified Business's operations located in the DOZ.²³

The depreciable, tangible personal property (i.e., equipment, machinery) must be purchased after the certification date and cannot be purchased from a Related Person. "Related Person" includes a family member, such as a brother, sister, parent, grandparent, child, grandchild, spouse or in-laws; a corporation or any entity that owns more than 50% of the Certified Business; or any corporation which is part of the same controlled group of corporations.

Real Property Capital Investment

A Certified Business may qualify for capital investment tax credits for an amount expended to ~~acquire~~, construct, rehabilitate, remodel or repair real property if the business began the physical work of construction, rehabilitation, remodeling or repair, or any demolition or destruction in preparation for the physical work after the Certification Date specified by WEDC.²⁴ Physical work does not include preliminary activities such as planning, designing, securing financing, researching, developing specifications or stabilizing property to prevent deterioration.²⁵

The claimant may claim credits for amounts expended to acquire the real property if either of the following are met:

- (1) the claimant acquired the real property after the designation of the property as a DOZ and the property was not a "Previously Owned Property" as defined in Wis. Stat. Sec. 71.07(a)4; or
- (2) the completed project was placed in service after the claimant was certified.²⁶

²¹ Wis. Stat. § 238.385(1)(d).

²² Wis. Stat. § 238.385(2)(a).

²³ Wis. Stat. §§ 71.07(2dm)(c); 71.28(1dm)(c); 71.47(1dm)(c).

²⁴ Wis. Stat. §§ 71.07(2dm)(d); 71.28(1dm)(d); 71.47(1dm)(d).

²⁵ ~~Wis. Stat. §§ 71.07(2dm)(d); 71.28(1dm)(d); 71.47(1dm)(d).~~ *Id.*

²⁶ Wis. Stat. §§ 71.07(2dm)(e); 71.28(1dm)(e); 71.47(1dm)(e).



To the extent that the property is not being used for the purpose for which the claimant is certified, the credit will be reduced on a proportional basis.

Environmental Remediation:

Tax benefits for environmental remediation are determined as 50% of eligible costs.²⁷

A business is not required to qualify for job creation, job retention, or capital investment credit in order to obtain credits for environmental remediation under §§ 71.07(2dx)(b)1, 71.28(1dx)(b)1, 71.47(1dx)(b)1, or 76.636, Wis. Stats.²⁸ Credits may only be earned under this activity for an eligible remediation activity.

Verification Eligibility to Claim:

Certified Businesses will be required to submit documentation outlining the eligible activities, actual wages and expenditures to be awarded its designated DOZ Tax Credits. WEDC may request additional information from the Certified Business.

WEDC will annually determine the amount of Tax Credits earned and able to be claimed by the Certified Business based on eligible activities and expenditures.²⁹ WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business' taxes each year with a written verification of the Tax Credits earned. A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits.³⁰ No person may file with the Department of Revenue for Tax Credits without the written verification of WEDC.

Tax Credits are non-refundable. If the amount of Tax Credits approved for a tax year exceeds the amount of tax due for the tax year, the excess credit may be carried forward for up to 15 years.³¹

The corporation shall revoke the entitlement of a person to claim tax benefits if the person does any of the following:

- Supplies false or misleading information to obtain the tax benefits;
- Leaves the development opportunity zone to conduct substantially the same business outside of the development opportunity zone; or
- Ceases operations in the development opportunity zone and does not renew operation of the trade or business or a similar trade or business in the development opportunity zone within 12 months.³²

Incentives and Available Funding (~~FY19~~FY20): \$2,972,650 – Janesville; \$9,519,000 – Beloit; \$9,250,000 – Kenosha

²⁷ Wis. Stat. §§ 71.07(2dx)(b)1; 71.28(1dx)(b)1; 71.47(1dx)(b)1.

²⁸ Wis. Stat. § 238.385(1)(d).

²⁹ Wis. Stat. § 238.395(3)(d).

³⁰ Wis. Stat. §§ 71.07(2dm)(f); 71.28(1dm)(f); 71.47(1dm)(f); Wis. Stat. §§ 71.07(2dx)(e)1; 71.28(1dx)(e)1; 71.47(1dx)(e)1.

³¹ ~~Wis. Stat. §§ 276.636(3); 71.07(2dm)(h); 71.07(2dx)(e)1; 71.28(1dm)(h); 71.28(1dx)(e)1; 71.47(1dm)(h); 71.47(1dx)(e)1; 76.636(3).~~

³² Wis. Stat. § 238.395(4).



Activities and Expected Outcomes:

~~Assist 2 businesses to support the creation of 10 jobs, retention of 200 jobs, and achieve a 20:1 leverage of other investment. No awards are expected in this program in FY20.~~

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, job creation, job retention, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The DOZ program has a continuous application process. Applicants for a DOZ certification should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Added statutory references to eligibility requirements to clarify submission requirements
7/1/2017	Clarified definition of Full-Time Employee to reflect standard WEDC contract language
7/1/2017	Eliminated redundant language related to benefits offered by the business
7/1/2017	Added statutory references to clarify certification requirements for eligible activities
7/1/2017	Clarified the conditions under which WEDC may revoke tax benefits
7/1/2018	Added statutory citations
7/1/2018	Clarified maintenance requirements for job creation and retention
<u>7/1/2019</u>	<u>Added statutory citations; clarified duration of maintenance period; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer

____ Chief Legal Officer

____ Chief Financial Officer

____ Other _____

Senior Director of Public Policy: _____ Date _____

Division Vice President: _____ Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Disaster Recovery Microloan

Program Inception: WEDC FY19

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☐ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Disaster Recovery Microloan (DRM) program is to provide short-term assistance to businesses affected by disaster events in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program will provide grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or manmade. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured. Providing immediate recovery funding in this manner is a best practice in community economic disaster recovery and leads to improved odds of a business reopening and remaining open long-term. WEDC will contract with regional entities to distribute and administer these loans in their respective geographic areas of the state, as applicable.

Eligibility Requirements:

DRM program 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. Within 30 days following a natural or man-made disaster event, which may or may not include a corresponding State of Emergency or Disaster Declaration, 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.

Eligible Microloan Recipients:

DRM program funds are available to businesses meeting the following criteria:

- Must be located in or directly adjacent to a region where the authorized regional entity has received an allocation
- Must have suffered measurable physical damage because of the disaster event
- Must attest to intent to resume business operations in the community as quickly as possible



Ineligible Businesses:

The following businesses are ineligible for DRM microloan funding:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Liquor stores
- Adult entertainment venues
- Home-based businesses
- Farms

Eligible Activities:

DRM program funds may be used for the following activities:

- Procurement of cleanup and restoration services
- Operating expenses such as payroll
- Temporary space
- Repair and reconstruction

Incentives and Available Funding (FY20): TBD

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. The incentives in this program are grants to pre-approved regional entities based on need related to the disaster event to provide microloans to affected businesses under the following conditions:

- Amount: Up to \$20,000
- Term: 24 months with no early repayment penalty
- Deferral: Minimum of six months
- Interest Rate: The interest rates for loans will be 0%
- Collateral and guarantees should be considered

Loan repayments may be retained by the regional entity for other economic development uses. The regional entity has the authority to make forgivable loans, as long as the provision for such is stipulated in the loan agreement. As part of the grant award the regional entity may receive up to \$5,000 for the cost to prepare a schedule of expenditures in accordance with § 238.03(3)(a).

Activities and Expected Outcomes:

Nine regional organizations approved to administer the program covering all 72 counties.

Performance Reporting:

Recipients of DRM grants will be required to periodically submit a performance report documenting the businesses assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.



WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Pre-approved regional entities should complete an application through an Account Manager. The completed application will be assigned to an underwriter for expedited review and approval. For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
9/18/18	<ul style="list-style-type: none">Increase maximum loan amount; authorize regional entities to make forgivable loans; provide funding up to \$5,000 to regional entities for cost to prepare schedule of expenditures.
7/1/2019	<ul style="list-style-type: none">Clarify available funding; clarify performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Disaster Recovery Microloan
Program Inception: WEDC FY19
Lead Division: Business and Community Development
☒ ~~New~~ ☐ ~~Revised~~ 9/18/18
☐ Aid ☒ Pass-thru Aid ☐ Technical Assistance

Program Goal:

The goal of the Disaster Recovery Microloan (DRM) program is to provide short-term assistance to businesses affected by disaster events in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program will provide grants to pre-approved regional entities with the capacity to deploy rapid response microloans to businesses affected by disasters, either natural or manmade. The microloans are to assist the business with necessary restoration and operating expenses until more long-term recovery funding can be secured. Providing immediate recovery funding in this manner is a best practice in community economic disaster recovery and leads to improved odds of a business reopening and remaining open long-term. WEDC will contract with regional entities to distribute and administer these loans in their respective geographic areas of the state, as applicable.

Eligibility Requirements:

DRM program 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. Within 30 days following a natural or man-made disaster event, which may or may not include a corresponding State of Emergency or Disaster Declaration, 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.

Eligible Microloan Recipients:

DRM program funds are available to businesses meeting the following criteria:

- Must be located in or directly adjacent to a region where the authorized regional entity has received an allocation
- Must have suffered measurable physical damage because of the disaster event
- Must attest to intent to resume business operations in the community as quickly as possible



Ineligible Businesses:

The following businesses are ineligible for DRM microloan funding:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Liquor stores
- Adult entertainment venues
- Home-based businesses
- Farms

Eligible Activities:

DRM program funds may be used for the following activities:

- Procurement of cleanup and restoration services
- Operating expenses such as payroll
- Temporary space
- Repair and reconstruction

Incentives and Available Funding (~~FY19~~FY20): ~~\$2,000,000~~TBD

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. The incentives in this program are grants to pre-approved regional entities based on need related to the disaster event to provide microloans to affected businesses under the following conditions:

- Amount: Up to ~~\$15,000~~20,000
- Term: 24 months with no early repayment penalty
- Deferral: Minimum of six months
- Interest Rate: The interest rates for loans will be 0%
- Collateral and guarantees should be considered

Loan repayments may be retained by the regional entity for other economic development uses. The regional entity has the authority to make forgivable loans, as long as the provision for such is stipulated in the loan agreement. As part of the grant award the regional entity may receive up to \$5,000 for the cost to prepare a schedule of expenditures in accordance with § 238.03(3)(a).

Activities and Expected Outcomes:

-Nine regional organizations approved to administer the program covering all 72 counties.

Performance Reporting:

Recipients of DRM grants will be required to periodically submit a performance report documenting the businesses assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.



WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Pre-approved regional entities should complete an application through an Account Manager. The completed application will be assigned to an underwriter for expedited review and approval. For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
9/18/18	<ul style="list-style-type: none">Increase maximum loan amount; authorize regional entities to make forgivable loans; provide funding up to \$5,000 to regional entities for cost to prepare schedule of expenditures.
<u>7/1/2019</u>	<ul style="list-style-type: none"><u>Clarify available funding; clarify performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Enterprise Zone (EZ)
Program Inception: 2005 Act 361
Lead Division: Business and Community Development
☒ **New** ☐ **Revised** [Click here to enter date](#)
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Enterprise Zone (EZ) Program is to incent projects involving expansion of existing Wisconsin businesses or relocation of major business operations from other states to Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business and Investment Attraction

Program Description:

The program supports job creation, job retention, capital investment, training, and Wisconsin supply chain investment by providing companies with refundable Tax Credits that can help to reduce their Wisconsin state income tax liability or provide a refund, thereby helping to enhance their cash flow to either expand the expansion project's scope, accelerate the timing of the project or enhance payroll.

Eligibility Requirements:

A business may qualify for EZ certification where the business: (1) Begins operation in EZ¹; (2) Relocates to EZ from out of state²; (3) Expands operation in EZ³; (4) Retains Jobs in the EZ⁴; or (5) Purchases items or services through a Wisconsin Supply Chain⁵.

EZ Tax Credit projects must meet the requirements in §§ 238.399, 71.07 (3w), 71.28 (3w), and 71.47 (3w), Wis Stats. Among other things, these statutes cover applicable definitions, eligibility for tax benefits, and limits on the tax benefits.

¹ Wis. Stat. § 238.399(5)(a)

² Wis. Stat. § 238.399(5)(b)

³ Wis. Stat. § 238.399(5)(c)

⁴ Wis. Stat. § 238.399(5)(d)

⁵ Wis. Stat. § 238.399(5)(e)



Each EZ may exist for up to 12 years.⁶ WEDC may cap the award and/or limit the number of years in which credits may be claimed by a Certified Business within the EZ. But there is no statutory cap on allocated Tax Credits per award, or on the overall program.

Definitions:

The following definitions supplement those in §§ 238.399, 71.07 (3w), 71.28 (3w), 71.47 (3w) Wis Stats.

- “Base Year” means the taxable year beginning during the calendar year prior to the calendar year in which the enterprise zone in which the Certified Business is located takes effect.⁷
- “Certified Business” means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business’ total number of Eligible Employees in the State of Wisconsin as determined by the Federal Employment Identification Number (“FEIN”) under which the business files its taxes.
- “Certification Date” means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.
- “Eligible Training Cost” means (1) the cost of the trainer; (2) the cost of the training materials; (3) the wages of the trainee while in a classroom setting; or (4) the costs of the trainer and the wages of the trainee while in an on-the-job or job shadowing setting.⁸ Eligible training costs do not include travel expenses, food or lodging.
- A “Full-Time Employee”: means an individual who is employed in a regular, nonseasonal job for which the annual pay is more than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage, and an individual in the position is offered the retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.⁹

Employees that do not meet the definition will not be counted toward headcount or wages.

- A “Partial-Year Employee” means an individual who only worked part of the year due to their hiring or termination dates, who would have met the Full-Time Employee definition had they worked the full year. Part-time or seasonal employees do not count as Partial-Year Employees.
- “Ineligible Business” means businesses ineligible for Tax Credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or Significant Capital Investment, and such

⁶ Wis. Stat. Sec. 238.399(4)(a).

⁷ Wis. Stat. Sec. 71.07(3w)(a)1; Wis. Stat. Sec. 71.28(3w)(a)1; Wis. Stat. Sec. 71.47(3w)(a)1.

⁸ Wis. Stat. Sec. 71.07(3w)(bm)1; Wis. Stat. Sec. 71.28(3w)(bm)1; Wis. Stat. Sec. 71.47(3w)(bm)1.

⁹ While there are two statutory definitions of Full-Time Employee, WEDC utilizes the above identified definition in its contracts: Wis. Stat. Sec. 238.399(1)(am)2.



extraordinary circumstances are approved by the Board of Directors' Awards Administration Committee. Such Ineligible Businesses include:

- Payday loan and title loan companies
 - Telemarketing other than inbound call centers
 - Pawn shops
 - Media outlets
 - Retail
 - Farms
 - Primary care medical facilities
 - Financial Institutions
 - The hospitality industry
-
- “Significant Capital Expenditure” means a capital investment in a WEDC-designated EZ, beyond a Certified Business’s normal capital expenditures, that is needed to achieve a specific purpose agreed to by WEDC.¹⁰
 - “Significant Capital Investment” means a capital investment in excess of \$10 million in a WEDC-designated EZ, beyond a Certified Business’s normal capital expenditures, that is needed to achieve a specific purpose agreed to by WEDC.¹¹
 - “Significant Supply Chain” means a business that has a supply chain in the state which is designated by WEDC as significant. In determining whether the chain is significant, WEDC may consider any of the following factors:
 - The number of employees throughout the supply chain
 - The number of suppliers in the supply chain
 - The total cost of the components purchased from the supply chain
 - The number of units purchased from the chain
 - “Tax Credits” means the EZ Tax Credits authorized pursuant to Wisconsin Statutes §§ 238.399, 71.07 (3w), 71.28 (3w), 71.47 (3w)
 - “Taxable Year” means the taxable period upon the basis of which the taxable income of the taxpayer is computed for federal income tax purposes.¹²
 - “Tier I county or municipality” and “Tier II county or municipality” means a county or municipality so designated by WEDC. In designating either a Tier I county or municipality or a Tier II county or municipality, WEDC will consider the most current data available for the area and state using the following indicators:
 - Unemployment rate
 - Percentage of families with incomes below the poverty line
 - Median family income

¹⁰ Wis. Stat. Sec. 238.399(6)(g)3.

¹¹ Wis. Stat. Sec. 238.399(6)(g)2m.

¹² Wis. Stat. Sec. 71.01(12),



- Median per capita income
- Average annual wage
- Manufacturing assessment values by county
- Other significant or irregular indicators of economic distress – such as a natural disaster, or plant closings and layoffs¹³

In determining a distressed county (Tier 1), each category above will annually be assigned a value between 1-72 with 72 being the highest distress ranking and an aggregate score for each county considering the 7 factors. The counties are ranked by their aggregate score with the highest-ranked one-third (24) counties considered distressed. Additionally, the City of Milwaukee and any county with two top-ten distress rankings in any given category will also be considered distressed.

- “Zone Payroll” means the amount of state payroll that is attributable to wages paid to Full-Time Employees for services that are performed in an EZ. Zone Payroll does not include the amount of wages paid to any Full-Time Employees that exceeds \$100,000.¹⁴

Enterprise Zone Designation

Designation of Enterprise Zone is based on the following factors.¹⁵

- Indicators of the area's economic need, data regarding household income, average wages, the condition of property, housing values, population decline, job losses, infrastructure and energy support, the rate of business development, and the existing resources available to the area.¹⁶
- The effect of designation on other initiatives and programs to promote economic and community development in the area, including job retention, job creation, job training, and creating high-paying jobs.¹⁷
- Preference is given based on the greatest economic need to the extent possible.¹⁸

WEDC designates Enterprise Zones based on company specific projects. In determining whether to designate an EZ, WEDC may evaluate a wide range of factors including the following:

- Whether the project might not occur without the allocation of Tax Credits.
- The extent to which the project will increase employment in this state.
- The extent to which the project will contribute to the economic growth of this state.
- The extent to which the project will increase geographic diversity of available Tax Credits throughout this state.
- The financial soundness of the business.
- Whether the business offers health, retirement and other benefits.
- Any previous financial assistance that the business received from the Department of Commerce/WEDC.

¹³ Wis. Stat. § 238.399(6)(g)(1)

¹⁴ Wis. Stat. Sec. 71.07(3w)(a)6; Wis. Stat. Sec. 71.28(3w)(a)6; Wis. Stat. Sec. 71.47(3w)(a)6. “State Payroll” is defined in Wis. Stat. Sec. 71.07(3w)(a)5; Wis. Stat. Sec. 71.28(3w)(a)5; Wis. Stat. Sec. 71.47(3w)(a)5.

¹⁵ Wis. Stat. Sec. 238.399(3)(b).

¹⁶ Wis. Stat. § 238.399(3)(b)(1)

¹⁷ Wis. Stat. § 238.399(3)(b)(2)

¹⁸ Wis. Stat. § 238.399(3)(c)



WEDC shall designate at least three Enterprise Zones in political subdivisions of less than 5,000 and at least two in political subdivisions with populations between 5,000 and 30,000.¹⁹ WEDC shall specify whether an Enterprise Zone is located in a Tier I county or municipality or a Tier II county or municipality.²⁰

Certification

A business may qualify for EZ certification in the following five circumstances where the business:

- 1. Begins operation in EZ²¹**
- 2. Relocates to EZ from out of state²²**
 - a. The business must offer compensation and benefits to employees in the EZ that are at least as favorable as those offered to employees working outside the zone for the same type of work.
- 3. Expands operation in EZ (Must meet either sub. a or sub. b)**
 - a. Increase Personnel by 10%²³
 - i. The business enters into an agreement to claim benefit only for years in which the business maintains increased level of personnel;
and
 - ii. Compensation and benefit for employees in the EZ that are at least as favorable as those offered to employees working in Wisconsin but outside zone
 - "Personnel" defined to include both (1) A business' employees in an enterprise zone and (2) Individuals who provide services to a business as independent contractors in this state.²⁴
 - b. Significant Capital Investment²⁵
 - i. The business enters into an agreement to claim benefit only for years in which the business maintains increased level of capital investment;
and
 - ii. Compensation and benefit for employees in the EZ that are at least as favorable as those offered to employees working in Wisconsin but outside zone
- 4. Retains Jobs in the EZ²⁶**
 - a. But must also make a Significant Capital Investment in property located in enterprise zone and, unless EZ located in Rural Zone, must either:
 - i. Qualify as a manufacturer with Significant Supply Chain in state;
or
 - ii. Or have more than 500 Full-Time Employees in EZ

¹⁹ Wis. Stat. Sec. 238.399(3)(d).

²⁰ Wis. Stat. Sec. 238.399(3)(bm).

²¹ Wis. Stat. Sec. 238.399(5)(a).

²² Wis. Stat. Sec. 238.399(5)(b).

²³ Wis. Stat. Sec. 238.399(5)(c)1.

²⁴ Wis. Stat. Sec. 238.399(1)(bm).

²⁵ Wis. Stat. Sec. 238.399(5)(c)2.

²⁶ Wis. Stat. Sec. 238.399(5)(d).



5. Wisconsin Supply Chain²⁷

- a. Business located in the EZ purchases substantial amounts of tangible personal property, items, property or goods or services from Wisconsin vendors

The corporation shall revoke the certification²⁸ to claim tax benefits if the person does any of the following:

- Supplies false or misleading information to obtain tax benefits.
- Leaves the enterprise zone to conduct substantially the same business outside of the enterprise zone.
- Ceases operations in the enterprise zone and does not renew operation of the business or a similar business in the enterprise zone within 12 months.

Tax Credits Calculation

A Certified Business may qualify for Tax Credits only for eligible activities that occur after the Certification Date established by WEDC. A Certified Business may be eligible to earn Tax Credits for multiple eligible activities. The amount of Tax Credits earned for each activity shall align with the following calculations, capped at amounts determined by WEDC to be reflective of the economic impact the project will have in the state of Wisconsin.

A Certified Business may qualify for EZ Tax Credits in one or more of the following categories: Job Creation, Job Retention, Training Tax Credit, Capital Investments, and Wisconsin Supply Chain. Each are described in detail herein.

Job Creation Tax Credit Calculation:²⁹

Business would be entitled to a credit of up to seven percent (7%) as identified in the following 5 step calculation.

Step 1: Identify “New Full-Time Employees.”³⁰ For calculation purposes, the New Full-Time Employees are identified as the lesser of:³¹

- **New Full-Time Employees in the EZ:** The number of Full-Time Employees in the EZ in the taxable year minus the number of Full-Time Employees in the EZ in the base year; or
- **New Full-Time Employees in the State:** The number of Full-Time Employees in the state in the taxable year minus the number of Full-Time Employees in the state in the base year.

Partial Year Employees are included in the calculation as follows:

- Partial-Year Employees whose employment was terminated prior to the end of the taxable year will not be counted as a New Full-Time Employee.
- Partial-Year Employees employed as of the end of the taxable year will be counted as a New Full-Time Employee.

²⁷ Wis. Stat. Sec. 238.399(5)(e).

²⁸ Wis. Stat. Sec. 238.399(6)(b).

²⁹ Wis. Stat. Sec. 71.07(3w)(b); Wis. Stat. Sec. 71.28(3w)(b); Wis. Stat. Sec. 71.47(3w)(b).

³⁰ Wis. Stat. Sec. 238.399 (1) (am).

³¹ Wis. Stat. Sec. 71.07(3w)(b)1; Wis. Stat. Sec. 71.28(3w)(b)1; Wis. Stat. Sec. 71.47(3w)(b)1.



Step 2: Identify “Average Zone Payroll.” Determine the recipient’s average Zone Payroll by dividing the total wages of Full-Time Employees employed in the EZ in the taxable year by the number of Full-Time Employees employed in the EZ in the taxable year.³² Any wages earned by a Full-Time employee in excess of one hundred thousand dollars (\$100,000) will not be counted in this calculation;³³

Step 3: Calculate “Average Eligible Wage Amount.” Subtract the minimum threshold (depending on the Tier) as identified below from the Average Zone Payroll.³⁴

- Tier 1: 2,080 multiplied by 150 percent of the federal minimum wage
- Tier 2: \$30,000

Step 4: Calculate “Creditable Wage Amount.” Multiply the Average Eligible Wage Amount by the New Full-Time Employees in the zone.³⁵ After identifying the total wages for all New Full-Time Employees, add the qualified wages for all Partial-Year Employees.

Step 5: Job Creation Credit Determination. Multiply the Creditable Wage Amount by the credit percentage (which cannot exceed 7 percent).³⁶

Full-Time Employees created and awarded Job Creation Tax Credits shall be maintained for the duration of the EZ, measured as of the last day of the maintenance period, and may be subject to additional contractual requirements as required by WEDC.

Job Retention Tax Credit Calculation:³⁷

Business would be entitled to a credit of up to seven percent (7%) as identified in the following calculation.

To qualify, the total number of Full-Time Employees must be equal to or greater than the total number of Full-Time Employees in the base year to earn retention credits. The calculation of Job Retention credits cannot include wages paid to any Full-Time Employee that exceeds \$100,000.³⁸

Step 1: Confirm “Retained Employees.” The number of Retained Employees must be equal to or greater than the Full-Time Employees identified in the base year.

Partial-Year Employees are included in this calculation as follows:

- Partial-Year Employees whose employment was terminated prior to the end of the taxable year will not be counted as a Full-Time Employee.
- Partial-Year Employees employed as of the end of the taxable year will be counted as a Full-Time Employee.

³² Wis. Stat. Sec. 71.07(3w)(b)2; Wis. Stat. Sec. 71.28(3w)(b)2; Wis. Stat. Sec. 71.47(3w)(b)2.

³³ Wis. Stat. Sec. 71.07(3w)(a)6; Wis. Stat. Sec. 71.28(3w)(a)6; Wis. Stat. Sec. 71.47(3w)(a)6.

³⁴ Wis. Stat. Sec. 71.07(3w)(b)3; Wis. Stat. Sec. 71.28(3w)(b)3; Wis. Stat. Sec. 71.47(3w)(b)3.

³⁵ Wis. Stat. Sec. 71.07(3w)(b)4; Wis. Stat. Sec. 71.28(3w)(b)4; Wis. Stat. Sec. 71.47(3w)(b)4.

³⁶ Wis. Stat. Sec. 71.07(3w)(b)5; Wis. Stat. Sec. 71.28(3w)(b)5; Wis. Stat. Sec. 71.47(3w)(b)5.

³⁷ Wis. Stat. Sec. 71.07(3w)(bm)2; Wis. Stat. Sec. 71.28(3w)(bm)2; Wis. Stat. Sec. 71.47(3w)(bm)2.

³⁸ Wis. Stat. Sec. 71.07(3w)(a)6; Wis. Stat. Sec. 71.28(3w)(a)6; Wis. Stat. Sec. 71.47(3w)(a)6.



Step 2: Confirm “Base Year Zone Payroll.” Current Zone Payroll must be the same or more than Base Year Zone Payroll. Wages for all Partial-Year Employees are included in these calculations.

Step 3: Job Retention Credit Determination.” Multiply the Base Year Zone Payroll by the credit percentage (which cannot exceed seven percent (7%)).

Job retention credits may only be earned in years in which the Certified Business has maintained the number of Full-Time Employees employed in the Base Year and may only be earned for 5 consecutive taxable years.

Training Tax Credit Calculation:³⁹

Business would be entitled to a credit of up to 100% of the amount paid in a taxable year for any of the following activities:

- Upgrade or improve the job-related skills of any of the claimant’s full-time employees;
- Train any of the claimant’s full-time employees on the use of job-related new technologies; or
- Provide job-related training to any full-time employee whose employment with the claimant represents the employee’s first full-time job.

This credit only applies to employees who work in an enterprise zone.

Wisconsin Supply Chain Tax Credit Calculation:⁴⁰

The amount of Tax Credits earned may equal up to 1% of the amount that the Certified Business will pay to purchase tangible personal property, items, property, or goods under s. 77.52(1)(b), (c), or (d), or services directly from Wisconsin vendors, as determined by WEDC, except that the Certified Business may not be awarded supply chain and capital investment Tax Credits for the same expenditures.

Significant Capital Expenditure Tax Credit Calculation:⁴¹

Business entitled to up to 10 percent of the Certified Business’ Significant Capital Expenditures.

Capital Expenditures are generally defined as depreciable, tangible assets such as land, buildings, and equipment. Credit will be allowed for both capital leases or purchased property.

Significant Capital Expenditures made for which Capital Investment Tax Credits are earned shall be maintained for the duration of the zone and may be subject to additional contractual requirements as required by WEDC.

³⁹ Wis. Stat. Sec. 71.07(3w)(bm)1; Wis. Stat. Sec. 71.28(3w)(bm)1; Wis. Stat. Sec. 71.47(3w)(bm)1.

⁴⁰ Wis. Stat. Sec. 71.07(3w)(bm)4; Wis. Stat. Sec. 71.28(3w)(bm)4; Wis. Stat. Sec. 71.47(3w)(bm)4.

⁴¹ Wis. Stat. Sec. 71.07(3w)(bm)3; Wis. Stat. Sec. 71.28(3w)(bm)3; Wis. Stat. Sec. 71.47(3w)(bm)3.



Eligibility to Claim:

Certified Businesses will be required to submit documentation outlining the eligible activities, actual wages and expenditures to be awarded its designated EZ Tax Credits. WEDC may request additional information from the Certified Business.

WEDC will annually determine the amount of Tax Credits earned and able to be claimed by the Certified Business based on eligible activities, actual wages and expenditures pursuant to ss. 71.07 (3w), 71.28 (3w), or 71.47 (3w).⁴²

WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business' taxes each year with a written verification of the Tax Credits earned.⁴³ A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits. No person may file with the Department of Revenue for Tax Credits without the written verification of WEDC.⁴⁴

Tax Credits are refundable and non-transferable. If the amount of Tax Credits approved for a tax year exceeds the amount of tax due for the tax year, the excess credit amount will be refunded to the Certified Business.⁴⁵

The corporation may require a business to repay any tax benefits the business claims for a year in which the business failed to maintain employment levels or a Significant Capital Investment in property required by its agreement.⁴⁶

Incentives and Available Funding (FY20):

Subject to passive review by the Joint Committee on Finance⁴⁷, WEDC may designate any number of Enterprise Zones in Wisconsin⁴⁸. WEDC shall designate at least five (5) zones subject to population limits in a political subdivision.⁴⁹ Currently, WEDC has one (1) undesignated statutorily required zone available for a political subdivision with a population of 5,000 or less.

The incentives under this program are refundable Tax Credits according to the following stipulations:

EZ Job Creation Credit: A Tax Credit equal to no more than 7% of the net increase in EZ payroll from base in a Tier I county or municipality, less 150% times the Federal Minimum Wage per new, Full-Time Employee and up to \$100,000 per employee, or a 7% Tax Credit against the lesser of the net increase in state payroll and EZ payroll from base in a Tier II county or municipality, less \$30,000 per new, Full-Time Employee and up to \$100,000 per employee. Calculations are relative to a base year which is fixed as the year before the EZ takes effect. This benefit may be awarded for up to 12 years.

⁴² Wis. Stat. Sec. 238.399(6)(f).

⁴³ Wis. Stat. Sec. 238.399(6)(e).

⁴⁴ Wis. Stat. Sec. 71.07(3w)(c)3; Wis. Stat. Sec. 71.28(3w)(c)3; Wis. Stat. Sec. 71.47(3w)(c)3.

⁴⁵ Wis. Stat. Sec. 71.07(3w)(c); Wis. Stat. Sec. 71.28(3w)(c); Wis. Stat. Sec. 71.47(3w)(c).

⁴⁶ Wis. Stat. Sec. 238.399(6)(d).

⁴⁷ Wis. Stat. Sec. 238.399(3)(am).

⁴⁸ Wis. Stat. Sec. 238.399(3)(a).

⁴⁹ Wis. Stat. Sec. 238.399(3)(d).



EZ Job Retention Credit: A Tax Credit equal to no more than 7% of the taxpayer's EZ payroll in a Tier I county or municipality that is paid to full-time employees who earn more than 150% times the Federal Minimum Wage, but less than \$100,000, in annual wages, less the amount paid to new full-time employees, or no more than 7% of the taxpayer's EZ payroll in a Tier II county or municipality that is paid to full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages, less the amount paid to new full-time employees. This benefit may be awarded for no more than five consecutive years.

Training Credit: The amount of Tax Credits for training for a Certified Business may equal up to 100% of the total eligible training costs.

- Amount paid to upgrade or improve skills of full-time employees
- Amount paid to train any full-time employees on new technology
- Amount paid to train full-time employees who are in their first full-time job

Investment Credit: The business may also claim up to 10% of its Significant Capital Expenditures. This benefit may be awarded for up to 12 years.

Wisconsin Supply Chain Credit: The business may also claim up to 1% of the amount it paid to purchase tangible personal property, items, property, goods or services from Wisconsin vendors. Businesses may not claim the Wisconsin Supply Chain Credit and the Investment Credit for the same expenditures. This benefit may be awarded for up to 12 years.

Activities and Expected Outcomes:

Assist 3 businesses to support the creation of 1,200 jobs, retention of 800 jobs, and achieve a5:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, job creation, job retention, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The EZ program has a continuous application process. Applicants for the EZ program should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Added "Base Year" and "Zone Payroll" definitions to clarify eligibility requirements
7/1/2017	Clarified definition of "Full-Time Employee" to reflect standard WEDC contract language
7/1/2017	Eliminated redundant language related to benefits offered by the business
7/1/2017	Added statutory references to clarify business certification requirements
7/1/2017	Added statutory references to calculation of tax credits to clarify methodology used for eligible activities
7/1/2017	Added statutory references to verification of tax credits to clarify the required documentation
9/18/2017	Added "Financial Services Technology Corporate Headquarters Retention Addendum" per the statutory revisions in 2017 Act 58 (approved 9/28/2017)
9/23/2017	Pursuant to 2017 Act 59, WEDC may reuse expired or revoked zones
11/7/2017	Added and clarified some definitions
12/16/2018	Pursuant to 2017 Wisconsin Act 369, eliminated statutory cap on zone designations and clarified new designations may be subject to approval by the Joint Committee on Finance
7/1/2019	Added statutory citations; clarified duration of maintenance period; clarified performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer

____ Chief Legal Officer

____ Chief Financial Officer

____ Other _____

Senior Director of Public Policy: _____ Date _____

Division Vice President: _____ Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____ Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: Enterprise Zone (EZ)
Program Inception: 2005 Act 361
Lead Division: Business and Community Development
☒ ~~New~~ ☐ ~~Revised~~ Click here to enter date
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Enterprise Zone (EZ) Program is to incent projects involving expansion of existing Wisconsin businesses or relocation of major business operations from other states to Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business and Investment Attraction

Program Description:

The program supports job creation, job retention, capital investment, training, and Wisconsin supply chain investment by providing companies with refundable Tax Credits that can help to reduce their Wisconsin state income tax liability or provide a refund, thereby helping to enhance their cash flow to either expand the expansion project's scope, accelerate the timing of the project or enhance payroll.

Eligibility Requirements:

A business may qualify for EZ certification where the business: (1) Begins operation in EZ¹; (2) Relocates to EZ from out of state²; (3) Expands operation in EZ³; (4) Retains Jobs in the EZ⁴; or (5) Purchases items or services through a Wisconsin Supply Chain⁵.

EZ Tax Credit projects must meet the requirements in §§ 238.399, 71.07 (3w), 71.28 (3w), and 71.47 (3w), Wis Stats. Among other things, these statutes cover applicable definitions, eligibility for tax benefits, and limits on the tax benefits.

¹ [Wis. Stat. § 238.399\(5\)\(a\)](#)

² [Wis. Stat. § 238.399\(5\)\(b\)](#)

³ [Wis. Stat. § 238.399\(5\)\(c\)](#)

⁴ [Wis. Stat. § 238.399\(5\)\(d\)](#)

⁵ [Wis. Stat. § 238.399\(5\)\(e\)](#)



Each EZ may exist for up to 12 years.⁶ WEDC may cap the award and/or limit the number of years in which credits may be claimed by a Certified Business within the EZ. But there is no statutory cap on allocated Tax Credits per award, or on the overall program.

Definitions:

The following definitions supplement those in §§ 238.399, 71.07 (3w), 71.28 (3w), 71.47 (3w) Wis Stats.

- “Base Year” means the taxable year beginning during the calendar year prior to the calendar year in which the enterprise zone in which the Certified Business is located takes effect.⁷
- “Certified Business” means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business’ total number of Eligible Employees in the State of Wisconsin as determined by the Federal Employment Identification Number (“FEIN”) under which the business files its taxes.
- “Certification Date” means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.
- “Eligible Training Cost” means (1) the cost of the trainer; (2) the cost of the training materials; (3) the wages of the trainee while in a classroom setting; or (4) the costs of the trainer and the wages of the trainee while in an on-the-job or job shadowing setting.⁸ Eligible training costs do not include travel expenses, food or lodging.
- A “Full-Time Employee”: means an individual who is employed in a regular, nonseasonal job for which the annual pay is more than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage, and an individual in the position is offered the retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.⁹

Employees that do not meet the definition will not be counted toward headcount or wages.

- A “Partial-Year Employee” means an individual who only worked part of the year due to their hiring or termination dates, who would have met the Full-Time Employee definition had they worked the full year. Part-time or seasonal employees do not count as Partial-Year Employees.
- “Ineligible Business” means businesses ineligible for Tax Credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or Significant Capital Investment, and such

⁶ Wis. Stat. Sec. 238.399(4)(a).

⁷ Wis. Stat. Sec. 71.07(3w)(a)1; Wis. Stat. Sec. 71.28(3w)(a)1; Wis. Stat. Sec. 71.47(3w)(a)1.

⁸ Wis. Stat. Sec. 71.07(3w)(bm)1; Wis. Stat. Sec. 71.28(3w)(bm)1; Wis. Stat. Sec. 71.47(3w)(bm)1.

⁹ While there are two statutory definitions of Full-Time Employee, WEDC utilizes the above identified definition in its contracts: Wis. Stat. Sec. 238.399(1)(am)2.



extraordinary circumstances are approved by the Board of Directors' Awards Administration Committee. Such Ineligible Businesses include:

- Payday loan and title loan companies
 - Telemarketing other than inbound call centers
 - Pawn shops
 - Media outlets
 - Retail
 - Farms
 - Primary care medical facilities
 - Financial Institutions
 - The hospitality industry
-
- "Significant Capital Expenditure" means a capital investment in a WEDC-designated EZ, beyond a Certified Business's normal capital expenditures, that is needed to achieve a specific purpose agreed to by WEDC.¹⁰
 - "Significant Capital Investment" means a capital investment in excess of \$10 million in a WEDC-designated EZ, beyond a Certified Business's normal capital expenditures, that is needed to achieve a specific purpose agreed to by WEDC.¹¹
 - "Significant Supply Chain" means a business that has a supply chain in the state which is designated by WEDC as significant. In determining whether the chain is significant, WEDC may consider any of the following factors:
 - The number of employees throughout the supply chain
 - The number of suppliers in the supply chain
 - The total cost of the components purchased from the supply chain
 - The number of units purchased from the chain
 - "Tax Credits" means the EZ Tax Credits authorized pursuant to Wisconsin Statutes §§ 238.399, 71.07 (3w), 71.28 (3w), 71.47 (3w)
 - "Taxable Year" means the taxable period upon the basis of which the taxable income of the taxpayer is computed for federal income tax purposes.¹²
 - "Tier I county or municipality" and "Tier II county or municipality" means a county or municipality so designated by WEDC. In designating either a Tier I county or municipality or a Tier II county or municipality, WEDC will consider the most current data available for the area and state using the following indicators:
 - Unemployment rate
 - Percentage of families with incomes below the poverty line
 - Median family income

¹⁰ Wis. Stat. Sec. 238.399(6)(g)3.

¹¹ Wis. Stat. Sec. 238.399(6)(g)2m.

¹² Wis. Stat. Sec. 71.01(12),



- Median per capita income
- Average annual wage
- Manufacturing assessment values by county
- Other significant or irregular indicators of economic distress – such as a natural disaster, or plant closings and layoffs¹³

In determining a distressed county (Tier 1), each category above will annually be assigned a value between 1-72 with 72 being the highest distress ranking and an aggregate score for each county considering the 7 factors. The counties are ranked by their aggregate score with the highest-ranked one-third (24) counties considered distressed. Additionally, the City of Milwaukee and any county with two top-ten distress rankings in any given category will also be considered distressed.

- “Zone Payroll” means the amount of state payroll that is attributable to wages paid to Full-Time Employees for services that are performed in an EZ. Zone Payroll does not include the amount of wages paid to any Full-Time Employees that exceeds \$100,000.¹⁴

Enterprise Zone Designation

Designation of Enterprise Zone is based on the following factors.¹⁵

- Indicators of the area's economic need, data regarding household income, average wages, the condition of property, housing values, population decline, job losses, infrastructure and energy support, the rate of business development, and the existing resources available to the area.¹⁶
- The effect of designation on other initiatives and programs to promote economic and community development in the area, including job retention, job creation, job training, and creating high-paying jobs.¹⁷
- Preference is given based on the greatest economic need (to the extent possible).¹⁸

WEDC designates Enterprise Zones based on company specific projects. In determining whether to designate an EZ, WEDC may evaluate a wide range of factors including the following:

- Whether the project might not occur without the allocation of Tax Credits.
- The extent to which the project will increase employment in this state.
- The extent to which the project will contribute to the economic growth of this state.
- The extent to which the project will increase geographic diversity of available Tax Credits throughout this state.
- The financial soundness of the business.
- Whether the business offers health, retirement and other benefits.
- Any previous financial assistance that the business received from the Department of Commerce/WEDC.

¹³ Wis. Stat. § 238.399(6)(g)(1)

¹⁴ Wis. Stat. Sec. 71.07(3w)(a)65; Wis. Stat. Sec. 71.28(3w)(a)56; Wis. Stat. Sec. 71.47(3w)(a)65. “State Payroll” is defined in Wis. Stat. Sec. 71.07(3w)(a)5; Wis. Stat. Sec. 71.28(3w)(a)5; Wis. Stat. Sec. 71.47(3w)(a)5. ~~“State Payroll” is defined in Wis. Stat.~~

¹⁵ Wis. Stat. Sec. 238.339399(3)(b).

¹⁶ Wis. Stat. § 238.399(3)(b)(1)

¹⁷ Wis. Stat. § 238.399(3)(b)(2)

¹⁸ Wis. Stat. § 238.399(3)(c)



WEDC shall designate at least three Enterprise Zones in political subdivisions of less than 5,000 and at least two in political subdivisions with populations between 5,000 and 30,000.¹⁹ WEDC shall specify whether an Enterprise Zone is located in a Tier I county or municipality or a Tier II county or municipality.²⁰

Certification

A business may qualify for EZ certification in the following five circumstances where the business:

- 1. Begins operation in EZ²¹**
- 2. Relocates to EZ from out of state²²**
 - a. The business must offer compensation and benefits to employees in the EZ that are at least as favorable as those offered to employees working outside the zone for the same type of work.
- 3. Expands operation in EZ (Must meet either sub. a or sub. b)**
 - a. Increase Personnel by 10%²³
 - i. The business enters into an agreement to claim benefit only for years in which the business maintains increased level of personnel;
and
 - ii. Compensation and benefit for employees in the EZ that are at least as favorable as those offered to employees working in Wisconsin but outside zone
 - "Personnel" defined to include both (1) A business' employees in an enterprise zone and (2) Individuals who provide services to a business as independent contractors in this state.²⁴
 - b. Significant Capital Investment²⁵
 - i. The business enters into an agreement to claim benefit only for years in which the business maintains increased level of capital investment;
and
 - ii. Compensation and benefit for employees in the EZ that are at least as favorable as those offered to employees working in Wisconsin but outside zone
- 4. Retains Jobs in the EZ²⁶**
 - a. But must also make a Significant Capital Investment in property located in enterprise zone and, unless EZ located in Rural Zone, must either:
 - i. Qualify as a manufacturer with Significant Supply Chain in state;
or
 - ii. Or have more than 500 Full-Time Employees in EZ

¹⁹ Wis. Stat. Sec. 238.399(3)(d).

²⁰ Wis. Stat. Sec. 238.399(3)(bm).

²¹ Wis. Stat. Sec. 238.399(5)(a).

²² Wis. Stat. Sec. 238.399(5)(b).

²³ Wis. Stat. Sec. 238.399(5)(c)1.

²⁴ Wis. Stat. Sec. 238.399(1)(bm).

²⁵ Wis. Stat. Sec. 238.399(5)(c)2.

²⁶ Wis. Stat. Sec. 238.399(5)(d).



5. Wisconsin Supply Chain²⁷

- a. Business located in the EZ purchases substantial amounts of tangible personal property, items, property or goods or services from Wisconsin vendors

The corporation shall revoke the certification²⁸ to claim tax benefits if the person does any of the following:

- Supplies false or misleading information to obtain tax benefits.
- Leaves the enterprise zone to conduct substantially the same business outside of the enterprise zone.
- Ceases operations in the enterprise zone and does not renew operation of the business or a similar business in the enterprise zone within 12 months.

Tax Credits Calculation

A Certified Business may qualify for Tax Credits only for eligible activities that occur after the Certification Date established by WEDC. A Certified Business may be eligible to earn Tax Credits for multiple eligible activities. The amount of Tax Credits earned for each activity shall align with the following calculations, capped at amounts determined by WEDC to be reflective of the economic impact the project will have in the state of Wisconsin.

A Certified Business may qualify for EZ Tax Credits in one or more of the following categories: Job Creation, Job Retention, Training Tax Credit, Capital Investments, and Wisconsin Supply Chain. Each are described in detail herein.

Job Creation Tax Credit Calculation:²⁹

Business would be entitled to a credit of up to seven percent (7%) as identified in the following 5 step calculation.

Step 1: Identify “New Full-Time Employees.”³⁰ For calculation purposes, the New Full-Time Employees are identified as the lesser of:³¹

- **New Full-Time Employees in the EZ:** The number of Full-Time Employees in the EZ in the taxable year minus the number of Full-Time Employees in the EZ in the base year; or
- **New Full-Time Employees in the State:** The number of Full-Time Employees in the state in the taxable year minus the number of Full-Time Employees in the state in the base year.

Partial Year Employees are included in the calculation as follows:

- Partial-Year Employees whose employment was terminated prior to the end of the taxable year will not be counted as a New Full-Time Employee.
- Partial-Year Employees employed as of the end of the taxable year will be counted as a New Full-Time Employee.

²⁷ Wis. Stat. Sec. 238.399(5)(e).

²⁸ Wis. Stat. Sec. 238.399(6)(b).

²⁹ Wis. Stat. Sec. 71.07(3w)(b)1; Wis. Stat. Sec. 71.28(3w)(b)1; Wis. Stat. Sec. 71.47(3w)(b)1.

³⁰ Wis. Stat. Sec. 238.399 (1) (am).

³¹ ~~Wis. Stat. Sec. 71.07(3w)(b)1; Wis. Stat. Sec. 71.28(3w)(b)1; Wis. Stat. Sec. 71.47(3w)(b)1; Wis. Stat. Sec. 71.28(3w)(b)1.~~



Step 2: Identify “Average Zone Payroll.” Determine the recipient’s average Zone Payroll by dividing the total wages of Full-Time Employees employed in the EZ in the taxable year by the number of Full-Time Employees employed in the EZ in the taxable year.³² Any wages earned by a Full-Time employee in excess of one hundred thousand dollars (\$100,000) will not be counted in this calculation;³³

Step 3: Calculate “Average Eligible Wage Amount.” Subtract the minimum threshold (depending on the Tier) as identified below from the Average Zone Payroll.³⁴

- Tier 1: 2,080 multiplied by 150 percent of the federal minimum wage
- Tier 2: \$30,000

Step 4: Calculate “Creditable Wage Amount.” Multiply the Average Eligible Wage Amount by the New Full-Time Employees in the zone.³⁵ After identifying the total wages for all New Full-Time Employees, add the qualified wages for all Partial-Year Employees.

Step 5: Job Creation Credit Determination. Multiply the Creditable Wage Amount by the credit percentage (which cannot exceed 7 percent).³⁶

Full-Time Employees created and awarded Job Creation Tax Credits shall be maintained for the duration of the EZ, measured as of the last day of the maintenance period, and may be subject to additional contractual requirements as required by WEDC.

Job Retention Tax Credit Calculation:³⁷

Business would be entitled to a credit of up to seven percent (7%) as identified in the following calculation.

To qualify, the total number of Full-Time Employees must be equal to or greater than the total number of Full-Time Employees in the base year to earn retention credits. The calculation of Job Retention credits cannot include wages paid to any Full-Time Employee that exceeds \$100,000.³⁸

Step 1: Confirm “Retained Employees.” The number of Retained Employees must be equal to or greater than the Full-Time Employees identified in the base year.

Partial-Year Employees are included in this calculation as follows:

- Partial-Year Employees whose employment was terminated prior to the end of the taxable year will not be counted as a Full-Time Employee.
- Partial-Year Employees employed as of the end of the taxable year will be counted as a Full-Time Employee.

³² Wis. Stat. Sec. 71.07(3w)(b)2; Wis. Stat. Sec. 71.28(3w)(b)2; Wis. Stat. Sec. 71.47(3w)(b)2.

³³ Wis. Stat. Sec. 71.07(3w)(a)6; Wis. Stat. Sec. 71.28(3w)(a)6; Wis. Stat. Sec. 71.47(3w)(a)6.

³⁴ Wis. Stat. Sec. 71.07(3w)(b)3; Wis. Stat. Sec. 71.28(3w)(b)3; Wis. Stat. Sec. 71.47(3w)(b)3.

³⁵ Wis. Stat. Sec. 71.07(3w)(b)4; Wis. Stat. Sec. 71.28(3w)(b)4; Wis. Stat. Sec. 71.47(3w)(b)4.

³⁶ Wis. Stat. Sec. 71.07(3w)(b)5; Wis. Stat. Sec. 71.28(3w)(b)5; Wis. Stat. Sec. 71.47(3w)(b)5.

³⁷ Wis. Stat. Sec. 71.07(3w)(bm)2; Wis. Stat. Sec. 71.28(3w)(bm)2; Wis. Stat. Sec. 71.47(3w)(bm)2.

³⁸ Wis. Stat. Sec. 71.07(3w)(a)6; Wis. Stat. Sec. 71.28(3w)(a)6; Wis. Stat. Sec. 71.47(3w)(a)6.



Step 2: Confirm “Base Year Zone Payroll.” Current Zone Payroll must be the same or more than Base Year Zone Payroll. Wages for all Partial-Year Employees are included in these calculations.

Step 3: Job Retention Credit Determination.” Multiply the Base Year Zone Payroll by the credit percentage (which cannot exceed seven percent (7%)).

Job retention credits may only be earned in years in which the Certified Business has maintained the number of Full-Time Employees employed in the Base Year and may only be earned for 5 consecutive taxable years.

Training Tax Credit Calculation:³⁹

Business would be entitled to a credit of up to 100% of the amount paid in a taxable year for any of the following activities:

- Upgrade or improve the job-related skills of any of the claimant’s full-time employees;
- Train any of the claimant’s full-time employees on the use of job-related new technologies; or
- Provide job-related training to any full-time employee whose employment with the claimant represents the employee’s first full-time job.

This credit only applies to employees who work in an enterprise zone.

Wisconsin Supply Chain Tax Credit Calculation:⁴⁰

The amount of Tax Credits earned may equal up to 1% of the amount that the Certified Business will pay to purchase tangible personal property, items, property, or goods under s. 77.52(1)(b), (c), or (d), or services directly from Wisconsin vendors, as determined by WEDC, except that the Certified Business may not be awarded supply chain and capital investment Tax Credits for the same expenditures.

Significant Capital Expenditure Tax Credit Calculation:⁴¹

Business entitled to up to 10 percent of the Certified Business’ Significant Capital Expenditures.

Capital Expenditures are generally defined as depreciable, tangible assets such as land, buildings, and equipment. Credit will be allowed for both capital leases or purchased property.

Significant Capital Expenditures made for which Capital Investment Tax Credits are earned shall be maintained for the duration of the zone and may be subject to additional contractual requirements as required by WEDC.

³⁹ Wis. Stat. Sec. 71.07(3w)(bm)1; Wis. Stat. Sec. 71.28(3w)(bm)1; Wis. Stat. Sec. 71.47(3w)(bm)1.

⁴⁰ Wis. Stat. Sec. 71.07(3w)(bm)4; Wis. Stat. Sec. 71.28(3w)(bm)4; Wis. Stat. Sec. 71.47(3w)(bm)4.

⁴¹ Wis. Stat. Sec. 71.07(3w)(bm)3; Wis. Stat. Sec. 71.28(3w)(bm)3; Wis. Stat. Sec. 71.47(3w)(bm)3.



Verification Eligibility to Claim:

Certified Businesses will be required to submit documentation outlining the eligible activities, actual wages and expenditures to be awarded its designated EZ Tax Credits. WEDC may request additional information from the Certified Business.

WEDC will annually determine the amount of Tax Credits earned and able to be claimed by the Certified Business based on eligible activities, actual wages and expenditures pursuant to ss. 71.07 (3w), 71.28 (3w), or 71.47 (3w).⁴²

WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business' taxes each year with a written verification of the Tax Credits earned.⁴³ A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits. No person may file with the Department of Revenue for Tax Credits without the written verification of WEDC.⁴⁴

Tax Credits are refundable and non-transferable. If the amount of Tax Credits approved for a tax year exceeds the amount of tax due for the tax year, the excess credit amount will be refunded to the Certified Business.⁴⁵

The corporation may require a business to repay any tax benefits the business claims for a year in which the business failed to maintain employment levels or a Significant Capital Investment in property required by its agreement.⁴⁶

Incentives and Available Funding (FY ~~2019~~20):

Subject to passive review by the Joint Committee on Finance⁴⁷, WEDC may designate any number of Enterprise Zones in Wisconsin⁴⁸. WEDC shall designate at least five (5) zones subject to population limits in a political subdivision.⁴⁹ Currently, WEDC has one (1) undesignated statutorily required zone available for a political subdivision with a population of 5,000 or less.

The incentives under this program are refundable Tax Credits according to the following stipulations:

EZ Job Creation Credit: A Tax Credit equal to no more than 7% of the net increase in EZ payroll from base in a Tier I county or municipality, less 150% times the Federal Minimum Wage per new, Full-Time Employee and up to \$100,000 per employee, or a 7% Tax Credit against the lesser of the net increase in state payroll and EZ payroll from base in a Tier II county or municipality, less \$30,000 per new, Full-Time Employee and up to \$100,000 per employee. Calculations are relative to a base year which is fixed as the year before the EZ takes effect. This benefit may be awarded for up to 12 years.

⁴² Wis. Stat. Sec. 238.399(6)(f).

⁴³ Wis. Stat. Sec. 238.399(6)(e).

⁴⁴ Wis. Stat. Sec. 71.07(3w)(c)3; Wis. Stat. Sec. 71.28(3w)(c)3; Wis. Stat. Sec. 71.47(3w)(c)3.

⁴⁵ Wis. Stat. Sec. 71.07(3w)(c); Wis. Stat. Sec. 71.28(3w)(c); Wis. Stat. Sec. 71.47(3w)(c).

⁴⁶ Wis. Stat. Sec. 238.399(6)(d).

⁴⁷ Wis. Stat. Sec. 238.399(3)(am).

⁴⁸ Wis. Stat. Sec. 238.399(3)(a).

⁴⁹ Wis. Stat. Sec. 238.399(3)(d).



EZ Job Retention Credit: A Tax Credit equal to no more than 7% of the taxpayer's EZ payroll in a Tier I county or municipality that is paid to full-time employees who earn more than 150% times the Federal Minimum Wage, but less than \$100,000, in annual wages, less the amount paid to new full-time employees, or no more than 7% of the taxpayer's EZ payroll in a Tier II county or municipality that is paid to full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages, less the amount paid to new full-time employees. This benefit may be awarded for no more than five consecutive years.

Training Credit: The amount of Tax Credits for training for a Certified Business may equal up to 100% of the total eligible training costs.

- Amount paid to upgrade or improve skills of full-time employees
- Amount paid to train any full-time employees on new technology
- Amount paid to train full-time employees who are in their first full-time job

Investment Credit: The business may also claim up to 10% of its Significant Capital Expenditures. This benefit may be awarded for up to 12 years.

Wisconsin Supply Chain Credit: The business may also claim up to 1% of the amount it paid to purchase tangible personal property, items, property, goods or services from Wisconsin vendors. Businesses may not claim the Wisconsin Supply Chain Credit and the Investment Credit for the same expenditures. This benefit may be awarded for up to 12 years.

Activities and Expected Outcomes:

Assist **23** businesses to support the creation of ~~1,000~~ **1,200** jobs, retention of 800 jobs, and achieve a 5:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, job creation, job retention, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The EZ program has a continuous application process. Applicants for the EZ program should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Added "Base Year" and "Zone Payroll" definitions to clarify eligibility requirements
7/1/2017	Clarified definition of "Full-Time Employee" to reflect standard WEDC contract language
7/1/2017	Eliminated redundant language related to benefits offered by the business
7/1/2017	Added statutory references to clarify business certification requirements
7/1/2017	Added statutory references to calculation of tax credits to clarify methodology used for eligible activities
7/1/2017	Added statutory references to verification of tax credits to clarify the required documentation
9/18/2017	Added "Financial Services Technology Corporate Headquarters Retention Addendum" per the statutory revisions in 2017 Act 58 (approved 9/28/2017)
9/23/2017	Pursuant to 2017 Act 59, WEDC may reuse expired or revoked zones
11/7/2017	Added and clarified some definitions
12/16/2018	Pursuant to 2017 Wisconsin Act 369, eliminated statutory cap on zone designations and clarified new designations may be subject to approval by the Joint Committee on Finance
<u>7/1/2019</u>	<u>Added statutory citations; clarified duration of maintenance period; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer

____ Chief Legal Officer

____ Chief Financial Officer

____ Other _____

Senior Director of Public Policy: _____ Date _____

Division Vice President: _____ Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____ Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Historic Preservation Tax Credit (HTC)

Program Inception: 2013 Wisconsin Act 62

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☒ **Aid**

☐ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Historic Preservation Tax Credit (HTC) Program is to incent reinvestment into historic main streets, downtowns, and commercial districts in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Downtown Development

Program Description:

The Historic Preservation Tax Credit program provides transferable tax credits to eligible entities rehabilitating certified historic buildings. The state program acts as a supplement to the federal program, allowing for a state credit of 20 percent of qualified rehabilitation expenditures for certified historic structures. A “certified historic structure” is a building that is listed individually in the National Register of Historic Places or is located in a registered historic district and is certified by the National Park Service as contributing to the historic significance of that district.

Eligibility Requirements:

Definitions:

- “Parcel” is defined as a real property parcel number as identified on the tax bill.
- “Project” is defined as a Part 1/Part 2 tax credit application as identified by the State Historic Preservation Office (SHPO) pursuant to Wis. Stat. 71.07 (c) 2. a.
- “Certification date” is defined as the date on which the SHPO recommends conditional approval of the project (by forwarding the Part 2 application to the National Park Service) unless the tax credit recipient selects a later date and is the first date on which the eligibility to earn historic preservation tax credits begins.

Nonprofits are not eligible for certification unless 1) the entity is a 501(c)(3), and the entity intends to sell or otherwise transfer the credit¹, or 2) the entity is a nonprofit other than a 501(c)(3) as described above, and WEDC receives approval of the proposed Project from the Joint Committee on Finance under 14-day passive review.²



For taxable years beginning after December 31, 2013, applicants may be certified to claim tax incentives for qualified rehabilitation expenditures on eligible buildings and Projects.

Certification requires that the claimant provide the following to the WEDC:

- Evidence that the rehabilitation was recommended by the State Historic Preservation Officer (SHPO) for approval by the secretary of the interior before the physical work of construction, or destruction in preparation for construction, began.³
- Evidence that the taxpayer obtained written certification from SHPO that the property qualifies under any of the following:
 - Listed in the National Register of Historic Places in Wisconsin or the State Register of Historic Places;
 - Determined by the Wisconsin Historical Society (WHS) to be eligible for listing in the National Register of Historic Places or the State Register of Historic Places;
 - Located in a historic district that is listed in the National Register of Historic Places or the State Register of Historic Places and is certified by the SHPO as being of historic significance to the district; or
 - An outbuilding of an otherwise eligible property certified by the SHPO as contributing to the historic significance of the property.⁴
- The costs were not incurred before the state historical society approved the proposed preservation or rehabilitation plan.⁵
- The cost of the person's qualified rehabilitation expenditure, as defined in section 47 (c)(2) of the Internal Revenue Code, is at least \$50,000.⁶
- The rehabilitated property is placed in service after December 31, 2013.⁷
- The proposed preservation or rehabilitation plan complies with standards promulgated under § 44.02 (24), Wis. Stats. and the completed preservation or rehabilitation substantially complies with the proposed plan.⁸
- No physical work of construction or destruction began prior to the recommendation of the proposed preservation or rehabilitation by the SHPO.⁹
- The eligible costs are not incurred to acquire any building or interest in a building or to enlarge an existing building.¹⁰

¹ Wis. Stat. §238.17(3)(a)

² Wis. Stat. § 238.17(3)(b).

³ Wis. Stat. §§ 71.07(9m)(c)1; 71.28(6)(c)1; 71.47(6)(c)1.

⁴ Wis. Stat. §§71.07(9m)(c)2.a.; 71.28(6)(c)2.a.; 71.47(6)(c)2.a. .

⁵ Wis. Stat. §§71.07(9m)(c)2.d.; 71.28(6)(c)2.d.; 71.47(6)(c)2.d.

⁶ Wis. Stat. §§71.07(9m)(a)2m; 71.07(9m)(a)3; 71.28(6)(a)2m; 71.28(6)(a)3; 71.47(6)(a)2m; 71.47(6)(a)3

⁷ Wis. Stat. §§71.07(9m)(a)2m; 71.07(9m)(a)3; 71.28(6)(a)2m; 71.28(6)(a)3; 71.47(6)(a)2m; 71.47(6)(a)3

⁸ Wis. Stat. §§71.07(9m)(c)2.b.; 71.28(6)(c)2.b.; 71.47(6)(c)2.b.

⁹ Wis. Stat. § 71.07(9m)(c)1; 71.28(6)(c)1; 71.47(6)(c)1

¹⁰ Wis. Stat. §§71.07(9m)(c)2.c.; 71.28(6)(c)2.c.; 71.47(6)(c)2.c. .



WEDC may deny certification to an otherwise eligible Project based on funding availability or other application criteria. Funding certifications will be effective for three years commencing on the initial Certification Date and must be claimed based on actual qualified rehabilitation expenditures by the conclusion of the three-year period; however, a Project may be approved for six years if the rehabilitation is substantial and occurring in phases. WEDC may extend certification windows at its discretion.

If a person who claims a credit under this subsection and a credit under section 47 of the Internal Revenue Code for the same qualified rehabilitation expenditures is required to repay any amount of the credit claimed under section 47 of the Internal Revenue Code, the person shall repay to the Department of Revenue a proportionate amount of the credit claimed under this subsection.¹¹

Incentives and Available Funding (FY20):

The incentive through this program is a 20% transferable tax credit of qualified rehabilitation expenses. Fund certifications are awarded on a rolling basis, at the discretion of WEDC. In accordance with 2017 Wisconsin Act 280, the maximum amount of credits for all Projects undertaken on the same Parcel may not exceed \$3,500,000.¹²

Activities and Expected Outcomes:

Assist 25 community Projects and achieve a 5:1 leverage of other investment.

Performance Reporting:

Recipients will be required to submit a performance report including the WHS Part III of the Historic Preservation Certification Application upon Project completion.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate Project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The HTC program has a continuous application process. WEDC certifications for Certified Historic Buildings will adhere to the following process:

1. Applicant must submit Part I and II of the Historic Preservation Certification Application to WHS.
2. WHS will provide to WEDC evidence that the planned rehabilitation is recommended by the SHPO.
3. WEDC, upon review, may issue a Historic Preservation Tax Credit Certification.

¹¹ Wis. Stat. §71.07(9m)(i); 71.28(6)(i); 71.47(6)(i)

¹² Wis. Stat. § 238.17(2).

Certifications may be amended by submitting the Project through SHPO's Part II amendment process or upon completion of the Part III Historic Preservation Certification Application. WEDC will determine if the amendment warrants an increase in certified funds.

For more information on application review, internal process, and award distribution, please refer to the WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Revised reporting requirements to use DOR Schedule HR instead of IRS form 3468
7/1/2017	Clarified eligibility requirements for certified historic structures and qualified rehabilitated buildings
9/23/2017	Pursuant to 2017 Act 59, prohibited nonprofits from eligibility for certification except under certain circumstances
9/23/2017	Pursuant to 2017 Act 59, recipients are required to repay a proportionate amount of the state credits in cases where claimants were required to repay any portion of the federal credits
7/1/2018	Pursuant to 2017 Wisconsin Act 280, the maximum amount of credits for all projects undertaken on the same parcel may not exceed \$3,500,000
7/1/2018	Pursuant to 26 U.S.C. § 47 (2017) (as amended in 2017 by Pub. L. No. 115-97), eliminated eligibility for qualified rehabilitated buildings
7/1/2018	Added statutory citations
7/1/2019	Clarified definitions in consultation with the Wisconsin State Historic Preservation Office; added statutory citations; clarified performance reporting requirements; removed unnecessary language from the application and awards process

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____



Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Historic Preservation Tax Credit (HTC)

Program Inception: 2013 Wisconsin Act 62

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☒ **Aid**

☐ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Historic Preservation Tax Credit (HTC) Program is to incent reinvestment into historic main streets, downtowns, and commercial districts in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Downtown Development

Program Description:

The Historic Preservation Tax Credit program provides transferable tax credits to eligible entities rehabilitating certified historic buildings. The state program acts as a supplement to the federal program, allowing for a state credit of 20 percent of qualified rehabilitation expenditures for certified historic structures. A “certified historic structure” is a building that is listed individually in the National Register of Historic Places, or is located in a registered historic district and is certified by the National Park Service as contributing to the historic significance of that district.

Eligibility Requirements:

Definitions:

- “Parcel” is defined as a real property parcel number as identified on the tax bill.
- “Project” is defined as a Part 1/Part 2 tax credit application as identified by the State Historic Preservation Office (SHPO) pursuant to Wis. Stat. 71.07 (c) 2. a.
- “Certification date” is defined as the date on which the SHPO recommends conditional approval of the project (by forwarding the Part 2 application to the National Park Service) unless the tax credit recipient selects a later date and is the first date on which the eligibility to earn historic preservation tax credits begins.

Nonprofits are not eligible for certification unless 1) the entity is a 501(c)(3), and the entity intends to sell or otherwise transfer the credit¹, or 2) the entity is a nonprofit other than a 501(c)(3) as described above, and WEDC receives approval of the proposed ~~project~~Project from the Joint Committee on Finance under 14-day passive review.²



For taxable years beginning after December 31, 2013, applicants may be certified to claim tax incentives for qualified rehabilitation expenditures on eligible buildings and ~~projects~~Projects.

Certification requires that the claimant provide the following to the WEDC:

- Evidence that the rehabilitation was recommended by the State Historic Preservation Officer (SHPO) for approval by the secretary of the interior before the physical work of construction, or destruction in preparation for construction, began.³
- ~~Evidence that the t~~Evidence that the taxpayer obtained written certification from SHPO that the property qualifies under any of the following:
 - Listed in the National Register of Historic Places in Wisconsin or the State Register of Historic Places;
 - Determined by the Wisconsin Historical Society (WHS) to be eligible for listing in the National Register of Historic Places or the State Register of Historic Places;
 - Located in a historic district that is listed in the National Register of Historic Places or the State Register of Historic Places and is certified by the SHPO as being of historic significance to the district; or
 - An outbuilding of an otherwise eligible property certified by the SHPO as contributing to the historic significance of the property.⁴
- The costs were not incurred before the state historical society approved the proposed preservation or rehabilitation plan.⁵
- The cost of the person's qualified rehabilitation expenditure, as defined in section 47 (c)(2) of the Internal Revenue Code, is at least \$50,000.⁶
- The rehabilitated property is placed in service after December 31, 2013.⁷
- The proposed preservation or rehabilitation plan complies with standards promulgated under § 44.02 (24), Wis. Stats. and the completed preservation or rehabilitation substantially complies with the proposed plan.⁸
- No physical work of construction or destruction began prior to the recommendation of the proposed preservation or rehabilitation by the SHPO.⁹
- The eligible costs are not incurred to acquire any building or interest in a building or to enlarge an existing building.¹⁰

¹ Wis. Stat. §238.17(3)(a)

² Wis. Stat. § 238.17(3)(b).

³ Wis. Stat. § § 71.07(9m)(c)1; 71.28(6)(c)1; 71.47(6)(c)1.

⁴ Wis. Stat. §71.07(9m)(c)2.a.; 71.28(6)(c)2.a.; 71.47(6)(c)2.a.

⁵ Wis. Stat. §71.07(9m)(c)2.d.; 71.28(6)(c)2.d.; 71.47(6)(c)2.d.

⁶ Wis. Stat. §71.07(9m)(a)2m; 71.07(9m)(a)3; 71.28(6)(a)2m; 71.28(6)(a)3; 71.47(6)(a)2m; 71.47(6)(a)3

⁷ Wis. Stat. §71.07(9m)(a)2m; 71.07(9m)(a)3; 71.28(6)(a)2m; 71.28(6)(a)3; 71.47(6)(a)2m; 71.47(6)(a)3

⁸ Wis. Stat. §71.07(9m)(c)2.b.; 71.28(6)(c)2.b.; 71.47(6)(c)2.b.

⁹ Wis. Stat. § 71.07(9m)(c)1; 71.28(6)(c)1; 71.47(6)(c)1

¹⁰ Wis. Stat. §71.07(9m)(c)2.c.; 71.28(6)(c)2.c.; 71.47(6)(c)2.c.



WEDC may deny certification to an otherwise eligible ~~project~~Project based on funding availability or other application criteria. Funding certifications will be effective for three years commencing on the initial ~~date of~~Certification Date and must be claimed based on actual qualified rehabilitation expenditures by the conclusion of the three-year period; however, a ~~project~~Project may be approved for six years if the rehabilitation is substantial and occurring in phases. WEDC may extend certification windows at its discretion.

If a person who claims a credit under this subsection and a credit under section 47 of the Internal Revenue Code for the same qualified rehabilitation expenditures is required to repay any amount of the credit claimed under section 47 of the Internal Revenue Code, the person shall repay to the Department of Revenue a proportionate amount of the credit claimed under this subsection.¹¹

Incentives and Available Funding (~~FY19~~FY20):

The incentive through this program is a 20% transferable tax credit of qualified rehabilitation expenses. Fund certifications are awarded on a rolling basis, at the discretion of WEDC. In accordance with 2017 Wisconsin Act 280, the maximum amount of credits for all ~~projects~~Projects undertaken on the same ~~parcel~~Parcel may not exceed \$3,500,000.¹²

Activities and Expected Outcomes:

Assist 25 community ~~projects~~Projects and achieve a 5:1 leverage of other investment.

Performance Reporting:

Recipients will be required to submit a performance report including the WHS Part III of the Historic Preservation Certification Application upon ~~project~~Project completion.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate ~~project~~Project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The HTC program has a continuous application process. WEDC certifications for Certified Historic Buildings will adhere to the following process:

1. Applicant must submit Part I and II of the Historic Preservation Certification Application to WHS.
2. WHS will provide to WEDC evidence that the planned rehabilitation is recommended by the SHPO.
3. WEDC, upon review, may issue a Historic Preservation Tax Credit Certification.

¹¹ Wis. Stat. §71.07(9m)(i); 71.28(6)(i); 71.47(6)(i)

¹² Wis. Stat. § 238.17(2).

- ~~4. Upon completion of work, the applicant will submit to WHS Part III of the Historic Preservation Certification Application.~~
- ~~5. WHS will provide to WEDC evidence that the completed rehabilitation complies with WHS standards.~~



Certifications may be amended by submitting the ~~project~~Project through SHPO's Part II amendment process or upon completion of the Part III Historic Preservation Certification Application. WEDC will determine if the amendment warrants an increase in certified funds.

For more information on application review, internal process, and award distribution, please refer to the WEDC's award administration policies and procedures.

Revision History:



Effective Date	Description of Change
7/1/2017	Revised reporting requirements to use DOR Schedule HR instead of IRS form 3468
7/1/2017	Clarified eligibility requirements for certified historic structures and qualified rehabilitated buildings
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7/1/2018	Pursuant to 26 U.S.C. § 47 (2017) (as amended in 2017 by Pub. L. No. 115-97), eliminated eligibility for qualified rehabilitated buildings
7/1/2018	Added statutory citations
<u>7/1/2019</u>	<u>Clarified definitions in consultation with the Wisconsin State Historic Preservation Office; added statutory citations; clarified performance reporting requirements; removed unnecessary language from the application and awards process</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____



Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Industrial Revenue Bonding (IRB)

Program Inception: 1969 Wisconsin Act 278

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** Click here to insert date

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Industrial Revenue Bonds (IRB) Program is to primarily incent expansions of manufacturing facilities in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention & Expansion

Program Description:

WEDC is responsible for allocating volume cap on the issuance of private activity bonds¹. The volume cap limits the amount of bonding authority that can be issued in a year. Once the annual cap is established under federal law, WEDC allocates bonding authority pursuant to Section 238.10 and the Policy on the Allocation of Volume Cap².

Generally, the volume cap allocated by WEDC is for Industrial Revenue Bonds (IRBs). At the federal level, Industrial Revenue Bonds are covered by Sections 103 and 141 through 149 of the Internal Revenue Code and Income Tax Regulations, which establish the nature and size of projects which qualify for federal tax exemption of interest.³

IRB bonds are tax-exempt bonds that can be used to stimulate capital investment and job creation by providing private borrowers with access to financing at interest rates that are lower than conventional bank loans. The IRB process involves five separate entities – the borrower, lender, bond attorney, issuer, and WEDC. Each year, federal law establishes a "volume cap" which applies at the state level. The municipalities and counties sell the IRBs and loan the proceeds to eligible businesses undertaking eligible projects.

Eligibility Requirements:

Manufacturers can use the IRB proceeds for building, land or equipment but not working capital. There are restrictions on bond size and total capital expenditures. Manufacturing includes nearly every type of processing that results in a change in the condition of tangible personal property. The facility being financed must be located in the state of Wisconsin unless otherwise allowed by law.⁶

¹ Wis. Stat. § 238.10

² Wis. Stat. § 238.10

³ I.R.C. § 103; I.R.C. § 141-149.

⁶ 26 USC § 146(k)



According to federal tax law, the maximum size of a IRB issue is \$10 million.⁷ For IRB issues exceeding \$1 million, capital expenditures in the municipality where the project is located cannot exceed \$20 million during the three years before and the three years after the date the IRBs are issued.⁸ The \$20 million capital expenditure limitation includes any principal user of the facility and also related persons⁹. Also, the total amount of IRBs outstanding at all related operations of the business, in all states, may not exceed \$40 million.¹⁰

Exempt Facility Bonds are bonds issued for one of the following project type, and are not subject to the same rules as other private activity bonds:¹¹

- airports
- docks and wharves
- mass-commuting facilities such as high-speed rail
- facilities for furnishing water
- sewage facilities
- solid waste disposal facilities
- facilities for the local furnishing of electric energy or gas
- facilities for local district heating and cooling
- qualified hazardous waste facilities.

WEDC can allocate volume cap for any private activity bond, including both exempt and non-exempt projects.

To qualify for an IRB volume cap allocation, the following must be satisfied:

- Notice of intent: At least 30 days prior to entering into a revenue agreement with a municipality or county, the business benefitting from the bonds must give WEDC a notice of intent to enter into the agreement, on a form prescribed by WEDC.¹³ No later than 20 days after receipt of this notice, WEDC will issue a Job Impact to the municipality or county, estimating whether the project is expected to eliminate, create, or maintain jobs on the project site and elsewhere in the state and the net number of jobs expected to be eliminated, created, or maintained as a result of the project.¹⁴
- Good faith estimate: Prior to adoption of an initial resolution, WEDC must receive a good faith estimate of attorney fees which will be paid from bond proceeds.¹⁵
- Initial resolution: Within 20 days following publication of notice, WEDC must be provide a copy of the initial resolution together with a statement indicating when the public notice required under s. 66.1103(10)(b) was published.¹⁶
- Notice of closing: After the closing of the bond issue, WEDC shall be notified of the closing date, any substantive changes made to documents previously filed with WEDC, and the principal

⁷ I.R.C. § 144(a)(4).

⁸ I.R.C. § 144 (a)(4)

⁹ I.R.C. § 144 (a)(3)

¹⁰ I.R.C. § 144 (a)(10)(A)

¹¹ I.R.C. § 142

¹³ Wis. Stat. § § 66.1103(4m)(a)1 & 238.11(1).

¹⁴ Wis. Stat. § § 238.11(2) & (5).

¹⁵ Wis. Stat. § 66.1103(10)(g).

¹⁶ Wis. Stat. § 66.1103(10)(c).



amount of the financing.¹⁷ This notice must be filed with WEDC within five business days from the date of the closing. The notice must also include the following information: buyer/underwriter, type of sale (public or private), term, and interest rates.

Incentives and Available Funding (FY20):

Volume Cap is allocated on a calendar year basis. The total amount for WEDC for calendar year 2019 was **\$300,212,320**. The federal tax code allows each state to establish by law its own formula for allocating its volume cap.¹⁸ Volume cap is allocated on a state-wide basis pursuant to § 238.10, Wis. Stats. and the Policy on the Allocation of Volume Cap.¹⁹

Specifically, WEDC must:

- (a) Ensure that the amount of private activity bonds issued in a calendar year does not exceed WEDC's volume cap for such calendar year.²⁵
- (b) Calculate the state ceiling which is calculated using information published in the federal register each year. State population is to be determined on the basis of the most recent census estimate of the resident population of the state released by the Bureau of Census before the beginning of the calendar year.²⁶
- (c) WEDC may elect to carryforward excess volume cap from a calendar year to the following calendar year if it identifies the amount and use of such excess.²⁷

Activities and Expected Outcomes:

Assist 10 businesses through the authorization of tax-exempt municipal bond sales.

Performance Reporting:

Performance is measured by the number of bond issues that occur each year as a result of the volume cap being allocated, as documented by the number of bond closings.

For each allocation of volume cap for an IRB, the following must occur:

- Employers that do not certify to the municipality or county prior to entering into the revenue agreement that their project is not expected to result in lost jobs must submit a quarterly report every three months during the first year after the construction of the project is completed, providing information about new jobs, lost jobs, and offers of employment made to persons who were formerly at lost jobs.²⁸

¹⁷ Wis. Stat. § 66.1103(10)(c).

¹⁸ I.R.C. § 146

¹⁹ Wis. Stat. § 238.10

²⁵ 26 USC § 146(a)

²⁶ 26 USC § 146(j)

²⁷ 26 USC § 146(f)

²⁸ Wis. Stat. § 66.1103(4s)(b).



- Within 12 months after the project is completed or 2 years after a revenue bond is issued to finance the project, whichever is sooner, the business benefitting from the bonds must submit to WEDC, on a form prescribed by WEDC, the net number of jobs eliminated, created, or maintained on the project site and elsewhere in the state as a result of the project.²⁹

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with statutory requirements.

Volume cap issued by WEDC for bonds other than an IRB do not require performance reports.

Application and Awards Process:

The IRB program has a continuous application process. Applicants for an Industrial Revenue Bond volume cap allocation should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

If bonds are not sold within 30 days from the certification date or by December 1, whichever comes first, the applicant must submit a deposit of 0.5% of the allocation (a 1.0% deposit if the allocation is requested on or after October 1) to WEDC.³⁰ The deposit reserves the allocation for a period equal to the lesser of 90 days from the certification date or the remainder of the calendar year. The deposit is refundable following the bond closing, but is forfeited if the bonds are not sold. However, the deposit and forfeiture may be waived if circumstances warrant. In addition, a non-refundable fee equal to 0.10% of the amount of the bond issue must be submitted with the notice of bond issuance³¹.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2018	Added statutory citations
7/1/2018	Clarified eligibility and performance reporting requirements
7/1/2019	Aligned eligibility requirements, incentives and available funding, and performance reporting with federal Internal Revenue Code and Income Tax Regulations; eliminated cap on bond issuance fees; clarified performance reporting requirements

²⁹ Wis. Stat. § 66.1103(4m)(b) & 238.11(1))

³⁰ Wis. Stat. 238.10(3).

³¹ Wis. Stat. 238.10(3)



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Industrial Revenue Bonding (IRB)

Program Inception: 1969 Wisconsin Act 278

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** Click here to insert date

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Industrial Revenue Bonds (IRB) Program is to primarily incent expansions of manufacturing facilities in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention & Expansion

Program Description:

WEDC is responsible for allocating volume cap on the issuance of private activity bonds¹. The volume cap limits the amount of bonding authority that can be issued in a year. Once the annual cap is established under federal law, WEDC allocates bonding authority pursuant to Section 238.10 and the Policy on the Allocation of Volume Cap².

Generally, the volume cap allocated by WEDC is for Industrial Revenue Bonds (IRBs). At the federal level, Industrial Revenue Bonds are covered by Sections 103 and 141 through 149 of the Internal Revenue Code and Income Tax Regulations, which establish the nature and size of projects which qualify for federal tax exemption of interest.³

IRB bonds are tax-exempt bonds that can be used to stimulate capital investment and job creation by providing private borrowers with access to financing at interest rates that are lower than conventional bank loans. The IRB process involves five separate entities – the borrower, lender, bond attorney, issuer, and WEDC. Each year, federal law establishes a "volume cap" which applies at the state level.

~~The volume cap limits the amount of bonding authority that a municipality or county can issue to businesses in that year. Once the annual cap is established under federal law, WEDC allocates bonding authority to the various municipalities and counties to issue IRBs pursuant to Section 238.10 and the Policy on the Allocation of Volume Cap⁴.~~

The municipalities and counties sell the IRBs and loan the proceeds to eligible businesses undertaking eligible projects.

Eligibility Requirements:

¹ Wis. Stat. § 238.10

² Wis. Stat. § 238.10

³ I.R.C. § 103; I.R.C. § 141-149.

⁴ ~~Wis. Stat. § 238.10~~



~~At the federal level, Industrial Revenue Bonds are covered by Sections 103 and 141 through 149 of the Internal Revenue Code and Income Tax Regulations, which establish the nature and size of projects which qualify for federal tax exemption of interest.⁵~~

Manufacturers can use the IRB proceeds for building, land or equipment but not working capital. There are restrictions on bond size and total capital expenditures. Manufacturing includes nearly every type of processing that results in a change in the condition of tangible personal property. The facility being financed must be located in the state of Wisconsin unless otherwise allowed by law.⁶

According to federal tax law, the maximum size of a IRB issue is \$10 million.⁷ For IRB issues exceeding \$1 million, capital expenditures in the municipality where the project is located cannot exceed \$20 million during the three years before and the three years after the date the IRBs are issued.⁸ The \$20 million capital expenditure limitation includes any principal user of the facility and also related persons ~~(more than 50% owner of stock or partnership interests).~~⁹ Also, the total amount of IRBs outstanding at all related operations of the business, in all states, may not exceed \$40 million.¹⁰ ~~“Exempt” projects do not have to comply with the \$10 million maximum bond size, the \$20 million capital expenditure limit, and the \$40 million aggregate limit. Exempt projects include:~~

Exempt Facility Bonds are bonds issued for one of the following project type, and are not subject to the same rules as other private activity bonds:¹¹

- airports
- docks and wharves
- mass-commuting facilities such as high-speed rail
- facilities for furnishing water
- sewage facilities
- solid waste disposal facilities
- facilities for the local furnishing of electric energy or gas
- facilities for local district heating and cooling
- qualified hazardous waste facilities.¹²

WEDC can allocate volume cap for any private activity bond, including both exempt and non-exempt projects.

To qualify for an IRB volume cap allocation, the following must be satisfied:

- Notice of intent: At least 30 days prior to entering into a revenue agreement with a municipality or county, the business benefitting from the bonds must give WEDC a notice of intent to enter

⁵ ~~I.R.C. § 103; I.R.C. § 141-149.~~

⁶ 26 USC § 146(k)

⁷ I.R.C. § 144(a)(4).

⁸ I.R.C. § 144 (a)(4)

⁹ I.R.C. § 144 (a)(3)

¹⁰ I.R.C. § 144 (a)(10)(A)

¹¹ I.R.C. § 142

¹² I.R.C. § 142 (a)



into the agreement, on a form prescribed by WEDC.¹³ No later than 20 days after receipt of this notice, WEDC will estimate issue a Job Impact to the municipality or county, estimating whether the project is expected to eliminate, create, or maintain jobs on the project site and elsewhere in the state and the net number of jobs expected to be eliminated, created, or maintained as a result of the project.¹⁴

- Good faith estimate: Prior to adoption of an initial resolution, WEDC must receive a good faith estimate of attorney fees which will be paid from bond proceeds.¹⁵
- Initial resolution: Within 20 days following publication of notice, WEDC must be provide a copy of the initial resolution together with a statement indicating when the public notice required under s. 66.1103(10)(b) was published.¹⁶
- Notice of closing: After the closing of the bond issue, WEDC shall be notified of the closing date, any substantive changes made to documents previously filed with WEDC, and the principal amount of the financing.¹⁷ This notice must be filed with WEDC within five business days from the date of the closing. The notice must also include the following information: buyer/underwriter, type of sale (public or private), term, and interest rates.

Incentives and Available Funding (~~FY19~~FY20):

~~IRB volume cap~~Volume Cap is allocated on a calendar year basis. The total amount for WEDC for calendar year ~~2018~~2019 was ~~\$299,262,858~~\$300,212,320. The federal tax code allows each state to establish by law its own formula for allocating its volume cap.¹⁸ Volume cap is allocated on a state-wide basis pursuant to § 238.10, Wis. Stats. and the Policy on the Allocation of Volume Cap.¹⁹

~~The incentive in this program is access to tax-exempt bonds at interest rates that are lower than conventional bank loans, typically 75% of the conventional interest rate that would otherwise apply to the financing. The bond is subject to the following limitations under federal tax law:~~

- ~~• No more than 25% of the net proceeds of the IRBs may be used for land acquisition.²⁰~~
- ~~• No used property can be acquired with IRB proceeds, unless substantial rehabilitation is done within two years after the later of the date the property was acquired or the date the IRB was issued. Substantial rehabilitation is defined as 15% of the amount financed with the proceeds of the IRBs for buildings, 100% for "structures other than a building". The rehabilitation has to take place within the existing footprint of the building to be acquired.²¹~~
- ~~• The average maturity of the IRBs cannot exceed 120% of the weighted average economic life of the project.²²~~
- ~~• Depreciation of IRB financed property must be straight line not accelerated.²³~~

¹³ Wis. Stat. § 66.1103(4m)(a)1 & 238.11(1).

¹⁴ Wis. Stat. § 238.11(2) & (5).

¹⁵ Wis. Stat. § 66.1103(10)(g).

¹⁶ Wis. Stat. § 66.1103(10)(c).

¹⁷ Wis. Stat. § 66.1103(10)(c).

¹⁸ I.R.C. § 146

¹⁹ Wis. Stat. § 238.10

²⁰ ~~I.R.C. § 147~~

²¹ ~~I.R.C. § 147 (d)(2)~~

²² ~~I.R.C. § 147 (b)~~

²³ ~~I.R.C. § 147(b)~~



• ~~All of the proceeds must be used within a three-year period.~~²⁴
Specifically, WEDC must:

- (a) Ensure that the amount of private activity bonds issued in a calendar year does not exceed WEDC's volume cap for such calendar year.²⁵
- (b) Calculate the state ceiling which is calculated using information published in the federal register each year. State population is to be determined on the basis of the most recent census estimate of the resident population of the state released by the Bureau of Census before the beginning of the calendar year.²⁶
- (c) WEDC may elect to carryforward excess volume cap from a calendar year to the following calendar year if it identifies the amount and use of such excess.²⁷

Activities and Expected Outcomes:

Assist ~~seven~~10 businesses through the authorization of tax-exempt municipal bond sales.

Performance Reporting:

Performance is measured by the number of ~~IRB~~ bond issues that occur each year as a result of the volume cap being allocated, as documented by the number of bond closings.

For each allocation of volume cap for an IRB, the following must occur:

- Employers that do not certify to the municipality or county prior to entering into the revenue agreement that their project is not expected to result in lost jobs must submit a quarterly report every three months during the first year after the construction of the project is completed, providing information about new jobs, lost jobs, and offers of employment made to persons who were formerly at lost jobs.²⁸
- Within 12 months after the project is completed or 2 years after a revenue bond is issued to finance the project, whichever is sooner, the business benefitting from the bonds must submit to WEDC, on a form prescribed by WEDC, the net number of jobs eliminated, created, or maintained on the project site and elsewhere in the state as a result of the project.²⁹

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with statutory requirements.

Volume cap issued by WEDC for bonds other than an IRB do not require performance reports.

Application and Awards Process:

²⁴ ~~I.R.C. § 146 (d)(3)~~

²⁵ 26 USC § 146(a)

²⁶ 26 USC § 146(j)

²⁷ 26 USC § 146(f)

²⁸ Wis. Stat. § 66.1103(4s)(b).

²⁹ Wis. Stat. § § 66.1103(4m)(b) & 238.11(1))



The IRB program has a continuous application process. Applicants for an Industrial Revenue Bond volume cap allocation should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

If bonds are not sold within 30 days from the certification date or by December 1, whichever comes first, the applicant must submit a deposit of 0.5% of the allocation (a 1.0% deposit if the allocation is requested on or after October 1) to WEDC.³⁰ The deposit reserves the allocation for a period equal to the lesser of 90 days from the certification date or the remainder of the calendar year. The deposit is refundable following the bond closing, but is forfeited if the bonds are not sold. However, the deposit and forfeiture may be waived if circumstances warrant. In addition, a non-refundable fee equal to 0.10% of the amount of the bond issue must be submitted with the notice of bond issuance. ~~The fee is capped at \$10,000 for exempt and non-exempt projects and may be waived by WEDC if economic circumstances warrant it.~~³¹

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2018	Added statutory citations
7/1/2018	Clarified eligibility and performance reporting requirements

³⁰ Wis. Stat. 238.10(3).

³¹ [Wis. Stat. 238.10\(3\)](#)



7/1/2019

Aligned eligibility requirements, incentives and available funding, and performance reporting with federal Internal Revenue Code and Income Tax Regulations; eliminated cap on bond issuance fees; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Idle Sites Redevelopment Program

Program Inception: WEDC FY14

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Idle Sites Redevelopment Program is to incent community redevelopment in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

The program offers grants of up to \$500,000 to Wisconsin communities for the redevelopment of sites that have been idle, abandoned, or underutilized for a period of at least five years. Blighted properties may be perceived as eyesores that can lead to decreased property tax revenue for a community. The Idle Sites Redevelopment Program provides incentives to help rejuvenate abandoned blighted sites and assistance in elevating local economies. Approved projects can use funds for demolition, environmental remediation, infrastructure or site-specific improvements to advance the site to shovel ready status or enhance the site's market attractiveness.

Eligibility Requirements:

Definitions:

"Designated Rural County" means a county with a population density of less than 155 residents per square mile.

"Opportunity Zone" means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

The Applicant:

- Any city, village, town, county, government entity, or tribal entity that has one of the following:
 - An officially approved development agreement that describes the project and its goals, anticipated outcomes, project timeline, and actions, obligations and investments to be made by each party; or
 - An officially approved redevelopment plan that describes the project and its goals, anticipated outcomes, project timeline, and actions, obligations and investments necessary to achieve redevelopment



The Project Site:

- May be:
 - one or more contiguous industrial parcels that exceed 5 acres and had long term (over 25 years) industrial usage; or
 - one or more contiguous commercial parcels that exceed 10 acres and had long term (over 25 years) commercial usage; for projects in a Designated Rural County or Opportunity Zone, parcels need to exceed 5 acres; or
 - one or more contiguous institutional parcels that exceed 5 acres and had long term (over 25 years) institutional usage
- Applicants must own the targeted site or demonstrate the legal ability to access the property and perform the work proposed in the application

Eligible Costs:

- Grant and matching funds can be used for demolition, environmental remediation, rehabilitation or infrastructure improvements.
- Match may also include acquisition costs.
- WEDC funds cannot exceed 30% of eligible project costs

Activities ineligible for grant assistance or matching funds include, but are not limited to:

- Past costs
- In-kind contributions
- Costs of new construction
- Indirect construction costs (a.k.a. “soft” costs)
- Environmental work occurring on properties in which the current owner is also a causer who possessed or controlled the contaminant(s) on the site

Applicants must provide a signed resolution by the governing elected body authorizing the submittal of an application to the ISR Program and an approved development agreement or redevelopment plan demonstrating committed local and private investment that will likely provide for economic benefits such as increased generation of property taxes, reduced urban sprawl, use of existing infrastructure, reduction of environmental risks, and the creation of full-time permanent jobs.

WEDC will take the following into account when considering an ISR grant:

- The potential of the project to promote economic and community development in the area
- A written financial commitment by a lending institution and / or government entity to the applicant enabling the project to reach fruition
- The adequacy and completeness of the site investigation and remediation effort
- The extent to which costs are budgeted and itemized by qualified parties
- The size and location of the property and the site’s relationship to economic centers
- The economic distress of the community encompassing the project site
- Feasibility and readiness of the proposed project

Incentives and Available Funding (FY20): \$2,500,000

The incentives in this program are grants of up to \$500,000 for redevelopment of idle sites of 5 acres or larger. Applicants may receive one award per fiscal year.



Activities & Expected Outcomes:

Assist six communities and achieve a 20:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, assessed taxable property values, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The ISR program has a continuous application process. Applicants for an ISR grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and will go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Changed to an ongoing application process
7/1/2017	Added requirement for signed resolution of support from local government unit submitting application
7/1/2017	Added limitation for one award per fiscal year per community
7/1/2018	Clarified the terms development agreement and redevelopment plan
7/1/2018	Expanded types of eligible sites and reduced acreage requirements in a Designated Rural County
7/1/2019	Clarified eligible costs; reduced acreage requirements for projects in an Opportunity Zone; clarified performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Idle Sites Redevelopment Program

Program Inception: WEDC FY14

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Idle Sites Redevelopment Program is to incent community redevelopment in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

The program offers grants of up to \$500,000 to Wisconsin communities for the redevelopment of sites that have been idle, abandoned, or underutilized for a period of at least five years. Blighted properties may be perceived as eyesores that can lead to decreased property tax revenue for a community. The Idle Sites Redevelopment Program provides incentives to help rejuvenate abandoned blighted sites and assistance in elevating local economies. Approved projects can use funds for demolition, environmental remediation, infrastructure or site-specific improvements to advance the site to shovel ready status or enhance the site's market attractiveness.

Eligibility Requirements:

Definitions:

"Designated Rural County" means a county with a population density of less than 155 residents per square mile.

"Opportunity Zone" means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

The Applicant:

- Any city, village, town, county, government entity, or tribal entity that has one of the following:
 - An officially approved development agreement that describes the project and its goals, anticipated outcomes, project timeline, and actions, obligations and investments to be made by each party; or
 - An officially approved redevelopment plan that describes the project and its goals, anticipated outcomes, project timeline, and actions, obligations and investments necessary to achieve redevelopment



The Project Site:

- May be:
 - one or more contiguous industrial parcels that exceed 5 acres and had long term (over 25 years) industrial usage; or
 - one or more contiguous commercial parcels that exceed 10 acres and had long term (over 25 years) commercial usage; for projects in a Designated Rural Countyies or Opportunity Zone, parcels need to exceed 5 acres; or
 - one or more contiguous institutional parcels that exceed 5 acres and had long term (over 25 years) institutional usage
- Applicants must own the targeted site or demonstrate the legal ability to access the property and perform the work proposed in the application

Eligible Costs:

- Grant and matching funds can be used for demolition, environmental remediation, rehabilitation or infrastructure improvements.
- Match may also include acquisition costs.
- WEDC funds cannot exceed 30% of eligible project costs

Activities ineligible for grant assistance or matching funds include, but are not limited to:

- Past costs
- In-kind contributions
- Costs of new construction
- Indirect construction costs (a.k.a. “soft” costs)
- Environmental work occurring on properties in which the current owner is also a causer who possessed or controlled the contaminant(s) on the site

Applicants must provide a signed resolution by the governing elected body authorizing the submittal of an application to the ISR Program and an approved development agreement or redevelopment plan demonstrating committed local and private investment that will likely provide for economic benefits such as increased generation of property taxes, reduced urban sprawl, use of existing infrastructure, reduction of environmental risks, and the creation of full-time permanent jobs.

WEDC will take the following into account when considering an ISR grant:

- The potential of the project to promote economic and community development in the area
- A written financial commitment by a lending institution and / or government entity to the applicant enabling the project to reach fruition
- The adequacy and completeness of the site investigation and remediation effort
- The extent to which costs are budgeted and itemized by qualified parties
- The size and location of the property and the site’s relationship to economic centers
- The economic distress of the community encompassing the project site
- Feasibility and readiness of the proposed project

Incentives and Available Funding (~~FY19~~FY20): ~~\$1,500,000~~\$2,500,000

The incentives in this program are grants of up to \$500,000 for redevelopment of idle sites of 5 acres or larger. Applicants may receive one award per fiscal year.



Activities & Expected Outcomes:

Assist ~~four~~six communities and achieve a 20:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting capital investment, assessed taxable property values, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The ISR program has a continuous application process. Applicants for an ISR grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and will go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Changed to an ongoing application process
7/1/2017	Added requirement for signed resolution of support from local government unit submitting application
7/1/2017	Added limitation for one award per fiscal year per community
7/1/2018	Clarified the terms development agreement and redevelopment plan
7/1/2018	Expanded types of eligible sites and reduced acreage requirements in a Designated Rural County
<u>7/1/2019</u>	<u>Clarified eligible costs; reduced acreage requirements for projects in an Opportunity Zone; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Main Street and Connect Communities
Program Inception: 1987 Wisconsin Main Street Act; WEDC FY13
Lead Division: Business and Community Development
☒ **New** ☐ **Revised** [Click here to enter a date.](#)
☒ **Aid** ☐ **Pass-thru Aid** ☒ **Technical Assistance**

Program Goal:

The goal of the Main Street and Connect Communities Program is to support downtown community development in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Downtown Development

Program Description:

WEDC provides technical assistance to communities in the planning, management, and implementation of strategic development projects in downtowns and urban neighborhoods. This includes Main Street support and Connect Communities, which is aimed at supplementing the Main Street program by expanding services to more downtowns across the state.

WEDC will maintain partnerships and develop new ones with other state and local public and private entities such as the Wisconsin Downtown Action Council, UW-Extension and USDA Rural Development to provide services to municipalities undertaking downtown revitalization projects.

WEDC will annually develop a plan that describes the objectives of the state Main Street Program and the methods for 1) coordinating with public and private sector, 2) soliciting private sector funds, and 3) helping municipalities engage in revitalization with help from interested individuals and organizations.¹ WEDC matches technical assistance from our own staff, the National Main Street Center and outside consultants to needs of respective municipalities and non-profit organizations. WEDC will also work with local communities to set strategies to solicit funding from the private sector in those communities to support the local downtown revitalization effort.

Eligibility Requirements:

Eligible entities for Connect Communities and Main Street Communities are communities with a central or core business district and demonstrated local commitment to preservation and revitalization activities.

WEDC will take the following into account when considering Main Street or Connect Communities applications²:

¹ Wis. Stat. § 238.127(2)(c)

² Wis. Stat. § 238.127(2)(f)



- 1) Organizational capability: An applicant's ability to bring financial and volunteer resources together according to the National Main Street Center's four-point approach to downtown revitalization.
- 2) Public Sector Commitment³: The participation from local government in the form of financial and staff commitment to the local downtown revitalization effort.
- 3) Private Sector Commitment⁴: The participation from local businesses and individuals in the form of financial⁵ and volunteer commitment to the local downtown revitalization effort.
- 4) Financial Capacity: The ability of the community to bring together comprehensive financial resources to adequately support the downtown revitalization program. For Main Street Communities, this includes funds to employ a local program manager to manage the effort for at least 5 years.⁶ Communities with populations of 5,000 or more must employ a full-time, paid program manager and meet a minimum budget requirement. Communities of less than 5,000 must employ a half-time program manager and meet a minimum budget requirement. A community's ability and commitment to hiring design consultants⁷ and providing training⁸ will also be taken into consideration.
- 5) Need: Applicants must show that they need the Connect Communities or Main Street Program. This need is exhibited by vacancy rate, excessive competition from competing areas, blight, building deterioration, and business mix issues.
- 6) Physical Capacity: An applicant's ability to show that they have sufficient building stock, businesses and a recognizable downtown district.
- 7) Historic Integrity: An applicant's existing historic resources in the downtown and genuine interest in saving and restoring their historic structures. WEDC will employ a Design Specialist to assist Main Street communities with design plans.

In addition to these criteria, local Main Street communities must commit to training and sharing downtown revitalization information with communities that do not participate in the Main Street Program.⁹

Incentives and Available Funding (FY20): \$ (staff and non-aids contracting)

This is a technical assistance program, therefore no funding is provided directly. This technical assistance is given in the form of training, façade renderings, small business consultations, and hiring of outside consultants to address topics such as business recruitment & retention, branding, historic preservation planning and event development. Per § 238.127(2)(j) Wis. Stat., WEDC expends at least \$250,000 annually on the Main Street Program, which covers administration, staff resources and outside consulting services.

Activities & Expected Outcomes:

Assist 33 Main Street communities, plus one new community in FY20; 74 Connect Communities, plus 12 new communities in FY20, and 90 small businesses.

³ Wis. Stat. § 238.127(2)(f)1.

⁴ Wis. Stat. § 238.127(2)(f)1.

⁵ Wis. Stat. § 238.127(2)(f)2.

⁶ Wis. Stat. § 238.127(2)(f)3.

⁷ Wis. Stat. § 238.127(2)(f)4.

⁸ Wis. Stat. § 238.127(2)(f)5.

⁹ Wis. Stat. § 238.127(2)(h).



Performance Reporting:

Main Street participants will be required to submit a periodic performance report documenting new businesses, new jobs, buildings rehabilitated, public improvements, attendance at promotional events, new downtown housing units, volunteer hours, as well as any other contract deliverable.

Connect Communities will have a reporting system that will track investment, businesses, jobs and accomplishments annually for the duration of their program participation.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Main Street

The Wisconsin Economic Development Corporation will annually select up to three new Main Street communities based on applications submitted to WEDC. Applicants must first participate in a Main Street application workshop. The application workshops are typically done regionally in the fall. The workshops describe building local commitment, raising funds, the Main Street Approach and budgeting. Following the application workshop, letters of intent need to be submitted from potential applicants to the Account Manager.

The Main Street application process is competitive. When applications are received they go to an outside committee that is selected annually. Committee members have backgrounds related to downtown development. The committee meets once a year to help select new Main Street Communities. This committee scores the applications off-site and then convenes. During this meeting the applicant communities will make short presentations to back up their applications. The scoring committee will then discuss the applications and make adjustments to their scores. They will then make motions and vote on who they will be recommending for Main Street status. This recommendation is reviewed by management for approval, the communities are informed that they have been selected as Main Street communities and previously marketed assistance is implemented immediately starting with a Kickoff Visit. As this is a technical assistance program, no funds are awarded.

Connect Communities

Communities interested in the Connect Communities program submit an application through one or more announced application periods. Applications are reviewed by Downtown Development staff and the recommendations are approved by management. Applicants are subject to background checks as part of the review process. Selected communities must pay an annual fee of \$200 to WEDC.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2019	Added statutory citations; simplified Program Description; clarified Expected Outcomes.

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: Main Street and Connect Communities
Program Inception: 1987 Wisconsin Main Street Act; WEDC FY13
Lead Division: Business and Community Development
☒ **New** ☐ **Revised** [Click here to enter a date.](#)
☒ **Aid** ☐ **Pass-thru Aid** ☒ **Technical Assistance**

Program Goal:

The goal of the Main Street and Connect Communities Program is to support downtown community development in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Downtown Development

Program Description:

WEDC provides technical assistance to communities in the planning, management, and implementation of strategic development projects in downtowns and urban neighborhoods. This includes Main Street support (~~under § 238.127, Wis. Stats.~~) and Connect Communities, which is aimed at supplementing the Main Street program by expanding services to more downtowns across the state.

WEDC will maintain partnerships and develop new ones with other state and local public and private entities such as the Wisconsin Downtown Action Council, UW-Extension and USDA Rural Development to provide services to municipalities undertaking downtown revitalization projects.

WEDC will annually develop a plan that describes the objectives of the state Main Street Program and the methods for 1) coordinating with public and private sector, 2) soliciting private sector funds, and 3) helping municipalities engage in revitalization with help from interested individuals and organizations.¹ WEDC matches technical assistance from our own staff, the National Main Street Center and outside consultants to needs of respective municipalities and non-profit organizations. -WEDC will also work with local communities to set strategies to solicit funding from the private sector in those communities to support the local downtown revitalization effort.

~~Goals for the program are based on reinvestment categories such as private and public development, building rehabilitation projects, new businesses and jobs created. WEDC's work to support community efforts to revitalize downtowns supports the core strategy of enabling a world-class, high-performing economic development network to drive business startup, retention and expansion. Participants in the Main Street Program and Connect Communities increase tax base, jobs, reinvestment, appeal of the downtown districts and long-term vitality of their respective communities.~~

Eligibility Requirements:

¹ [Wis. Stat. § 238.127\(2\)\(c\)](#)



Eligible entities for Connect Communities and Main Street Communities are communities with a central or core business district and demonstrated local commitment to preservation and revitalization activities.

WEDC will take the following into account when considering Main Street or Connect Communities applications²:

- 1) Organizational capability: An applicant's ability to bring financial and volunteer resources together according to the National Main Street Center's four-point approach to downtown revitalization.
- 2) Public Sector Commitment³: The participation from local government in the form of financial and staff commitment to the local downtown revitalization effort.
- 3) Private Sector Commitment⁴: The participation from local businesses and individuals in the form of financial⁵ and volunteer commitment to the local downtown revitalization effort.
- 4) Financial Capacity: The ability of the community to bring together comprehensive financial resources to adequately support the downtown revitalization program. For Main Street Communities, this includes funds to employ a local program manager to manage the effort for at least 5 years.⁶ Communities with populations of 5,000 or more must employ a full-time, paid program manager and meet a minimum budget requirement. Communities of less than 5,000 must employ a half-time program manager and meet a minimum budget requirement. A community's ability and commitment to hiring design consultants⁷ and providing training⁸ will also be taken into consideration.
- 5) Need: Applicants must show that they need the Connect Communities or Main Street Program. This need is exhibited by vacancy rate, excessive competition from competing areas, blight, ~~inappropriate history of design projects~~building deterioration, and business mix issues.
- 6) Physical Capacity: An applicant's ability to show that they have sufficient building stock, businesses and a recognizable downtown district.
- 7) Historic Integrity: An applicant's existing historic resources in the downtown and genuine interest in saving and restoring their historic structures. WEDC will employ a Design Specialist to assist Main Street communities with design plans.

In addition to these criteria, local Main Street communities must commit to training and sharing downtown revitalization information with communities that do not participate in the Main Street Program.⁹

Incentives and Available Funding (FY19FY20): ~~\$300,000~~ (staff and non-aids contracting)

This is a technical assistance program ~~so, therefore~~ no funding is provided directly. -This technical assistance is given in the form of training, façade renderings, small business consultations, and hiring of outside consultants to address topics such as business recruitment & retention, branding, historic preservation planning and event development. Per § 238.127(2)(j) Wis. Stat., WEDC expends at least

² Wis. Stat. § 238.127(2)(f)

³ Wis. Stat. § 238.127(2)(f)1.

⁴ Wis. Stat. § 238.127(2)(f)1.

⁵ Wis. Stat. § 238.127(2)(f)2.

⁶ Wis. Stat. § 238.127(2)(f)3.

⁷ Wis. Stat. § 238.127(2)(f)4.

⁸ Wis. Stat. § 238.127(2)(f)5.

⁹ Wis. Stat. § 238.127(2)(h).



\$250,000 annually on the Main Street Program, which covers administration, staff resources and outside consulting services.

Activities & Expected Outcomes:

Assist ~~35-33~~ Main Street communities, plus one new community in FY20; -78
74 Connect Communities, plus 12 new communities in FY20, -and 90 small businesses.

Performance Reporting:

Main Street participants will be required to submit a periodic performance report documenting new businesses, new jobs, buildings rehabilitated, public improvements, attendance at promotional events, new downtown housing units, volunteer hours, as well as any other contract deliverable.

Connect Communities will have a reporting system that will track investment, businesses, jobs and accomplishments annually for the duration of their program participation.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Main Street

The Wisconsin Economic Development Corporation will annually select up to three new Main Street communities based on applications submitted to WEDC. Applicants must first participate in a Main Street application workshop. The application workshops are typically done regionally in the fall. The workshops describe building local commitment, raising funds, the Main Street Approach and budgeting. Following the application workshop, letters of intent need to be submitted from potential applicants to the Account Manager.

The Main Street application process is competitive. When applications are received they go to an outside committee that is selected annually. Committee members have backgrounds related to downtown development. The committee meets once a year to help select new Main Street Communities. This committee scores the applications off-site and then convenes. During this meeting the applicant communities will make short presentations to back up their applications. The scoring committee will then discuss the applications and make adjustments to their scores. They will then make motions and vote on who they will be recommending for Main Street status. This recommendation is reviewed by management for approval, the communities are informed that they have been selected as Main Street communities and previously marketed assistance is implemented immediately starting with a Kickoff Visit. As this is a technical assistance program, no funds are awarded.

Connect Communities

Communities interested in the Connect Communities program submit an application through one or more announced application periods. WEDC will generally select up to 10 new Connect Communities annually based on applications submitted through one or more application periods. Selected communities must pay an annual fee of \$200 to WEDC.



Applications are reviewed by Downtown Development staff and the recommendations are approved by management. –Applicants are subject to background checks as part of the review process. When applications are received they go to an internal committee. This committee scores the applications and then meets to make a final recommendation. This recommendation goes to management for final approval. –Selected communities must pay an annual fee of \$200 to WEDC.
~~As this is a technical assistance program, no funds are awarded.~~

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
<u>7/1/2019</u>	<u>Added statutory citations; simplified Program Description; clarified Expected Outcomes.</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Minority Business Development (MBD) Program

Program Inception: WEDC FY12

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☐ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Minority Business Development Program (MBD) is to support new and expanding minority, women, and veteran owned businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Minority Business Development

Program Description:

The program is designed to support minority, women, and veteran business development through direct assistance to nonprofit organizations in Wisconsin. The funding is intended to promote investment and job retention and creation in minority communities and underserved markets by increasing access to capital and business development training opportunities.

Eligibility Requirements:

Eligible grant applicants are nonprofit organizations that provide business financing, training or technical assistance to the minority and underserved business community. The recipient must demonstrate professional capacity, financial stability and viability, and a demonstrated need.

Incentives and Available Funding (FY20): \$200,000

The incentives in this program are grants to eligible nonprofit entities to provide technical assistance, training, and/or micro-loans to minority, women, and veteran owned businesses.

Activities and Expected Outcomes:

Award four organizations to support 80 businesses.

Performance Reporting:

Recipients will be required to submit periodic reports on the number of businesses assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.



WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The MBD program has a continuous application process. Applicants for an MBD grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Simplified program due to transition of Minority Business Chambers to Key Strategic Partners during FY18
7/1/2018	Simplified eligibility criteria to expand qualifying organizations
7/1/2019	Clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Minority Business Development (MBD) Program

Program Inception: WEDC FY12

Lead Division: Business and Community Development

☒ **New**

☐ **Revised**

☐ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Minority Business Development Program (MBD) is to support new and expanding minority, women, and veteran owned businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Minority Business Development

Program Description:

The program is designed to support minority, women, and veteran business development through direct assistance to nonprofit organizations in Wisconsin. The funding is intended to promote investment and job retention and creation in minority communities and underserved markets by increasing access to capital and business development training opportunities.

Eligibility Requirements:

Eligible grant applicants are nonprofit organizations that provide business financing, training or technical assistance to the minority and underserved business community. The recipient must demonstrate professional capacity, financial stability and viability, and a demonstrated need.

Incentives and Available Funding (~~FY19~~FY20): ~~\$150,000~~200,000

The incentives in this program are grants to eligible nonprofit entities to provide technical assistance, training, and/or micro-loans to minority, women, and veteran owned businesses.

Activities and Expected Outcomes:

Award ~~three-four~~ organizations to support ~~85-80~~ businesses.

Performance Reporting:

Recipients will be required to submit periodic reports on the number of businesses assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.





Application and Awards Process:

The MBD program has a continuous application process. Applicants for [aan](#) MBD grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Simplified program due to transition of Minority Business Chambers to Key Strategic Partners during FY18
7/1/2018	Simplified eligibility criteria to expand qualifying organizations
7/1/2019	Clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Brownfield Site Assessment Grants (SAG)

Program Inception: 1999 Wisconsin Act 9

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Brownfield Site Assessment Grant (SAG) Program is to support community redevelopment in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

The program under § 238.133 Wis. Stats. provides 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. Grant funds are to be utilized to define the degree and extent of groundwater and soil contamination along with identifying and assessing vapor intrusion issues.

Eligibility Requirements:

Definitions:

Definitions:

“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“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 environmental contamination.¹

“Local governmental unit” means a city, village, town, county, redevelopment authority created under § 66.1333, community development authority created under § 66.1333, or housing authority.²

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

¹ Wis. Stat. § 238.133 (1)(a)

² Wis. Stat. § 238.133 (1)(b)



“Petroleum product” has the meaning given in § 292.63(1).³

“Underground hazardous substance storage tank system” means an underground storage tank used for storing a hazardous substance other than a petroleum product together with any on-site integral piping or dispensing system with at least 10% of its total volume below the surface of the ground.⁴

“Underground petroleum product storage tank” has the meaning given in § 292.63(1)(i).⁵

Grant Conditions:

The primary purpose of the Brownfield Site Assessment Grant is to identify and quantify the degree and extent of soil, vapor and groundwater contamination. Actual award amounts are dependent on documented eligible and matching costs. Projects seeking funding for demolition activities should demonstrate that clearing the site will facilitate and provide greater access for environmental site investigation.

SAG applications may be awarded for projects meeting the following criteria:

- The property or properties being redeveloped must be one or more contiguous industrial or commercial facilities or sites that are abandoned, idle or underused.
- Potential expansion or redevelopment of the property is adversely impacted by actual or perceived contamination.
- The local governmental unit cannot have caused the environmental contamination that is the basis for the grant request.⁶
- The person that caused the contamination must be unknown, cannot be located or is financially unable to pay the cost of the eligible activities.⁷
- The community has provided documentation it has access to the project site to conduct SAG activities.
- A financial commitment has been provided to cover the eligible matching project investment.

WEDC may award grants to local governmental units to cover the costs of the following activities:

- The investigation of environmental contamination on an eligible site or facility for the purposes of reducing or eliminating environmental contamination,⁸ such as Phase I and II Environmental Assessments.
- The demolition of any structures, buildings or other improvements located on an eligible site or facility.⁹
- The removal of abandoned containers, as defined in § 292.41(1), from an eligible site or facility.¹⁰

³ Wis. Stat. § 238.133 (1)(c)

⁴ Wis. Stat. § 238.133 (1)(d)

⁵ Wis. Stat. § 238.133 (1)(e)

⁶ Wis. Stat. § 238.133(2)(b).

⁷ Wis. Stat. § 238.133(2)(c).

⁸ Wis. Stat. § 238.133(3)(a).

⁹ Wis. Stat. § 238.133(3)(b).

¹⁰ Wis. Stat. § 238.133(3)(c).



- Asbestos abatement activities, as defined in § 254.11(2), conducted as part of eligible activities listed above on an eligible site or facility.¹¹
- Removal of underground hazardous substance storage tank systems.¹²
- Removal of underground petroleum product storage tank systems.¹³

Activities ineligible for grant assistance or match include, but are not limited to:

- Past costs
- Costs of new construction
- Indirect construction costs (a.k.a. “soft” costs)

WEDC shall consider the following criteria when determining whether to award a grant:

- The local governmental unit's demonstrated commitment to performing and completing necessary environmental activities on the eligible site including the local governmental unit's financial commitment¹⁴
- The degree to which the project will have a positive impact on public health and the environment¹⁵
- The relative size of a property and its relationship to the downtown or other economic centers of the community (e.g. industrial parks)
- The economic distress of the community (e.g. recent lay-offs) and the degree to which the property has contributed to the economic distress
- The extent to which the site demonstrates potential for redevelopment and includes considerations such as the interest demonstrated by private investors, location of the property, and access to existing utility and transportation infrastructure
- Project readiness and viability demonstrated through financing commitments, established access to the property and documentation of property acquisition, if applicable
- The degree to which the applicant can delineate the anticipated costs of the proposed project as demonstrated by third party cost estimates
- Other criteria that WEDC finds necessary to calculate the amount of a grant¹⁶

The applicant is required to contribute matching funds of at least 20 percent of the grant.¹⁷ Due to program demand, generally WEDC requires that the local government's eligible matching investment is at least 50 percent of the awarded grant, unless the project is located in a Designated Rural County or an Opportunity Zone, in which case the match may be reduced to 20%. Match investment may include TIF funds, private party contributions or other grant sources. The matching investment should include eligible costs and, at WEDC's discretion, may also include acquisition costs.

¹¹ Wis. Stat. § 238.133(3)(d).

¹² Wis. Stat. § 238.133(3)(e).

¹³ Wis. Stat. § 238.133(3)(f).

¹⁴ Wis. Stat. § 238.133(5)(a).

¹⁵ Wis. Stat. § 238.133(5)(b).

¹⁶ Wis. Stat. § 238.133(5)(c).

¹⁷ Wis. Stat. § 238.133(7).



Incentives and Available Funding (FY20): \$1,500,000

The incentives in this program are grants up to \$150,000 per recipient per fiscal year (may be more than one grant but not exceeding the \$150,000 threshold), or 15% of the available funds appropriated for the fiscal year,¹⁸ whichever is less.

Activities & Expected Outcomes:

Assist 13 communities and achieve a6:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting site work as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The SAG program has a continuous application process. Applicants for a SAG should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Corrected inaccurate statutory reference for abandoned containers
7/1/2018	Reduced match requirement for projects in a Designated Rural County
7/1/2019	Added statutory citations; reduced match requirement for projects in an Opportunity Zone; clarified performance reporting requirements

¹⁸ Wis. Stat. § 238.133(6).



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Brownfield Site Assessment Grants (SAG)

Program Inception: 1999 Wisconsin Act 9

Lead Division: Business and Community Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Brownfield Site Assessment Grant (SAG) Program is to support community redevelopment in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Community and Economic Opportunity: Community Development

Program Description:

The program under § 238.133 Wis. Stats. provides 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. Grant funds are to be utilized to define the degree and extent of groundwater and soil contamination along with identifying and assessing vapor intrusion issues.

Eligibility Requirements:

Definitions:

Definitions:

“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“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 environmental contamination.¹

“Local governmental unit” means a city, village, town, county, redevelopment authority created under § 66.1333, community development authority created under § 66.1333, or housing authority.²

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

¹ Wis. Stat. § 238.133 (1)(a)

² Wis. Stat. § 238.133 (1)(b)



“Petroleum product” has the meaning given in § 292.63(1).³

“Underground hazardous substance storage tank system” means an underground storage tank used for storing a hazardous substance other than a petroleum product together with any on-site integral piping or dispensing system with at least 10% of its total volume below the surface of the ground.⁴

“Underground petroleum product storage tank” has the meaning given in § 292.63(1)(i).⁵

Grant Conditions:

The primary purpose of the Brownfield Site Assessment Grant is to identify and quantify the degree and extent of soil, vapor and groundwater contamination. Actual award amounts are dependent on documented eligible and matching costs. Projects seeking funding for demolition activities should demonstrate that clearing the site will facilitate and provide greater access for environmental site investigation.

SAG applications may be awarded for projects meeting the following criteria:

- The property or properties being redeveloped must be one or more contiguous industrial or commercial facilities or sites that are abandoned, idle or underused.
- Potential expansion or redevelopment of the property is adversely impacted by actual or perceived contamination.
- The local governmental unit cannot have caused the environmental contamination that is the basis for the grant request.⁶
- The person that caused the contamination must be unknown, cannot be located or is financially unable to pay the cost of the eligible activities.⁷
- The community has provided documentation it has access to the project site to conduct SAG activities.
- A financial commitment has been provided to cover the eligible matching project investment.

WEDC may award grants to local governmental units to cover the costs of the following activities:

- The investigation of environmental contamination on an eligible site or facility for the purposes of reducing or eliminating environmental contamination,⁸ such as Phase I and II Environmental Assessments.⁹
- The demolition of any structures, buildings or other improvements located on an eligible site or facility.⁹
- The removal of abandoned containers, as defined in § 292.41(1), from an eligible site or facility.¹⁰

³ [Wis. Stat. § 238.133 \(1\)\(c\)](#)

⁴ [Wis. Stat. § 238.133 \(1\)\(d\)](#)

⁵ [Wis. Stat. § 238.133 \(1\)\(e\)](#)

⁶ Wis. Stat. § 238.133(2)(b).

⁷ Wis. Stat. § 238.133(2)(c).

⁸ Wis. Stat. § 238.133(3)(a).

⁹ Wis. Stat. § 238.133(3)(b).

¹⁰ Wis. Stat. § 238.133(3)(c).



- Asbestos abatement activities, as defined in § 254.11(2), conducted as part of eligible activities listed above on an eligible site or facility.¹¹
- Removal of underground hazardous substance storage tank systems.¹²
- Removal of underground petroleum product storage tank systems.¹³

Activities ineligible for grant assistance or match include, but are not limited to:

- Past costs
- Costs of new construction
- Indirect construction costs (a.k.a. “soft” costs)

WEDC shall consider the following criteria when determining whether to award a grant:

- The local governmental unit's demonstrated commitment to performing and completing necessary environmental activities on the eligible site including the local governmental unit's financial commitment¹⁴
- The degree to which the project will have a positive impact on public health and the environment¹⁵
- The relative size of a property and its relationship to the downtown or other economic centers of the community (e.g. industrial parks)
- The economic distress of the community (e.g. recent lay-offs) and the degree to which the property has contributed to the economic distress
- The extent to which the site demonstrates potential for redevelopment and includes considerations such as the interest demonstrated by private investors, location of the property, and access to existing utility and transportation infrastructure
- Project readiness and viability demonstrated through financing commitments, established access to the property and documentation of property acquisition, if applicable
- The degree to which the applicant can delineate the anticipated costs of the proposed project as demonstrated by third party cost estimates
- Other criteria that ~~WEDC the corporation~~ finds necessary to calculate the amount of a grant¹⁶

~~Wis. Stat. § 238.133 (7) requires the~~ The applicant ~~to is required to~~ contribute matching funds of at least 20% ~~percent~~ of the grant.¹⁷ Due to program demand, generally WEDC requires that the local government's eligible matching investment is at least 50 percent of the awarded grant, unless the project is located in a Designated Rural County or an Opportunity Zone, in which case the match may be reduced to 20%. Match investment may include TIF funds, private party contributions or other grant sources. The matching investment should include eligible costs and, at WEDC's discretion, may also include acquisition costs.

¹¹ Wis. Stat. § 238.133(3)(d).

¹² Wis. Stat. § 238.133(3)(e).

¹³ Wis. Stat. § 238.133(3)(f).

¹⁴ Wis. Stat. § 238.133(5)(a).

¹⁵ Wis. Stat. § 238.133(5)(b).

¹⁶ Wis. Stat. § 238.133(5)(c).

¹⁷ Wis. Stat. § 238.133(7).



Incentives and Available Funding (~~FY19~~FY20): \$1,500,000

The incentives in this program are grants up to \$150,000 per recipient per fiscal year (may be more than one grant but not exceeding the \$150,000 threshold), or 15% of the available funds appropriated for the fiscal year,¹⁸ whichever is less.

Activities & Expected Outcomes:

Assist 13 communities and achieve a ~~26~~26:1 leverage of other investment.

¹⁸ Wis. Stat. § 238.133(6).



Performance Reporting:

Recipients will be required to annually submit a performance report documenting site work as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The SAG program has a continuous application process. Applicants for a SAG should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Corrected inaccurate statutory reference for abandoned containers
7/1/2018	Reduced match requirement for projects in a Designated Rural County
<u>7/1/2019</u>	<u>Added statutory citations; reduced match requirement for projects in an Opportunity Zone; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Workforce Training Grants (WTG)
Program Inception: WEDC FY12
Lead Division: Business and Community Development
☒ **New** ☐ **Revised**
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Workforce Training Grant (WTG) Program is to incent new and expanding businesses to attract, develop and retain talent in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program aids businesses in attracting, developing and retaining talent as a part of a business development project. The program provides grant funds to businesses to upgrade or improve the job-related skills of a business's existing and new employees.

Eligibility Requirements:

Definitions

“Designated Rural County” means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

“Financial Institution” means a bank, as defined in s. 214.01 (1) (c), a savings bank, as defined in s. 214.01 (1) (t), a savings and loan association, a trust company, a credit union, as defined in s. 186.01 (2), a mortgage banker, as defined in s. 224.71 (3) (a), or a mortgage broker, as defined in s. 224.71 (4) (a), whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).

“Ineligible Business” means businesses ineligible for WTG funds, unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee:

- Payday loan and title loan companies
- Telemarketing other than inbound call centers
- Pawn shops



- Media outlets
- Retail
- Farms
- Primary care medical facilities
- Financial Institutions
- The hospitality industry

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

Activities

The program incents job training that focuses on new technology, industrial skills, manufacturing processes, or leadership development. The training must not be currently available through other resources such as Wisconsin Technical College System, Microsoft Office training, OSHA courses, or DWD Fast Forward, unless the program timeline does not coincide with business needs.

Eligibility Factors

Evaluation of all WEDC training grant applications will include, but are not limited to, the following factors:

- Training shall be related to a specific project that is not part of routine operations
- Whether the project will be located in an economically distressed area
- Whether the project will be located in a rural area
- The financial soundness of the business

Eligible grant and matching training costs may include the wages of employees participating in the training, training materials, and trainer costs.

Ineligible training costs (both grant and match) include travel, meals, lodging and training that addresses any of the following:

- Orientation
- Non job-related training
- State or federally mandated programs
- Routine training not related to a specific project

Grant Award Conditions

- Training may be on- or off-site
- Grant funds may not be used for past costs.

Incentives and Available Funding (FY20): \$1,000,000

The incentives in this program are grants of 50% of eligible training costs, or up to 75% in Designated Rural Counties or Opportunity Zones. The maximum grant amount is calculated by multiplying the number of employees expected to be trained by \$5,000.



Activities and Expected Outcomes:

Assist five businesses to train 200 employees.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting job training as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The WTG program has a continuous application process. Applicants for a WTG should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Expanded eligible training activities to include leadership development
7/1/2017	Simplified eligibility factors and ineligible training costs
7/1/2017	Eliminated unnecessary position maintenance period requirement and jobs references
7/1/2019	Clarified method to calculate grant amount; reduced match in a Designated Rural County or Opportunity Zone; clarified performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Workforce Training Grants (WTG)
Program Inception: WEDC FY12
Lead Division: Business and Community Development
☒ **New** ☐ **Revised**
☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Workforce Training Grant (WTG) Program is to incent new and expanding businesses to attract, develop and retain talent in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business Retention and Expansion

Program Description:

The program aids businesses in attracting, developing and retaining talent as a part of a business development project. The program provides grant funds to businesses to upgrade or improve the job-related skills of a business's existing and new employees.

Eligibility Requirements:

Definitions

"Designated Rural County" means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

"Financial Institution" means a bank, as defined in s. 214.01 (1) (c), a savings bank, as defined in s. 214.01 (1) (t), a savings and loan association, a trust company, a credit union, as defined in s. 186.01 (2), a mortgage banker, as defined in s. 224.71 (3) (a), or a mortgage broker, as defined in s. 224.71 (4) (a), whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under s. 138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in s. 138.10 (1) (a).

"Ineligible Business" means businesses ineligible for WTG funds, unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors' Awards Administration Committee:

- Payday loan and title loan companies
- Telemarketing other than inbound call centers
- Pawn shops



- Media outlets
- Retail
- Farms
- Primary care medical facilities
- Financial Institutions
- The hospitality industry

“Opportunity Zone” means a designated qualified opportunity zone in the State of Wisconsin under Internal Revenue Code § 1400Z-1.

Activities

The program incents job training that focuses on new technology, industrial skills, manufacturing processes, or leadership development. The training must not be currently available through other resources such as Wisconsin Technical College System, Microsoft Office training, OSHA courses, or DWD Fast Forward, unless the program timeline does not coincide with business needs.

Eligibility Factors

Evaluation of all WEDC training grant applications will include, but are not limited to, the following factors:

- Training shall be related to a specific project that is not part of routine operations
- Whether the project will be located in an economically distressed area
- Whether the project will be located in a rural area
-
- The financial soundness of the business

Eligible grant and matching training costs may include the wages of employees participating in the training, training materials, and trainer costs.

Ineligible training costs (both grant and match) include travel, meals, lodging and training that addresses any of the following:

- Orientation
- Non job-related training
- State or federally mandated programs
- Routine training not related to a specific project

Grant Award Conditions

- Training may be on- or off-site
- Grant funds may not be used for past costs.

Incentives and Available Funding (~~FY19~~FY20): ~~\$1,500,000~~1,000,000



The incentives in this program are grants of 50% of eligible training costs, or up to 75% in Designated Rural Counties or Opportunity Zones. The maximum grant amount is calculated by multiplying the number of employees expected to be trained by \$5,000~~up to \$5,000 per employee trained.~~

Activities and Expected Outcomes:

Assist ~~four~~ five businesses to train 200 employees.



Performance Reporting:

Recipients will be required to annually submit a performance report documenting job training as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The WTG program has a continuous application process. Applicants for a WTG should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Expanded eligible training activities to include leadership development
7/1/2017	Simplified eligibility factors and ineligible training costs
7/1/2017	Eliminated unnecessary position maintenance period requirement and jobs references
<u>7/1/2019</u>	<u>Clarified method to calculate grant amount; reduced match in a Designated Rural County or Opportunity Zone; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Certified Sites Program
Program Inception: WEDC FY12
Lead Division: Business and Investment Attraction
☒ **New** ☐ **Revised** [Click here to enter a date.](#)
☐ **Aid** ☐ **Pass-thru Aid** ☒ **Technical Assistance**

Program Goal:

The goal of the Certified Sites Program is to enable and promote shovel-ready development sites in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business & Investment Attraction

Program Description:

WEDC has created, in partnership with a site selector consultant and community partners, a program that provides consistent standards for industrial site certification in Wisconsin. Certification means that the key approvals, documentations, and assessments most commonly required for industrial uses will already be in place to assist with an expedited development timeline.

Eligibility Requirements:

Wisconsin communities, organizations, or individuals with a site which has a minimum of 20 contiguous, developable acres.

Incentives and Available Funding (FY20): \$81,500 (non-aids)

Certified Sites is primarily a technical assistance program. Aid is provided through discounted costs to the communities, as well as provision of technical assistance in the form of site review and analysis, outreach and training, strategy development, site search assistance and marketing through the InWisconsin website and "Locate In Wisconsin" tool.

Activities & Expected Outcomes:

Assist in two new Certified In Wisconsin sites and promote existing 20 sites.

Performance Reporting:

Program performance is measured by a count of the number of sites that are certified through the program in a given year of the program. Site search assistance provided to existing sites will also be documented.



Application and Awards Process:

Municipalities, economic development agencies, and private land owners/developers can be site representatives and apply to the program during the established program application period. Site representatives must send an email to the project lead requesting an application. The email must contain the representative's contact information and the community where the site is located and / or the site name. The project lead will respond with information on how to apply. Once an application is received, it goes through the following steps. More information on each step can be provided by the Program Manager.

1. Desktop Review
2. Field Visit
3. Gap Mitigation
4. Announcement and Marketing

Revision History:

Effective Date	Description of Change

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Certified Sites Program
Program Inception: WEDC FY12
Lead Division: Business and Investment Attraction
☒ **New** ☐ **Revised** [Click here to enter a date.](#)
☐ **Aid** ☐ **Pass-thru Aid** ☒ **Technical Assistance**

Program Goal:

The goal of the Certified Sites Program is to enable and promote shovel-ready development sites in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Business & Investment Attraction

Program Description:

WEDC has created, in partnership with a site selector consultant and community partners, a program that provides consistent standards for industrial site certification in Wisconsin. Certification means that the key approvals, documentations, and assessments most commonly required for industrial uses will already be in place to assist with an expedited development timeline.

Eligibility Requirements:

Wisconsin communities, organizations, or individuals with a site which has a minimum of 20 contiguous, developable acres.

Incentives and Available Funding (~~FY19~~FY20): ~~\$126,000~~81,500 (non-aids)

Certified Sites is primarily a technical assistance program. Aid is provided through discounted costs to the communities, as well as provision of technical assistance in the form of site review and analysis, outreach and training, strategy development, site search assistance and marketing through the InWisconsin website and "Locate In Wisconsin" tool.

Activities & Expected Outcomes:

Assist in ~~three~~two new Certified In Wisconsin sites and promote existing ~~18~~20 sites.

Performance Reporting:

Program performance is measured by a count of the number of sites that are certified through the program in a given year of the program. Site search assistance provided to existing sites will also be documented.



Application and Awards Process:

Municipalities, economic development agencies, and private land owners/developers can be site representatives and apply to the program during the established program application period. Site representatives must send an email to the project lead requesting an application. The email must contain the representative's contact information and the community where the site is located and / or the site name. The project lead will respond with information on how to apply. Once an application is received, it goes through the following steps. More information on each step can be provided by the Program Manager.

1. Desktop Review
2. Field Visit
3. Gap Mitigation
4. Announcement and Marketing

Revision History:

Effective Date	Description of Change

PROGRAM REVIEW:

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CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Capital Catalyst

Program Inception: WEDC FY12

Lead Division: Entrepreneurship & Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Capital Catalyst program is to incent capital formation and investment in startups and emerging growth companies in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides matching grants to seed funds managed by local communities and other eligible entities to provide capital to startups and emerging growth companies.

The Capital Catalyst program increases the availability of capital to startups and emerging growth companies to support growth and attract additional private investment.

Eligibility Requirements:

Applicants for Capital Catalyst funds must demonstrate organizational capability and the availability of entrepreneurial support to achieve the goals of their program. Capital Catalyst fund recipients may include units of government, educational institutions, foundations, other nonprofit entities, or investment holding entities established by otherwise eligible entities.

Applicants should have an established investment/selection committee, investment/funding criteria, application process, and intended use of returns. Eligibility for the program requires a 1:1 match of the amount of funding provided by WEDC. This match must be documented prior to the disbursement of funds.

Investment/funding decisions will focus on assistance to companies in industry sectors including but not limited to advanced manufacturing, agriculture or food processing, information systems or software, medical devices, biosciences and energy.

Use of Funds:

Capital Catalyst recipients are required to make grants, debt, royalty-based investments and/or equity investments in startups, early stage and emerging growth companies that are located in or will locate in Wisconsin. Recipients will agree to establish a segregated account to receive direct grant funding from WEDC that may include the recipient's matching funds.



Funds may not be used to support expenses related to the relocation of a business between communities in Wisconsin.

Returns on loans and/or investments to the fund capitalized by WEDC and matching funds may be used for additional awards to eligible businesses, distribution to WEDC and applicant organization in proportion to the initial match, and/or other purposes approved by WEDC.

Incentives and Available Funding (FY20): \$1,500,000

The program provides grants to approved Capital Catalyst recipients that establish seed funds and meets the eligibility requirements of the program.

Activities and Expected Outcomes:

Award five organizations to support the financing of 30 startup and emerging growth companies. Recipients will maintain an average co-investment ratio of 1:1, and a 3:1 leverage of other investment in companies assisted by the recipient.

Performance Reporting:

Recipients will be required to periodically submit a performance report documenting the number of organizations assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Capital Catalyst has a continuous application process. Applicants for a Capital Catalyst Grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

Applicants for Capital Catalyst program funding are required to provide to WEDC, in writing, information on the applicant organization, investment fund management and strategies, and the process for approving awards made from the fund.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Increased flexibility of the use of funds
7/1/2018	Clarified applicant eligibility criteria
7/1/2018	Clarified use of returns on investment funds
7/1/2019	Removed administrative expenses as an eligible use of returns; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Capital Catalyst

Program Inception: WEDC FY12

Lead Division: Entrepreneurship & Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Capital Catalyst program is to incent capital formation and investment in startups and emerging growth companies in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides matching grants to seed funds managed by local communities and other eligible entities to provide capital to ~~high-growth~~ startups and emerging growth companies.

The Capital Catalyst program increases the availability of capital to startups and emerging growth companies to support growth and attract additional private investment.

Eligibility Requirements:

Applicants for Capital Catalyst funds must demonstrate organizational capability and the availability of entrepreneurial support to achieve the goals of their program. Capital Catalyst fund recipients may include units of government, educational institutions, foundations, other nonprofit entities, or investment holding entities established by otherwise eligible entities.

Applicants should have an established investment/selection committee, investment/funding criteria, application process, and intended use of returns. Eligibility for the program requires a 1:1 match of the amount of funding provided by WEDC. This match must be documented prior to the disbursement of funds.

Investment/funding decisions will focus on assistance to companies in industry sectors including but not limited to advanced manufacturing, agriculture or food processing, information systems or software, medical devices, biosciences and energy.

Use of Funds:

Capital Catalyst recipients are required to make grants, debt, royalty-based investments and/or equity investments in startups, early stage and emerging growth companies that are located in or will locate in Wisconsin. Recipients will agree to establish a segregated account to receive direct grant funding from WEDC that may include the recipient's matching funds.



Funds may not be used to support expenses related to the relocation of a business between communities in Wisconsin.

Returns on loans and/or investments to the fund capitalized by WEDC and matching funds may be used for additional awards to eligible businesses, ~~direct administrative expenses of the recipient~~, distribution to WEDC and applicant organization in proportion to the initial match, and/or other purposes approved by WEDC.

Incentives and Available Funding (~~FY19~~FY20): \$1,500,000

The program provides grants to approved Capital Catalyst recipients that establish seed funds and meets the eligibility requirements of the program.

Activities and Expected Outcomes:

Award five organizations to support the financing of 30 startup and emerging growth companies. Recipients will maintain an average co-investment ratio of 1:1, and a 3:1 leverage of other investment in companies assisted by the recipient.

Performance Reporting:

Recipients will be required to periodically submit a performance report documenting the number of organizations assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Capital Catalyst has a continuous application process. Applicants for a Capital Catalyst Grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

Applicants for Capital Catalyst program funding are required to provide to WEDC, in writing, information on the applicant organization, investment fund management and strategies, and the process for approving awards made from the fund.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Increased flexibility of the use of funds
7/1/2018	Clarified applicant eligibility criteria
7/1/2018	Clarified use of returns on investment funds
<u>7/1/2019</u>	<u>Removed administrative expenses as an eligible use of returns; clarified performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Entrepreneurial Micro-Grant (EMG) Program

Program Inception: WEDC FY13

Lead Division: Entrepreneurship & Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Entrepreneurial Micro-Grant (EMG) Program is to support business planning and strategy for entrepreneurs and small business owners in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The EMG program provides early-stage technology-based companies with services and funding to support their efforts in obtaining significant federal grant funding. Additionally, Business Planning services rendered by the Small Business Development Centers (SBDCs) increase the entrepreneurial proficiency of state entrepreneurs and small business owners.

WEDC provides funding to the Center for Technology Commercialization (CTC) to deliver micro-grants to clients for the services below:

- Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Assistance program, providing up to \$4,500 for assistance to prepare and submit an SBIR/STTR or other federal funding proposal. Applicants awarded federal funding may receive an additional \$1,000 funding bonus through the program.
- Commercialization Planning Assistance, providing individual and small business applicants up to \$4,500 for assistance in completing business validation activities and a comprehensive market study or business plan or commercialization plan to procure Phase II SBIR/STTR funding or to prepare for angel or venture capital funding. Applicants must utilize an eligible professional services provider.
- Entrepreneurial Training Program, providing a grant of up to \$750 to entrepreneurs upon successful completion of start-up coursework provided by the SBDC in the University of Wisconsin-Extension. Eligible applicants must provide at least a \$250 match. Eligible coursework may focus on either business modeling or business planning.

Eligibility Requirements:

To administer the EMG program, CTC must continue to demonstrate the expertise and capability of serving a statewide network of entrepreneurs.



The SBIR/STTR Assistance and Commercialization Planning Assistance micro-grants are available to those starting or expanding a technology-based or research-oriented business or to firms located in Wisconsin that rely on the use of technology. Eligible projects include:

- Development of an SBIR/STTR Phase I or Phase II proposal or other federal funding proposal;
- Development of an SBIR/STTR Phase II Commercialization Plan or a comprehensive business plan; or
- Procurement of a CTC-approved market research study in support of a commercialization or business plan.

The Entrepreneurship Training Program is an 8- to 12-week course offered periodically by SBDCs that provides assistance with business plan development to current or prospective business owners.

Incentives and Available Funding (FY20): \$250,000

The incentive in this program are grants to eligible entities to provide micro-grants to companies for commercialization assistance, training, or research and tech transfer.

Activities and Expected Outcomes

Award one organization to assist 100 businesses.

Performance Reporting:

CTC will be required to quarterly submit a performance report documenting the assistance provided through the SBIR/STTR, Commercialization Planning Assistance and Entrepreneurial Training Program grants, the number of organizations assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

CTC meets with WEDC to review capacity, expertise, and past performance; discuss future opportunities; develop a list of deliverables; and discuss funding. The proposal must advance the mission to promote entrepreneurship and small business owners. The application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Applicants for SBIR/STTR Assistance and Commercialization Planning Assistance complete an online application at wisconsinsbir.org. Entrepreneurship Training Program schedules vary but are promoted by the SBDC on their website www.wisconsinsbdc.org and other outreach efforts.



Revision History:

Effective Date	Description of Change
7/1/2017	Simplified funding tiers for client services provided
7/1/2019	Clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: Entrepreneurial Micro-Grant (EMG) Program

Program Inception: WEDC FY13

Lead Division: Entrepreneurship & Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Entrepreneurial Micro-Grant (EMG) Program is to support business planning and strategy for entrepreneurs and small business owners in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The EMG program provides early-stage technology-based companies with services and funding to support their efforts in obtaining significant federal grant funding. Additionally, Business Planning services rendered by the Small Business Development Centers (SBDCs) increase the entrepreneurial proficiency of state entrepreneurs and small business owners.

WEDC provides funding to the Center for Technology Commercialization (CTC) to deliver micro-grants to clients for the services below:

- Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Assistance program, providing up to \$4,500 for assistance to prepare and submit an SBIR/STTR or other federal funding proposal. Applicants awarded federal funding may receive an additional \$1,000 funding bonus through the program.
- Commercialization Planning Assistance, providing individual and small business applicants up to \$4,500 for assistance in completing business validation activities and a comprehensive market study or business plan or commercialization plan to procure Phase II SBIR/STTR funding or to prepare for angel or venture capital funding. Applicants must utilize an eligible professional services provider.
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Eligibility Requirements:

To administer the EMG program, CTC must continue to demonstrate the expertise and capability of serving a statewide network of entrepreneurs.



The SBIR/STTR Assistance and Commercialization Planning Assistance micro-grants are available to those starting or expanding a technology-based or research-oriented business or to firms located in Wisconsin that rely on the use of technology. Eligible projects include:

- Development of an SBIR/STTR Phase I or Phase II proposal or other federal funding proposal;
- Development of an SBIR/STTR Phase II Commercialization Plan or a comprehensive business plan; or
- Procurement of a CTC-approved market research study in support of a commercialization or business plan.

The Entrepreneurship Training Program is an 8- to 12-week course offered periodically by SBDCs that provides assistance with business plan development to current or prospective business owners.

Incentives and Available Funding (~~FY19~~FY20): \$250,000

The incentive in this program are grants to eligible entities to provide micro-grants to companies for commercialization assistance, training, or research and tech transfer.

Activities and Expected Outcomes

Award one organization to assist 100 businesses.

Performance Reporting:

CTC will be required to quarterly submit a performance report documenting the assistance provided through the SBIR/STTR, Commercialization Planning Assistance and Entrepreneurial Training Program grants, the number of organizations assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

CTC meets with WEDC to review capacity, expertise, and past performance; discuss future opportunities; develop a list of deliverables; and discuss funding. The proposal must advance the mission to promote entrepreneurship and small business owners. The application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Applicants for SBIR/STTR Assistance and Commercialization Planning Assistance complete an online application at wisconsinsbir.org.

Entrepreneurship Training Program schedules vary but are promoted by the SBDC on their website www.wisconsinsbdc.org and other outreach efforts.





Revision History:

Effective Date	Description of Change
7/1/2017	Simplified funding tiers for client services provided
<u>7/1/2019</u>	<u>Clarified performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
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Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

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Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Qualified New Business Venture Certification/Early Stage Business Investment Program

Program Inception: 2005 Wisconsin Act 255

Lead Division: Entrepreneurship and Innovation

☒ **New** ☐ **Revised** Click here to enter date

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Qualified New Business Venture (QNBV) program is to incent equity investment in technology-based businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides tax credits to eligible Angel and Venture Fund investors who make cash equity Investments in qualified early-stage businesses. If all eligibility requirements are met, investors receive a Wisconsin income tax credit equal to 25 percent of the value of the Investment made in the certified company. The Investments incented by this program provide the capital necessary for emerging growth companies to develop new products and technologies, move products to market, and provide high quality jobs in Wisconsin.

Eligibility Requirements:

Definitions:

The following definitions supplement those in §§ 238.15, 71.07(5b) and (5d), 71.28(5b), 71.47(5b), and 76.638, Wis. Stats.

- “Accredited investor” means an individual who invests his or her own funds in a qualified new business venture; and satisfies the U.S. Securities and Exchange Commission Accredited Investor definition at the time of investment.
- “Angel investment network” means an entity comprised of accredited investors organized for the sole purpose of making investment(s) in qualified new business venture(s).
- “Angel investor” means an accredited investor or sophisticated investor who makes a bona fide angel investment.
- “Approved” means acceptable to WEDC.



- "Bona fide angel investment" means a purchase of an equity interest, or any other expenditure, as further defined under "Investment",¹ that is made by any of the following:
 - A partnership or limited liability company that is a non-operating entity, as determined by WEDC, a natural person, or fiduciary who reviews new businesses or proposed new businesses for potential investment of their money.
 - A network of partnerships or limited liability companies that are a non-operating entity, as determined by WEDC, natural persons, or fiduciaries that reviews new businesses or proposed new businesses for potential investment of the network's money.
- "Bona fide liquidity event" means any of the following events: (i) the reorganization, merger, dissolution, or consolidation of the company where substantially all of its assets are distributed or otherwise paid out to shareholders, partners, or beneficial owners; (ii) the sale of all or substantially all of the assets of the company in one transaction or in a series of related transactions to a person who is not affiliated with the company; (iii) the sale of more than 50% of the outstanding equity interests in the company where following such sale the former owners of the outstanding equity interests in the company no longer beneficially control, directly or indirectly, the ability to control management decisions of the company or (iv) the first time the company sells shares of its common or preferred stock to the public on the open market, excluding crowd-funding exchanges.
- "Business" means an entity and all its affiliates.
- "Corporate Headquarters" means the location where the majority of the company's financial, personnel, legal, planning, or other headquarters functions are handled on a divisional, regional, national, or global basis.
- "Crowdfunding" means a legal securities offering conducted in accordance with Wisconsin's Crowdfunding exemption as regulated by the Wisconsin Department of Financial Institutions.
- "Differentiating technology" means a specialized product or process that demonstrates distinct and significant technological differences and advantages over potential competitors.
- "Eligible to claim a credit" means an investor has made an investment that has received tax credits as identified by a verification form issued by WEDC.
- "In operation" means in existence and running a business.
- "Investment" means the investment of cash in a qualified new business venture that is used for legitimate business purposes in exchange for any one of the following:
 - Common stock.
 - Partnership or membership interest.
 - Preferred stock.
 - An equivalent ownership interest in the qualified new business venture approved by the WEDC.

¹ Wis. Stat. § 71.07(5d)(a)1.



- “Kept in a certified business or certified fund manager” means the investment was made in a certified business and the investment is held, or kept, by the angel investor, angel investment network or certified fund manager, in the business or its successor.
- “Legitimate business purposes” means investment proceeds used for normal operations of the business and are not used for activities including refinancing any prior investments, paying dividends to shareholders or other cash distributions to shareholders, stock repurchase, or other uses as determined by WEDC.
- “Qualified New Business Venture” or “QNBV” means a business WEDC has determined meets the requirements established by WEDC and the controlling statutes.
- “Sophisticated Investor” means an individual who has knowledge and experience in financial and business matters, and he or she is capable of evaluating the merits and risks of the prospective investment, or the QNBV reasonably believes immediately prior to making the investment that the undersigned comes within this description.
- “Worthless” means the business has been deemed insolvent as determined by WEDC and by evidence of identifiable events, such as a cessation of business, dissolution, distribution or a sale of substantially all of the company's assets to repay outstanding debts, pay bankruptcy or receivership filings, or to make minimal equity distributions.

This policy has been reviewed and updated in consultation with the Department of Revenue.²

Qualified New Business Venture Certification

QNBV Certification allows businesses to offer their equity investors the Angel or Early Stage Seed Income Tax Credits as an incentive for investing in their business. WEDC maintains flexibility in evaluating applications for certification to protect the intent of the QNBV program in focusing on economic development, particularly incentivizing in-state investors, in Wisconsin.

A business may be certified, and may maintain such certification, only if the business satisfies all of the following conditions:

- It has its headquarters in this state.³
- At least 51 percent of the employees employed by the business are employed in this state.⁴
- It has the potential for increasing jobs in this state, increasing capital investment in this state, or both, and any of the following apply:
 - It is engaged in, or has committed to engage in, innovation in any of the following:
 - Manufacturing, biotechnology, nanotechnology, communications, agriculture, or clean energy creation or storage technology.
 - Processing or assembling products, including medical devices, pharmaceuticals, computer software, computer hardware, semiconductors, any other innovative

² Wis. Stat. § 238.15(3)(d).

³ Wis. Stat. § 238.15(1)(a).

⁴ Wis. Stat. § 238.15(1)(b).



technology products, or other products that are produced using manufacturing methods that are enabled by applying differentiating technology.

- Services that are enabled by applying differentiating technology.⁵
- It is undertaking pre-commercialization activity related to differentiating technology that includes conducting research, developing a new product or business process, or developing a service that is principally reliant on applying differentiating technology.⁶
- It is not primarily engaged (being “primarily engaged” means having greater than 50 percent of projected or reported revenue generated from) in real estate development, insurance, banking, lending, lobbying, political consulting, professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, wholesale or retail trade, leisure, hospitality, transportation, or construction, except construction of power production plants that derive energy from a renewable resource, as defined in § [196.378 \(1\) \(h\), Wis Stats.](#)⁷
- It has less than 100 employees at the time of initial certification.⁸
- It has been in operation in this state for not more than 10 consecutive years at the time of initial certification.⁹
- For taxable years beginning before January 1, 2008, it has not received more than \$1,000,000 in Investments that have qualified for tax credits under s. 71.07 (5d).¹⁰
- It has not received aggregate private equity Investment in cash of more than \$10,000,000 at the time of initial certification.¹¹
- For taxable years beginning after December 31, 2007 and before January 1, 2011, it has not received more than \$4,000,000 in Investments that have qualified for tax credits under the program.¹²
- For taxable years beginning after December 31, 2010, and before January 1, 2018, it has not received more than \$8,000,000 in Investments that have qualified for tax credits under the program.¹³
- For taxable years beginning after December 31, 2017, it has not received more than \$12,000,000 in Investments that have qualified for tax credits under the program.¹⁴
- Companies whose certification has expired or lapsed due to meeting or approaching \$8 million in qualified Investments prior to January 1, 2018 may qualify for additional funds under the following:
 - If the company is within the required three-year reporting period following the receipt of qualifying Investments and in good standing with WEDC, it may be eligible for re-certification in the program under program limits established for tax years after December 31, 2017.
 - If the company is outside its reporting period, the company must go through the full application process.

⁵ Wis. Stat. § 238.15(1)(f)1.

⁶ Wis. Stat. § 238.15(1)(f)2.

⁷ Wis. Stat. § 238.15(1)(g).

⁸ Wis. Stat. § 238.15(1)(h).

⁹ Wis. Stat. § 238.15(1)(j).

¹⁰ Wis. Stat. § 238.15(1)(k).

¹¹ Wis. Stat. § 238.15(1)(km).

¹² Wis. Stat. § 238.15(1)(kn).

¹³ Wis. Stat. § 238.15(1)(L).

¹⁴ Wis. Stat. § 238.15(1)(Lg).



In addition to the factors outlined above WEDC will evaluate applications based on, but not limited to, the following factors:

- Whether the business is in one of Wisconsin's target industries as determined by WEDC.
- High growth potential of the business.
- Management team experience.
- Financial need.
- Percentage of funds that will be spent in Wisconsin.
- Barriers to entry.

A certified business must provide a statement in its private placement memorandum or equivalent documents indicating that WEDC does not endorse the quality of management of the business and is not liable for damages or losses to an investor.

Each qualified business must be recertified in each taxable year in which it desires certification. If applicable, WEDC will consider the information contained in the company's annual performance report as an application for recertification. The company will also be required to provide a final report when it is determined that the company will not be pursuing recertification or is decertified by WEDC.

Penalties:

The certified company agrees that it will not relocate outside of this state during the 3 years after it receives an Investment under which a tax credit may be claimed and agrees to pay WEDC a penalty if the business relocates outside of this state during that 3-year period. For the purposes of this paragraph, a business relocates outside of this state when the business locates more than 51 percent of any of the following outside of this state:

- The business's employees.
- The business's total payroll.
- The activities of the business's headquarters, as determined by WEDC.¹⁵

For Investments made after 12/31/2011 the amount of a penalty payment is determined as follows:

- If the relocation occurs less than 12 months after the Investment, 100% of the tax credit that was claimed as the result of the Investment.
- If the relocation occurs 12 months or more after the Investment but less than 24 months after the Investment, 80% of the tax credit that was claimed as the result of the Investment.
- If the relocation occurs 24 months or more after the Investment but less than 36 months after the Investment, 60% of the tax credit that was claimed as the result of the Investment.¹⁶

A business is not considered to have relocated outside of this state if WEDC determines that Investment and employment levels have not diminished in Wisconsin, regardless of whether a business meets the penalty thresholds shown above for employees or payroll.¹⁷ Companies maintaining certification must continue to meet other program requirements including headquarters location.¹⁸ In

¹⁵ Wis. Stat. § 238.15(1)(m)1.

¹⁶ Wis. Stat. § 238.15(1)(m)2.

¹⁷ Wis. Stat. § 238.15(3)(dm).

¹⁸ Wis. Stat. § 238.15(3)(dm).



addition, the penalty does not apply if WEDC certified a company prior to April 20, 2012, and the company converted a note or bond to an equity interest in reliance upon that certification.¹⁹

Fund Manager Certification/Qualified Venture Fund (QVF)

A certified fund manager is eligible for Early Stage Seed tax credits when making Investments in QNBV certified companies.²⁰ An investment fund manager desiring certification for a specific fund shall submit an application to WEDC.

In determining whether to certify an investment fund manager as a QVF, WEDC shall consider:

- The investment fund manager's experience in managing venture capital funds.
- The past performance of investment funds managed by the applicant.
- The expected level of investment in the investment fund to be managed by the applicant.
- Any other relevant factors as determined by WEDC.²¹

WEDC will evaluate fund manager applications in order to protect the intent of the program, QNBV companies and investors.

In addition to the factors outlined above, WEDC will evaluate the following when determining whether to certify an investment fund manager as a QVF:

- The applicant's experience in investing in high growth, early stage businesses.
- The past performance of businesses assisted by the applicant.
- The portion of the investment fund's capital the fund manager expects to invest in Qualified New Business Ventures.
- Geographic distribution of funds.
- Focus on targeted industries or target group members, as determined by WEDC.
- Ability to access follow-on funding.
- Services provided.
- Commitment to Wisconsin.
- Administrative and management fees.

A certified fund manager must provide a statement in its private placement memorandum or equivalent documents indicating that WEDC does not endorse the quality of management of the fund and is not liable for damages or losses to an investor.

Eligibility for Tax Credits:

An Angel, Angel Network, and QVF are each eligible for a 25% tax credit for making Investments in Qualified New Business Ventures.²² Tax Credit Request Forms can be found on WEDC's website.

Tax Credit qualifications:

- Clearly identifiable as being cash Investments.

¹⁹ Wis. Stat. § 238.15(1)(m)3.

²⁰ Wis. Stat. § 238.15(2).

²¹ Wis. Stat. § 238.15(2).

²² Wis. Stat. §§ 71.07(5d)(b)2; 71.07(5b)(b)1; 71.28(5b)(b)1; 71.47(5b)(b)1; 76.638(2).



- Must be in the form of common stock, preferred stock, partnership or membership interest, or equivalent ownership interest.
- Cash exchanged for debt is not eligible unless the debt is later converted into equivalent ownership interest as described above. Note: The amount, in this circumstance, used to calculate tax credits only includes the original cash Investment and does not include accrued interest, unpaid fees, etc.
- 401(k), IRA, Roth IRA or similar tax deferred or tax advantaged accounts are not eligible Investment vehicles for the Angel tax credit programs.
- Investor does not control or is not closely related (spouse, grandparent, parent, sibling, child, stepchild, grandchild) to someone who controls more than 20% of the ownership interest in the company at the time the current Investment round is opened.
- Investments made by certified fund managers, with principal offices based outside of this state, must be made side by side with equity investors based in Wisconsin with a minimum participation by state investors as determined by WEDC.
Note: As an example, out-of-state fund managers with strong management, a strong history of performance, and a focus on target industries and companies in Wisconsin will have minimal side-by-side Investment requirements. By comparison out-of-state investors with smaller fund size, minimal experience, or a broad fund focus that does not parallel the goals of the program may have larger side-by-side Investment requirements.
- Public funds, including investments made by the State Fund of Funds and Federal State Small Business Credit Initiative programs, may not be used as the basis for claiming credits.

Process for requesting Tax Credits:

The QNBV certified company in cooperation with the investor will complete the necessary forms. The tax credit request forms and required documentation shall be submitted to WEDC no later than 90 days following the end of the taxable year in which Investment was made that qualifies for credits. Upon review and approval of the required forms and documentation, WEDC will issue a verification form to the angel investor, angel investment network or certified fund manager stating the amount and type of tax credits that may be claimed.

Revocation:

Revocation of Certification

WEDC may revoke or withhold the certification of a business or a fund and no new Investment will qualify after revocation if the business or fund (1) supplies false or misleading information to obtain the certification; (2) fails to continue to meet the required conditions or qualifications for obtaining the certification; (3) has violated or is under investigation for violations of state, federal or local laws or regulations related to the conduct of the activities of the business; (4) has had an officer or director arrested for or convicted of a crime substantially related to the activities of the business or fund; (5) is not using the funds for a legitimate business purpose as determined by WEDC; or (6) is in default of WEDC or other State obligations.

Repayment of Tax Credits

WEDC, in cooperation with the Wisconsin Department of Revenue, may revoke credits if an Investment qualifying for tax credits under the program is not kept in a certified business for 3 years except as provided below:



- Upon review, WEDC determines that the Investment becomes worthless prior to the end of the three-year period.
- The Angel, Angel investment network, or certified fund manager has held an Investment for at least 12 months and upon review the WEDC determines that a Bona Fide Liquidity Event has occurred prior to the end of the holding period.²⁴

Transfer²⁵:

Those eligible to claim a credit under the Early Stage Seed Investment Credit may sell or otherwise transfer the credit (subject to all applicable taxes and fees) no more than once in a 12-month period to another person who is subject to the applicable taxes and fees under Wis. Stat. § 71.02, 71.23, 71.47, or subchapter III of chapter 76.

Credit transfers up to \$200,000 will be subject to a five percent fee; transfers in excess of \$200,000 will be charged a fee of at least \$10,000 or one percent of the credit amount transferred, whichever is greater.

To effectuate a transfer, the fund manager must approve the transfer, then the certified fund manager must notify WEDC and the Department of Revenue of the transfer and must submit the following information to WEDC:

- A transfer form, as provided by WEDC, attesting to the transfer of the tax credit.
- A copy of the transfer documents showing the transfer of tax credits from the seller to the buyer.
- Any other documents as required by WEDC to verify the sale or transfer of tax credits.

Incentives and Available Funding: \$30,000,000 allocated for CY19

The aggregate amount of Investment in any one qualified new business venture that may qualify for tax credits under the program is limited to \$12,000,000²⁶ or a different amount determined by WEDC at the time of certification or recertification.

The aggregate amount of Angel and Early Stage Seed tax credits that may be claimed for Investments in businesses is limited to \$30,000,000 per calendar year.²⁷

Activities & Expected Outcomes:

Certify 40 new businesses, 6 fund managers, and achieve a 4:1 leverage.

Performance Reporting:

Recipients will be required to annually submit a performance report in March documenting investment activities, job creation, job retention, average wages, company financials, eligibility checklist, as well as any other contract deliverable.

²⁴ Wis. Stat. §§ 71.07(5d)(d)1; 71.07(5b)(d)3; 71.28(5b)(d)3; 71.47(5b)(d)3.

²⁵ Wis. Stat. § 238.15(3)(e).

²⁶ Wis. Stat. § 238.15(1)(Lg).

²⁷ Wis. Stat. § 238.15(3)(d).



Regardless of eligibility status a certified company will be required to provide an annual report for a minimum of three years following the receipt of Investment that qualifies for credits under this program in order to monitor compliance with the penalty provisions. Failure to provide reports may result in WEDC enforcing penalty and/or revocation of tax credit provisions.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The QNBV program has a continuous application process. Applicants for the QNBV program should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Added statutory references to clarify eligibility requirements
7/1/2017	Reorganized the penalties and revocation sections for logical consistency
9/23/2017	Pursuant to 2017 Act 59, unused QNBV tax credits can no longer be transferred to the Business Development Tax Credit Program.
4/20/2018	Pursuant to 2017 Act 234, raised the aggregate investment limit from \$8 million to \$12 million.
7/1/2019	Clarified definitions and eligibility requirements; eliminated obsolete statutory reference; clarified performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: Qualified New Business Venture Certification/Early Stage Business Investment Program

Program Inception: 2005 Wisconsin Act 255

Lead Division: Entrepreneurship and Innovation

☒ **New** ☐ **Revised** Click here to enter date

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Qualified New Business Venture (QNBV) program is to incent equity investment in technology-based businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides tax credits to eligible Angel and Venture Fund investors who make cash equity Investments in qualified early-stage businesses. If all eligibility requirements are met, investors receive a Wisconsin income tax credit equal to 25 percent of the value of the Investment made in the certified company. The Investments incented by this program provide the capital necessary for emerging growth companies to develop new products and technologies, move products to market, and provide high quality jobs in Wisconsin.

Eligibility Requirements:

Definitions:

The following definitions supplement those in §§ 238.15, 71.07(5b) and (5d), 71.28(5b), 71.47(5b), and 76.638, Wis. Stats.

- “Accredited investor” means an individual who invests his or her own funds in a qualified new business venture; and satisfies the U.S. Securities and Exchange Commission Accredited Investor definition at the time of investment.
- “Angel investment network” means an entity comprised of accredited investors organized for the sole purpose of making investment(s) in qualified new business venture(s).
- “Angel investor” means an accredited investor or sophisticated investor who makes a bona fide angel investment.
- “Approved” means acceptable to WEDC.



- "Bona fide angel investment" means a purchase of an equity interest, or any other expenditure, as further defined under "Investment",¹ that is made by any of the following:
 - A partnership or limited liability company that is a non-operating entity, as determined by ~~the Department of Commerce or the Wisconsin Economic Development Corporation~~ WEDC, a natural person, or fiduciary who reviews new businesses or proposed new businesses for potential investment of their money.
 - A network of partnerships or limited liability companies that are a non-operating entity, as determined by ~~the Department of Commerce or the Wisconsin Economic Development Corporation~~ WEDC, natural persons, or fiduciaries that reviews new businesses or proposed new businesses for potential investment of the network's money.
- "Bona fide liquidity event" means any of the following events: (i) the reorganization, merger, dissolution, or consolidation of the company where ~~a majority~~ substantially all of its assets are distributed or otherwise paid out to shareholders, partners, or beneficial owners; (ii) the sale of all or substantially all of the assets of the company in one transaction or in a series of related transactions to a person who is not affiliated with the company; (iii) the sale of more than 50% of the outstanding equity interests in the company where following such sale the former owners of the outstanding equity interests in the company no longer beneficially control, directly or indirectly, the ability to control management decisions of the company or (iv) the first time the company sells shares of its common or preferred stock to the public on the open market, excluding crowd-funding exchanges.
- "Business" means an entity and all its affiliates.
- "Corporate Headquarters" means the location where the majority of the company's financial, personnel, legal, planning, or other headquarters functions are handled on a divisional, regional, national, or global basis.
- "Crowdfunding" means a legal securities offering conducted in accordance with Wisconsin's Crowdfunding exemption as regulated by the Wisconsin Department of Financial Institutions.
- "Differentiating technology" means a specialized product or process that demonstrates distinct and significant technological differences and advantages over potential competitors.
- "Eligible to claim a credit" means an investor has made an investment that has received tax credits as identified by a verification form issued by WEDC.
- "In operation" means in existence and running a business.
- "Investment" means the investment of cash in a qualified new business venture that is used for legitimate business purposes in exchange for any one of the following:
 - Common stock.
 - Partnership or membership interest.
 - Preferred stock.

¹ Wis. Stat. § 71.07(5d)(a)1.



- An equivalent ownership interest in the qualified new business venture approved by the WEDC.
- “Kept in a certified business or certified fund manager” means the investment was made in a certified business and the investment is held, or kept, by the angel investor, angel investment network or certified fund manager, in the business or its successor.
- “Legitimate business purposes” means investment proceeds used for normal operations of the business and are not used for activities including refinancing any prior investments, paying dividends to shareholders or other cash distributions to shareholders, stock repurchase, or other uses as determined by WEDC.
- “Qualified New Business Venture” or “QNBV” means a business WEDC has determined meets the requirements established by WEDC and the controlling statutes.
- “Sophisticated Investor” means an individual who has knowledge and experience in financial and business matters, and he or she is capable of evaluating the merits and risks of the prospective investment, or the QNBV reasonably believes immediately prior to making the investment that the undersigned comes within this description.
- “Worthless” means the business has been deemed insolvent as determined by WEDC and by evidence of identifiable events, such as a cessation of business, dissolution, distribution or a sale of substantially all of the company's assets to repay outstanding debts, pay bankruptcy or receivership filings, or to make minimal equity distributions.

This policy has been reviewed and updated in consultation with the Department of Revenue.²

Qualified New Business Venture Certification

QNBV Certification allows businesses to offer their equity investors the Angel or Early Stage Seed Income Tax Credits as an incentive for investing in their business. WEDC maintains flexibility in evaluating applications for certification to protect the intent of the QNBV program in focusing on economic development, particularly incentivizing in-state investors, in Wisconsin.

A business may be certified, and may maintain such certification, only if the business satisfies all of the following conditions:

- It has its headquarters in this state.³
- At least 51 percent of the employees employed by the business are employed in this state.⁴
- It has the potential for increasing jobs in this state, increasing capital investment in this state, or both, and any of the following apply:
 - It is engaged in, or has committed to engage in, innovation in any of the following:
 - Manufacturing, biotechnology, nanotechnology, communications, agriculture, or clean energy creation or storage technology.

² Wis. Stat. § 238.15(3)(d).

³ Wis. Stat. § 238.15(1)(a).

⁴ Wis. Stat. § 238.15(1)(b).



- Processing or assembling products, including medical devices, pharmaceuticals, computer software, computer hardware, semiconductors, any other innovative technology products, or other products that are produced using manufacturing methods that are enabled by applying differentiating technology.
- Services that are enabled by applying differentiating technology.⁵
 - It is undertaking pre-commercialization activity related to differentiating technology that includes conducting research, developing a new product or business process, or developing a service that is principally reliant on applying differentiating technology.⁶
- It is not primarily engaged (being “primarily engaged” means having greater than 50 percent of projected or reported revenue generated from) in real estate development, insurance, banking, lending, lobbying, political consulting, professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, wholesale or retail trade, leisure, hospitality, transportation, or construction, except construction of power production plants that derive energy from a renewable resource, as defined in § [196.378 \(1\) \(h\), Wis Stats](#).⁷
- It has less than 100 employees at the time of initial certification.⁸
- It has been in operation in this state for not more than 10 consecutive years at the time of initial certification.⁹
- For taxable years beginning before January 1, 2008, it has not received more than \$1,000,000 in Investments that have qualified for tax credits under s. 71.07 (5d).¹⁰
- It has not received aggregate private equity Investment in cash of more than \$10,000,000 at the time of initial certification.¹¹
- For taxable years beginning after December 31, 2007 and before January 1, 2011, it has not received more than \$4,000,000 in Investments that have qualified for tax credits under the program.¹²
- For taxable years beginning after December 31, 2010, and before January 1, 2018, it has not received more than \$8,000,000 in Investments that have qualified for tax credits under the program.¹³
- For taxable years beginning after December 31, 2017, it has not received more than \$12,000,000 in Investments that have qualified for tax credits under the program.¹⁴
- Companies whose certification has expired or lapsed due to meeting or approaching \$8 million in qualified Investments prior to January 1, 2018 may qualify for additional funds under the following:
 - If the company is within the required three-year reporting period following the receipt of qualifying Investments and in good standing with WEDC, it may be eligible for re-certification in the program under program limits established for tax years after December 31, 2017.
 - If the company is outside its reporting period, the company must go through the full application process.

⁵ Wis. Stat. § 238.15(1)(f)1.

⁶ Wis. Stat. § 238.15(1)(f)2.

⁷ Wis. Stat. § 238.15(1)(g).

⁸ Wis. Stat. § 238.15(1)(h).

⁹ Wis. Stat. § 238.15(1)(j).

¹⁰ Wis. Stat. § 238.15(1)(k).

¹¹ Wis. Stat. § 238.15(1)(km).

¹² Wis. Stat. § 238.15(1)(kn).

¹³ Wis. Stat. § 238.15(1)(L).

¹⁴ Wis. Stat. § 238.15(1)(Lg).



In addition to the factors outlined above WEDC will evaluate applications based on, but not limited to, the following factors:

- Whether the business is in one of Wisconsin's target industries as determined by WEDC.
- High growth potential of the business.
- Management team experience.
- Financial need.
- Percentage of funds that will be spent in Wisconsin.
- Barriers to entry.

A certified business must provide a statement in its private placement memorandum or equivalent documents indicating that WEDC does not endorse the quality of management of the business and is not liable for damages or losses to an investor.

Each qualified business must be recertified in each taxable year in which it desires certification. If applicable, WEDC will consider the information contained in the company's annual performance report as an application for recertification. The company will also be required to provide a final report when it is determined that the company will not be pursuing recertification or is decertified by WEDC.

Penalties:

The certified company agrees that it will not relocate outside of this state during the 3 years after it receives an Investment under which a tax credit may be claimed and agrees to pay WEDC a penalty if the business relocates outside of this state during that 3-year period. For the purposes of this paragraph, a business relocates outside of this state when the business locates more than 51 percent of any of the following outside of this state:

- The business's employees.
- The business's total payroll.
- The activities of the business's headquarters, as determined by WEDC.¹⁵

For Investments made after 12/31/2011 the amount of a penalty payment is determined as follows:

- If the relocation occurs less than 12 months after the Investment, 100% of the tax credit that was claimed as the result of the Investment.
- If the relocation occurs 12 months or more after the Investment but less than 24 months after the Investment, 80% of the tax credit that was claimed as the result of the Investment.
- If the relocation occurs 24 months or more after the Investment but less than 36 months after the Investment, 60% of the tax credit that was claimed as the result of the Investment.¹⁶

A business is not considered to have relocated outside of this state if WEDC determines that Investment and employment levels have not diminished in Wisconsin, regardless of whether a business meets the penalty thresholds shown above for employees or payroll.¹⁷ Companies maintaining certification must continue to meet other program requirements including headquarters location.¹⁸ In

¹⁵ Wis. Stat. § 238.15(1)(m)1.

¹⁶ Wis. Stat. § 238.15(1)(m)2.

¹⁷ Wis. Stat. § 238.15(3)(dm).

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addition, the penalty does not apply if WEDC certified a company prior to April 20, 2012, and the company converted a note or bond to an equity interest in reliance upon that certification.¹⁹

Fund Manager Certification/Qualified Venture Fund (QVF)

A certified fund manager is eligible for Early Stage Seed tax credits when making Investments in QNBV certified companies.²⁰ An investment fund manager desiring certification for a specific fund shall submit an application to WEDC.

In determining whether to certify an investment fund manager as a QVF, WEDC shall consider:

- The investment fund manager's experience in managing venture capital funds.
- The past performance of investment funds managed by the applicant.
- The expected level of investment in the investment fund to be managed by the applicant.
- Any other relevant factors as determined by WEDC.²¹

WEDC will evaluate fund manager applications in order to protect the intent of the program, QNBV companies and investors.

In addition to the factors outlined above, WEDC will evaluate the following when determining whether to certify an investment fund manager as a QVF:

- The applicant's experience in investing in high growth, early stage businesses.
- The past performance of businesses assisted by the applicant.
- The portion of the investment fund's capital the fund manager expects to invest in Qualified New Business Ventures.
- Geographic distribution of funds.
- Focus on targeted industries or target group members, as determined by WEDC.
- Ability to access follow-on funding.
- Services provided.
- Commitment to Wisconsin.
- Administrative and management fees.

A certified fund manager must provide a statement in its private placement memorandum or equivalent documents indicating that WEDC does not endorse the quality of management of the fund and is not liable for damages or losses to an investor.

Eligibility for Tax Credits:

An Angel, Angel Network, and ~~Certified Funds~~QVF are each eligible for a 25% tax credit for making Investments in Qualified New Business Ventures.²² Tax Credit Request Forms can be found on WEDC's website.

Tax Credit qualifications:

¹⁹ Wis. Stat. § 238.15(1)(m)3.

²⁰ Wis. Stat. § 238.15(2).

²¹ Wis. Stat. § 238.15(2).

²² Wis. Stat. §§ 71.07(5d)(b)2; 71.07(5b)(b)1; 71.28(5b)(b)1; 71.47(5b)(b)1; 76.638(2).



- Clearly identifiable as being cash Investments.
- Must be in the form of common stock, preferred stock, partnership or membership interest, or equivalent ownership interest.
- Cash exchanged for debt is not eligible unless the debt is later converted into equivalent ownership interest as described above. Note: The amount, in this circumstance, used to calculate tax credits only includes the original cash Investment and does not include accrued interest, unpaid fees, etc.
- 401(k), IRA, Roth IRA or similar tax deferred or tax advantaged accounts are not eligible Investment vehicles for the Angel tax credit programs.
- Investor does not control or is not closely related (spouse, grandparent, parent, sibling, child, stepchild, grandchild) to someone who controls more than 20% of the ownership interest in the company at the time the current Investment round is opened.
- Investments made by certified fund managers, with principal offices based outside of this state, must be made side by side with equity investors based in Wisconsin with a minimum participation by state investors as determined by WEDC.
Note: As an example, out-of-state fund managers with strong management, a strong history of performance, and a focus on target industries and companies in Wisconsin will have minimal side-by-side Investment requirements. By comparison out-of-state investors with smaller fund size, minimal experience, or a broad fund focus that does not parallel the goals of the program may have larger side-by-side Investment requirements.
- Public funds, including investments made by the State Fund of Funds and Federal State Small Business Credit Initiative programs, may not be used as the basis for claiming credits.

Process for requesting Tax Credits:

The QNBV certified company in cooperation with the investor will complete the necessary forms. The tax credit request forms and required documentation shall be provided-submitted to WEDC no later than 90 days following the end of the taxable year in which Investment was made that qualifies for credits. Upon review and approval of the required forms and documentation, WEDC will issue a verification form to the angel investor, angel investment network or certified fund manager stating the amount and type of tax credits that may be claimed.

~~Credit requests will be prioritized for companies with qualifying Investments of \$8 million or less until January 31, 2019. If credit requests received prior to January 31, 2019 exceed the \$30 million annual allocation²³, requests for credits on Investments over \$8 million will be divided pro-rata after credit requests for Investments of \$8 million or less are processed. After January 31, 2019, credits will be processed on a first come first serve basis.~~

Revocation:

Revocation of Certification

WEDC may revoke or withhold the certification of a business or a fund and no new Investment will qualify after revocation if the business or fund (1) supplies false or misleading information to obtain the certification; (2) fails to continue to meet the required conditions or qualifications for obtaining the certification; (3) has violated or is under investigation~~s~~ for violations of state, federal or local laws or regulations related to the conduct of the activities of the business; (4) has had an officer or director arrested for or convicted of a crime substantially related to the activities of the business or fund; (5) is

²³ ~~Wis. Stat. § 238.15(3)(d).~~



not using the funds for a legitimate business purpose as determined by WEDC; or (6) is in default of WEDC or other State obligations.

Revocation-Repayment of Tax Credits

WEDC, in cooperation with the Wisconsin Department of Revenue, may revoke credits if an Investment qualifying for tax credits under the program is not kept in a certified business for 3 years except as provided below:

- Upon review, WEDC determines that the Investment becomes worthless prior to the end of the three-year period.
- The Angel, Angel investment network, or certified fund manager has held an Investment for at least 12 months and upon review the WEDC determines that a Bona Fide Liquidity Event has occurred prior to the end of the holding period.²⁴

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Those eligible to claim a credit under the Early Stage Seed Investment Credit may sell or otherwise transfer the credit (subject to all applicable taxes and fees) no more than once in a 12-month period to another person who is subject to the applicable taxes and fees under Wis. Stat. § 71.02, 71.23, 71.47, or subchapter III of chapter 76.

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To effectuate a transfer, the fund manager must approve the transfer, then the certified fund manager must notify WEDC and the Department of Revenue of the transfer and must submit the following information to WEDC:

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Incentives and Available Funding: \$30,000,000 allocated for ~~GY18~~CY19

The aggregate amount of Investment in any one qualified new business venture that may qualify for tax credits under the program is limited to \$12,000,000²⁶ or a different amount determined by WEDC at the time of certification or recertification.

The aggregate amount of Angel and Early Stage Seed tax credits that may be claimed for Investments in businesses is limited to \$30,000,000 per calendar year.²⁷

Activities & Expected Outcomes:

Certify ~~35-40~~ new businesses, ~~5-6~~ fund managers, and achieve a 4:1 leverage.

²⁴ Wis. Stat. §§ 71.07(5d)(d)1; 71.07(5b)(d)3; 71.28(5b)(d)3; 71.47(5b)(d)3.

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²⁶ Wis. Stat. § 238.15(1)(Lg).

²⁷ Wis. Stat. § 238.15(3)(d).



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Regardless of eligibility status a certified company will be required to provide an annual report for a minimum of three years following the receipt of Investment that qualifies for credits under this program in order to monitor compliance with the penalty provisions. Failure to provide reports may result in WEDC enforcing penalty and/or revocation of tax credit provisions.

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Revision History:

Effective Date	Description of Change
7/1/2017	Added statutory references to clarify eligibility requirements
7/1/2017	Reorganized the penalties and revocation sections for logical consistency
9/23/2017	Pursuant to 2017 Act 59, unused QNBV tax credits can no longer be transferred to the Business Development Tax Credit Program.
4/20/2018	Pursuant to 2017 Act 234, raised the aggregate investment limit from \$8 million to \$12 million.
<u>7/1/2019</u>	<u>Clarified definitions and eligibility requirements; eliminated obsolete statutory reference; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Seed Accelerator

Program Inception: WEDC FY13

Lead Division: Entrepreneurship and Innovation

☒ **New**

☐ **Revised**

☐ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Seed Accelerator Program is to encourage the formation of business accelerator programs and to incent startup companies in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The seed accelerator model for entrepreneurial development is designed to increase the outcomes for sustainability and growth of startup companies, typically, but not exclusively, in technology-based industries. In a seed accelerator, classes of entrepreneurial teams enroll in a defined program over a certain period of time (typically 3-6 months). Participants are provided with small amounts of financing, experienced hands-on mentorship, educational programming, visibility to investors and other resources, along with processes for market and customer validation, and for developing and testing the commercial viability of an idea.

The program provides an entity operating a not-for-profit seed accelerator with grant funding used to support the participating companies. Operational expenses of the accelerator may also be eligible for grant funding.

Eligibility Requirements:

The Seed Accelerator program is designed to generally focus on tech/high growth companies such as those engaged in the development and commercialization of advanced manufacturing, engineered products, agriculture or food processing technology, information systems or software, medical devices, biosciences, and energy systems and controls. Investment strategies focused on geographic, demographic, or other factors may be considered with sufficient demonstration of need, and accelerator program focus.

Entities eligible for Seed Accelerator funds may include communities, organizations or other entities that operate a not-for-profit seed accelerator program in Wisconsin.

Eligible applicants will provide information on program management, operating plans, entrepreneurship resources and use of funds. Applicants will identify matching funds on a minimum 1:1 basis of the amount of funding provided by WEDC. Matching funds may be in-kind or cash and may be dedicated to operating expenses.



Use of Funds:

Seed Accelerator recipients are required to provide grants, loans, royalty-based investments and/or equity investments to companies participating in the accelerator program. WEDC must approve the type of funding being provided to participating companies. Loan repayments and/or investment returns to the recipient may only be used to support direct program costs or to provide capital to companies participating in a current or future cohort of the accelerator. Recipients may be eligible to receive funding for operational expenses directly related to the administration of the accelerator.

Incentives and Available Funding (FY20): \$1,000,000

Factors determining the level of grant funding for company capital:

- The number of companies per class
- The length of the seed accelerator program for each class
- Other factors may include but are not limited to industry sector and local economic considerations

Activities and Expected Outcomes:

Award six organizations to assist 45 startups and early stage companies. Recipients will maintain an average co-investment ratio of 1:1.

Performance Reporting:

Recipient organizations will be required to periodically submit a performance report documenting the number of organizations assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Applicants for Seed Accelerator program funding are required to provide to WEDC, in writing, information on the applicant organization, accelerator program management and operations, and the process for accepting companies into the program.

Applicants must provide information to the satisfaction of E&I staff before being approved for Seed Accelerator program funds. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2019	Clarified program goal and description; clarified use of funds; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Seed Accelerator

Program Inception: WEDC FY13

Lead Division: Entrepreneurship and Innovation

☒ **New**

☐ **Revised**

☐ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Seed Accelerator Program is to encourage the formation of business accelerator programs and to incent ~~high-growth~~ startup companies in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The seed accelerator model for entrepreneurial development is designed to increase the outcomes for sustainability and growth of startup companies, typically, but not exclusively, in technology-based industries. In a seed accelerator, classes of entrepreneurial teams enroll in a defined program over a certain period of time (typically 3-6 months). Participants are provided with small amounts of financing, experienced hands-on mentorship, educational programming, visibility to investors and other resources, along with processes for market and customer validation, and for developing and testing the commercial viability of an idea.

The program provides an entity operating a not-for-profit seed accelerator with grant funding used to support the participating companies. Operational expenses of the accelerator may also be eligible for grant funding.

Eligibility Requirements:

The Seed Accelerator program is designed to generally focus on tech/high growth companies such as those engaged in the development and commercialization of advanced manufacturing, engineered products, agriculture or food processing technology, information systems or software, medical devices, biosciences, and energy systems and controls. Investment strategies focused on geographic, demographic, or other factors may be considered with sufficient demonstration of need, and accelerator program focus.

Entities eligible for Seed Accelerator funds may include communities, organizations or other entities that operate a not-for-profit seed accelerator program in Wisconsin.

Eligible applicants will provide information on program management, operating plans, entrepreneurship resources and use of funds. Applicants will identify matching funds on a minimum 1:1 basis of the amount of funding provided by WEDC. Matching funds may be in-kind or cash, and may be dedicated to operating expenses.



Use of Funds:

Seed Accelerator recipients are required to provide grants, loans, royalty-based investments and/or equity investments to companies participating in the accelerator program. WEDC must approve the type of funding being provided to participating companies. Loan repayments and/or investment returns to the recipient may only be used to support direct program ~~operations costs~~ or to provide capital to companies participating in a current or future cohort of the accelerator. Recipients may be eligible to receive funding for operational expenses directly related to the administration of the accelerator.

Incentives and Available Funding (~~FY19~~FY20): \$1,000,000

Factors determining the level of grant funding for company capital:

- The number of companies per class
- The length of the seed accelerator program for each class
- Other factors may include but are not limited to industry sector and local economic considerations

~~Recipients may be eligible to receive funding for operational expenses directly related to the administration of the accelerator.~~

Activities and Expected Outcomes:

Award six organizations to assist ~~30-45~~ startups and early stage companies. Recipients will maintain an average co-investment ratio of 1:1.

Performance Reporting:

Recipient organizations will be required to periodically submit a performance report documenting the number of organizations assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

Applicants for Seed Accelerator program funding are required to provide to WEDC, in writing, information on the applicant organization, accelerator program management and operations, and the process for accepting companies into the program.

Applicants must provide information to the satisfaction of E&I staff before being approved for Seed Accelerator program funds. The completed application will be assigned to an underwriter and go through the award review process.



For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
<u>7/1/2019</u>	<u>Clarified program goal and description; clarified use of funds; clarified performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: SBIR/STTR Matching Grant

Program Inception: WEDC FY15

Lead Division: Entrepreneurship & Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the SBIR/STTR Matching Grant program is to stimulate technological innovation by supporting technology-based small businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides funds to technology-based businesses in or relocating to Wisconsin by matching a portion of Phase I and/or Phase II awards under the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs provided through periodic competitions. The program will be administered by the Center for Technology Commercialization (CTC).

Eligibility Requirements:

The federal SBIR program provides over \$2.5 billion annually in grants from 11 federal agencies designed to help small businesses create and commercialize new innovations and technologies. The program consists of three phases:

- Phase I awards range from \$75,000 to \$150,000 to support feasibility study
- Phase II awards range from about \$250,000 to \$1,000,000 to support full research and development
- Phase III entails commercialization supported by funding outside of the federal program

CTC must administer the SBIR/STTR Matching Grant program according to the following guidelines:

Wisconsin businesses that are Phase I or Phase II recipients of federal SBIR/STTR funding may apply to CTC for a matching grant.

Out-of-state businesses may apply for and receive funding contingent on the business relocating to Wisconsin within 90 days of receiving the matching grant funding.

Businesses may receive matching grants for both Phase I and Phase II awards, but the program will primarily support first-time recipients of a federal award for the phase for which a matching grant is pursued. The matching grant is intended to support eligible activities including but not limited to customer validation activities, market research, intellectual property assessment and feasibility



assessment.

Incentives and Available Funding (FY20): \$1,500,000

The SBIR/STTR Matching Grant program will provide awards of up to 50% of the amount of federal Phase I or up to \$100,000 annually for Phase II funding awards. The grant must be used for new and additional work tasks that relate to the project granted the federal award.

It is anticipated that the number of federal awards eligible for matching grants will exceed the funding level of the matching grant program. Projects will be evaluated as part of a competitive scoring process and awards will be made based on funding availability and project merit.

Activities & Expected Outcomes:

Award one organization to support 13 businesses and achieve a leverage to federal grants of 3:1.

Performance Reporting:

CTC will be required to quarterly submit a performance report documenting the number of businesses receiving grants, the amount of each grant, the amount of federal funding leveraged, as well as any other contract deliverable, for four years after receiving an award. CTC will report annual employment, wage and outside investment information submitted by each business.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

CTC meets with WEDC to review capacity, past performance and future goals. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Applications for the SBIR/STTR Matching Grant program compete an online application at wisconsinsbir.org.

Revision History:

Effective Date	Description of Change
7/1/2019	Clarified performance reporting requirements



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: SBIR/STTR Matching Grant

Program Inception: WEDC FY15

Lead Division: Entrepreneurship & Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the SBIR/STTR Matching Grant program is to stimulate technological innovation by supporting technology-based small businesses in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides funds to technology-based businesses in or relocating to Wisconsin by matching a portion of Phase I and/or Phase II awards under the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs provided through periodic competitions. The program will be administered by the Center for Technology Commercialization (CTC).

Eligibility Requirements:

The federal SBIR program provides over \$2.5 billion annually in grants from 11 federal agencies designed to help small businesses create and commercialize new innovations and technologies. The program consists of three phases:

- Phase I awards range from \$75,000 to \$150,000 to support feasibility study
- Phase II awards range from about \$250,000 to \$1,000,000 to support full research and development
- Phase III entails commercialization supported by funding outside of the federal program

CTC must administer the SBIR/STTR Matching Grant program according to the following guidelines:

Wisconsin businesses that are Phase I or Phase II recipients of federal SBIR/STTR funding may apply to CTC for a matching grant.

Out-of-state businesses may apply for and receive funding contingent on the business relocating to Wisconsin within 90 days of receiving the matching grant funding.

Businesses may receive matching grants for both Phase I and Phase II awards, but the program will primarily support first-time recipients of a federal award for the phase for which a matching grant is pursued. The matching grant is intended to support eligible activities including but not limited to customer validation activities, market research, intellectual property assessment and feasibility



assessment.

Incentives and Available Funding (~~FY19~~FY20): \$1,500,000

The SBIR/STTR Matching Grant program will provide awards of up to 50% of the amount of federal Phase I or up to \$100,000 annually for Phase II funding awards. The grant must be used for new and additional work tasks that relate to the project granted the federal award.

It is anticipated that the number of federal awards eligible for matching grants will exceed the funding level of the matching grant program. Projects will be evaluated as part of a competitive scoring process and awards will be made based on funding availability and project merit.

Activities & Expected Outcomes:

Award one organization to support 13 businesses and achieve a leverage to federal grants of-3:1.

Performance Reporting:

CTC will be required to quarterly submit a performance report documenting the number of businesses receiving grants, the amount of each grant, the amount of federal funding leveraged, as well as any other contract deliverable, for four years after receiving an award. CTC will report annual employment, wage and outside investment information submitted by each business.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

CTC meets with WEDC to review capacity, past performance and future goals. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Applications for the SBIR/STTR Matching Grant program compete an online application at wisconsinsbir.org.

Revision History:

Effective Date	Description of Change
<u>7/1/2019</u>	<u>Clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Technology Development Loan (TDL)

Program Inception: WEDC FY12

Lead Division: Entrepreneurship and Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Technology Development Loan (TDL) program is to support technology-based startup and emerging growth companies in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides direct financial assistance to startup and emerging growth companies in Wisconsin that are developing and commercializing innovative products and services at critical stages in their development. The TDL program is intended to provide capital to those companies that have the potential to add to Wisconsin's economic base over the long-term by attracting and training a high-wage, high-skill workforce and establishing a unique competitive advantage. The funds can be used as working capital and require leverage from outside funding for the business development project or funding round under consideration. Funding levels are dependent on the stage of growth, capital need, financial leverage, economic potential, risk evaluation, and other factors deemed by WEDC to impact the funding request under consideration.

Eligibility Requirements:

Funds are awarded for various activities according to the following eligibility criteria:

1. Product / Process development
 - Supports R&D, proof of concept, and prototype development
 - Company should generally be an early-stage company or spinout with fewer than 25 employees
 - Demonstrates financial need and potential for business growth
 - Product/Process Development phase funding is generally limited to \$250,000 per company
2. Product / Service Commercial Launch
 - Company is raising funds for initial launch of a developed product into the primary market after proof of concept and development testing
 - Product / Service Commercial Launch phase is generally limited to \$500,000 per company
 - A lower limit may be imposed for moving into test markets if the technology or industry requires incremental steps to commercialization
3. Growth / Expansion Stage



- Company is in growth mode with recurring sales of fully developed product into the intended market
- Company should have strong and growing market traction and have a clear path to sustainability
- Intended to provide capital for increasing production and approaching profitability
- Growth / Expansion Stage phase is generally limited to \$750,000 per company

WEDC maintains flexibility in evaluating applications for loan funding in order to best direct the limited funding available on an annual basis.

Terms

USE: Working capital or equipment financing.

FEE: An origination fee of two (2.0) percent of the award amount.

AMORTIZED REPAYMENT:

INTEREST RATE: 6 percent fixed interest rate.

REPAYMENT: The loan shall generally have a term of up to 7 years with a deferral of principal and interest payments of up to 36 months, an option for an additional 12 months of interest only payments, followed by equal monthly payments of principal and interest. The deferral period will be based on the company's expected time to market and regulatory barriers. For loans with more than 12 months of principal and interest payment deferral WEDC may require an annual renewal of the deferment period.

REVENUE-BASED REPAYMENT:

TOTAL RETURN: Fixed multiple of principal disbursed, typically 1.15 – 1.5x dependent on anticipated financing duration, equivalent interest rate, risk, and other relevant factors.

PAYMENT: 1.5 - 3 percent of monthly gross revenue

LIMITATIONS: WEDC may set a maximum duration of repayment period, establish minimum payments, or insert other financing requirements on a case-by-case basis.

COLLATERAL: Security Interest in all or specific business assets.

In cases where WEDC feels it necessary, it may additionally require assignment of a life insurance policy(ies) for key founders/managers in an amount up to the maximum value of the loan.



GUARANTOR(S): WEDC generally requires Limited or Unlimited personal guaranties for any owner with ownership in the company equal to or more than 20%. WEDC may also choose to add contingencies for release of these guaranties following additional financing or other milestones.

MATCH REQUIREMENT: The Borrower shall provide a minimum of 4:1 match of private investment funds to TDL loan proceeds. This requirement shall be met prior to the disbursement of TDL funds.*

CONVERTIBLE NOTES: WEDC frequently requires an ability to convert into an equity position as a condition of the loan, the option will allow WEDC to convert any portion of the outstanding loan balance, including principal and interest, to equity equivalent with the terms of the matching equity event. WEDC may use either a convertible note or a warrant as the vehicle for conversion. WEDC's ability to convert to equity shall not exceed the term of the note, and conversion will generally be tied to an anticipated liquidity event (e.g. the sale of the company). However, WEDC will include safeguards in the appropriate agreement(s) should it exercise an option to convert into an equity position. These safeguards will include: (1) WEDC will not have an ownership interest of 20% or more; (2) WEDC will not have voting rights or obligations, or any other indicia of control; (3) WEDC will not accept obligations to indemnify or repay additional debt taken on by any company; (4) WEDC will require a company to repurchase any equity held by WEDC if the company relocates out of Wisconsin within five years, in accordance with Wis. Stat. §238.12; (5) WEDC will consider the circumstances of each loan and will limit its liability to the greatest extent possible.

*WEDC may consider previous funding as part of the initial leverage if the previous funding is part of the funding required for the project under consideration. In general, previous funding should be characterized as part of the current "funding round" and should not have occurred more than 12 months prior to the application date and is part of an active funding raise effort. WEDC may, in certain circumstances, elect to count founder funding as a portion of eligible match if the funding under consideration is part the initial company capitalization or seed round.

In addition to the factors outlined above WEDC will evaluate applications based on factors that will include:

Growth Potential - The Company's overall growth potential

Timeline – The Company's development and commercialization timeline

Funding – The Company's ability to identify and secure sufficient capital

Technology – Technology risk

Market – Size and anticipated acceptance of the idea by customers

Execution – Management, plan, and performance to date

Cash flow - Company's repayment capacity and timeline

Secondary Benefits – Income taxes, payroll taxes, supply chain, real estate taxes, other economic benefits



Need and Business Impact – The company's need for funding and the impact that funding is likely to have on future success

Benchmarks - The company's ability to meet benchmarks set during the underwriting of any prior TDL loan

Incentives and Available Funding (FY20): \$5,000,000

Funding will be provided in the form of loans and will be awarded through an ongoing application process.

Activities & Expected Outcomes:

Assist 15 businesses and achieve a 4:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting investment activities, job creation, job retention, average wages, company financials, eligibility checklist, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The TDL program has a continuous application process. Applicants for a TDL should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Eliminated obsolete restrictions for past costs
7/1/2017	Eliminated obsolete reference to federal SSBCI funding source
7/1/2018	Added option for revenue-based loan repayments
7/1/2018	Clarified criteria for execution of convertible notes
7/1/2019	Added clarifying language and evaluation criteria; clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: Technology Development Loan (TDL)

Program Inception: WEDC FY12

Lead Division: Entrepreneurship and Innovation

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Technology Development Loan (TDL) program is to support technology-based startup and emerging growth companies in the state of Wisconsin.

This program primarily supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Entrepreneurship and Innovation

Program Description:

The program provides direct financial assistance to startup and emerging growth companies in Wisconsin that are developing and commercializing innovative products and services at critical stages in their development. The TDL program is intended to provide capital to those companies that have the potential to add to Wisconsin's economic base over the long-term by attracting and training a high-wage, high-skill workforce and establishing a unique competitive advantage. The funds can be used as working capital and require leverage from outside funding for the business development project or funding round under consideration. Funding levels are dependent on the stage of growth, capital need, financial leverage, economic potential, risk evaluation, and other factors deemed by WEDC to impact the funding request under consideration.

Eligibility Requirements:

Funds are awarded for various activities according to the following eligibility criteria:

1. Product / Process development
 - Supports R&D, proof of concept, and prototype development
 - Company should generally be an early-stage company or spinout with fewer than 25 employees
 - Demonstrates financial need and potential for business growth
 - Product/Process Development phase funding is generally limited to \$250,000 per company
2. Product / Service Commercial Launch
 - Company is raising funds for initial launch of a developed product into the primary market after proof of concept and development testing
 - Product / Service Commercial Launch phase is generally limited to \$500,000 per company
 - A lower limit may be imposed for moving into test markets if the technology or industry requires incremental steps to commercialization
3. Growth / Expansion Stage



- Company is in growth mode with recurring sales of fully developed product into the intended market
- Company should have strong and growing market traction and have a clear path to sustainability
- Intended to provide capital for increasing production and approaching profitability
- Growth / Expansion Stage phase is generally limited to \$750,000 per company

WEDC maintains flexibility in evaluating applications for loan funding in order to best direct the limited funding available on an annual basis.

Terms

USE: Working capital or equipment financing.

FEE: An origination fee of two (2.0) percent of the award amount.

AMORTIZED REPAYMENT:

INTEREST RATE: 6 percent fixed interest rate.

REPAYMENT: The loan shall generally have a term of up to 7 years with a deferral of principal and interest payments of up to 36 months, an option for an additional 12 months of interest only payments, followed by equal monthly payments of principal and interest. The deferral period will be based on the company's expected time to market and regulatory barriers. For loans with more than 12 months of principal and interest payment deferral WEDC may require an annual renewal of the deferment period.

REVENUE-BASED REPAYMENT:

TOTAL RETURN: Fixed multiple of principal disbursed, typically 1.15 – 1.5x dependent on anticipated financing duration, equivalent interest rate, risk, and other relevant factors.

PAYMENT: 1.5 - 3 percent of monthly gross revenue.

LIMITATIONS: WEDC may set a maximum duration of repayment period, establish minimum payments, or insert other financing requirements on a case-by-case basis.

COLLATERAL: Security Interest in all or specific business assets~~General Business Security Agreement or Specific Security Agreement.~~

In cases where WEDC feels it necessary, it may additionally require assignment of a life insurance policy(ies) for key founders/managers in an amount up to the maximum value of the loan.



GUARANTOR(S): ~~Under certain circumstances, WEDC may generally~~ requires Limited or Unlimited personal guaranties for any owner, ~~generally~~ with ownership in the company equal to or more than 20%. WEDC may also choose to add contingencies for release of these guaranties following additional financing or other milestones.

MATCH REQUIREMENT: The Borrower shall provide a minimum of 4:1 match of private investment funds to TDL loan proceeds. This requirement shall be met prior to the disbursement of TDL funds.*

CONVERTIBLE NOTES: WEDC ~~may frequently~~ requires an ability to convert into an equity position as a condition of the loan, the option will allow WEDC to convert any portion of the outstanding loan balance, including principal and interest, to equity equivalent with the terms of the matching equity event. WEDC may use either a convertible note or a warrant as the vehicle for conversion. WEDC's ability to convert to equity shall not exceed the term of the note, and conversion will generally be tied to an anticipated liquidity event (e.g. the sale of the company). However, WEDC will include safeguards in the appropriate agreement(s) should it exercise an option to convert into an equity position. These safeguards will include: (1) WEDC will not have an ownership interest of 20% or more; (2) WEDC will not have voting rights or obligations, or any other indicia of control; (3) WEDC will not accept obligations to indemnify or repay additional debt taken on by any company; (4) WEDC will require a company to repurchase any equity held by WEDC if the company relocates out of Wisconsin within five years, in accordance with Wis. Stat. §238.12; (5) WEDC will consider the circumstances of each loan and will limit its liability to the greatest extent possible.

*WEDC may consider previous funding as part of the initial leverage if the previous funding is part of the funding required for the project under consideration. In general, previous funding should be characterized as part of the current "funding round" and should not have occurred more than 12 months prior to the application date and is part of an active funding raise effort. WEDC may, in certain circumstances, elect to count founder funding as a portion of eligible match if the funding under consideration is part the initial company capitalization or seed round.

In addition to the factors outlined above WEDC will evaluate applications based on factors that will include:

Growth Potential - The Company's overall growth potential

Timeline – The Company's development and commercialization timeline

Funding – The Company's ability to identify and secure sufficient capital

Technology – Technology risk

Market – Size and anticipated acceptance of the idea by customers

Execution – Management, plan, and performance to date

Cash flow - Company's repayment capacity and timeline



Secondary Benefits – Income taxes, payroll taxes, supply chain, real estate taxes, other economic benefits

Need and Business Impact – The company's need for funding and the impact that funding is likely to have on future success

Benchmarks - The company's ability to meet benchmarks set during the underwriting of any prior TDL loan.

Incentives and Available Funding (FY19FY20): \$5,000,000

Funding will be provided in the form of loans and will be awarded through an ongoing application process.

Activities & Expected Outcomes:

Assist 15 businesses and achieve a 4:1 leverage of other investment.

Performance Reporting:

Recipients will be required to annually submit a performance report documenting investment activities, job creation, job retention, average wages, company financials, eligibility checklist, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The TDL program has a continuous application process. Applicants for a TDL should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2017	Eliminated obsolete restrictions for past costs
7/1/2017	Eliminated obsolete reference to federal SSBCI funding source
7/1/2018	Added option for revenue-based loan repayments
7/1/2018	Clarified criteria for execution of convertible notes
<u>7/1/2019</u>	<u>Added clarifying language and evaluation criteria; clarified performance reporting requirements</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal ~~Counsel & Compliance~~ Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: ExporTech™

Program Inception: April 2010

Lead Division: International Business Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the ExporTech™ program is to support the export capabilities of businesses in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Export and International Trade

Program Description:

In order to support the export capabilities of Wisconsin companies, WEDC partners with the Wisconsin Center for Manufacturing & Productivity (WCMP) to offer financial and technical assistance through the ExporTech™ program. The program has three financial components – WEDC funding for ExporTech™ delivery, WEDC assistance with the program cost for eligible participating companies, and funding for a market assessment following ExporTech™ completion.

ExporTech™ is managed and deployed nationally by the National Institute of Standards and Technology's Manufacturing Extension Partnership (NIST MEP) in collaboration with other federal/state export partners and promotion organizations. Through a contractual agreement, ExporTech™ is coordinated by WCMP, with financial and technical support from WEDC.

ExporTech™ is a proven export strategy development program designed to speed a company's "go to market" timeline by developing a customized international growth plan for the company's product in key markets. Participating companies receive access to topic matter experts, individualized coaching and consulting, customized support and guided development of an international growth plan. The program provides a unique focus on CEO/top management success factors and aims to provide companies with early export success. Each program takes place over 12 weeks.

This program provides financial assistance to eligible Wisconsin companies to participate in the 12-week program and receive a market assessment upon completion.

The key to success in international markets is preparedness and the goal of ExporTech™ is to better position companies for success in the global economy. In order to further assist and provide Wisconsin companies with hands-on strategic export development, ExporTech™ is designed to help companies take a more proactive approach to export markets. As the driving force in job creation and economic growth, small business growth is imperative to the health of the Wisconsin economy.



Eligibility Requirements:

Eligible ExporTech™ companies must be established businesses operating in Wisconsin that manufacture, process, assemble and/or distribute a product or perform a service with a potential to be exported. Executive level (C-level, President, Owner, decision maker) involvement and participation is required.

Incentives and Available Funding (FY20): \$180,000

Scholarship Funding

The FY20 ExporTech™ contract will run from July 1, 2019 through June 30, 2020. Through this agreement, WEDC will fund scholarships for eligible participants for 50% of ExporTech™ costs, up to \$5,000.

Market Assessment Funding

In order to further support export plan implementation, in-market research/due diligence, and utilization of our Global Trade Network, ExporTech™ graduate companies will receive a formal market assessment, in one of their target markets by WEDC's Global Network. These funds will be administered as a pass-thru by WCMP.

Activities & Expected Outcomes:

Award one organization to support 30 businesses.

Performance Reporting:

WCMP will be required to quarterly submit a performance report documenting the number of companies assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

As the authorized administrative entity for ExporTech™ in Wisconsin, all applications and participation agreements are handled, approved and processed by WCMP. All applications are shared with WEDC for reference and review. Participating companies must have completed all ExporTech™ requirements before any funds are disbursed via formal request for reimbursement as outlined in the partnership agreement. Prior to making the award to WCMP, the program proposal will be assigned to an underwriter and go through the award review process.



Revision History:

Effective Date	Description of Change
7/1/2019	Clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020

Program Name: ExporTech™

Program Inception: April 2010

Lead Division: International Business Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☐ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the ExporTech™ program is to support the export capabilities of businesses in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Export and International Trade

Program Description:

In order to support the export capabilities of Wisconsin companies, WEDC partners with the Wisconsin Center for Manufacturing & Productivity (WCMP) to offer financial and technical assistance through the ExporTech™ program. -The program has three financial components – WEDC funding for ExporTech™ delivery, WEDC assistance with the program cost for eligible participating companies, and funding for a market assessment following ExporTech™ completion.

ExporTech™ is managed and deployed nationally by the National Institute of Standards and Technology's Manufacturing Extension Partnership (NIST MEP) in collaboration with other federal/state export partners and promotion organizations. Through a contractual agreement, ExporTech™ is coordinated by WCMP, with financial and technical support from WEDC.

ExporTech™ is a proven export strategy development program designed to speed a company's "go to market" timeline by developing a customized international growth plan for the company's product in key markets. -Participating companies receive access to topic matter experts, individualized coaching and consulting, customized support and guided development of an international growth plan. -The program provides a unique focus on CEO/top management success factors and aims to provide companies with early export success. Each program takes place over 12 weeks.

This program provides financial assistance to eligible Wisconsin companies to participate in the 12-week program and receive a market assessment upon completion.

The key to success in international markets is preparedness and the goal of ExporTech™ is to better position companies for success in the global economy. -In order to further assist and provide Wisconsin companies with hands-on strategic export development, ExporTech™ is designed to help companies take a more proactive approach to export markets. As the driving force in job creation and economic growth, small business growth is imperative to the health of the Wisconsin economy.



Eligibility Requirements:

Eligible ExporTech™ companies must be established businesses operating in Wisconsin that manufacture, process, assemble and/or distribute a product or perform a service with a potential to be exported. Executive level (C-level, President, Owner, decision maker) involvement and participation is required.

Incentives and Available Funding (~~FY19~~FY20): ~~\$222,000~~180,000

Scholarship Funding

The ~~FY19~~FY20 ExporTech™ contract will run from July 1, ~~2018-2019~~ through June 30, ~~2019~~2020. Through this agreement, WEDC will fund scholarships for eligible participants for 50% of ExporTech™ costs, up to \$5,000.

Market Assessment Funding

In order to further support export plan implementation, in-market research/due diligence, and utilization of our Global Trade Network, ExporTech™ graduate companies will receive a formal market assessment, in one of their target markets by WEDC's Global Network. These funds will be administered as a pass-thru by WCMP.

Activities & Expected Outcomes:

Award one organization to support ~~37~~30 businesses.

Performance Reporting:

WCMP will be required to quarterly submit a performance report documenting the number of companies assisted, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

As the authorized administrative entity for ExporTech™ in Wisconsin, all applications and participation agreements are handled, approved and processed by WCMP. -All applications are shared with WEDC for reference and review ~~by the Export Development Manager~~. -Participating companies must have completed all ExporTech™ requirements before any funds are disbursed via formal request for ~~disreim~~bursement as outlined in the partnership agreement. -Prior to making the award to WCMP, the program proposal will be assigned to an underwriter and go through the award review process.



Revision History:

Effective Date	Description of Change
<u>7/1/2019</u>	<u>Clarified performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____

**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Global Business Development (GBD) Program

Program Inception: WEDC FY12

Lead Division: International Business Development

☒ **New**

☐ **Revised**

☒ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Global Business Development (GBD) Program is to support the export capabilities of businesses in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Export and International Trade

Program Description:

The program consists of the International Market Access Grant (IMAG) and the Collaborative Market Access Grant (CMAG). The IMAG provides funding to support a company's specific export development and deployment strategy with WEDC's International staff providing technical assistance. The CMAG aids these efforts through an industry focused intermediary.

Eligibility Requirements:

IMAG

- Be an established business operating for not less than one year that manufactures, processes, assembles and/or distributes a product or performs a service with a potential to be exported. The company does not need to be headquartered in Wisconsin but must have export-related operations located within the state and provide economic benefit to the state.
- Self-certify that at least 35% of the value of the product or of the service is composed of Wisconsin cost inputs. Program staff provide an Excel tool to help determine eligibility upon request.
- The company must be new-to-exporting (no significant export sales or novice/accidental exports) or participating in market expansion. International market is defined as a country, region, or market channel within a country.
- The company agrees to a minimum cost-match of 30% of the total grant awarded. Past costs may not be considered for match.
- Grant funds may not be used for past costs or costs associated with activities funded by a CMAG.
- [ExporTech™](#) graduate companies generally may receive no more than six IMAG grants. Non-[ExporTech™](#) graduate companies generally may receive no more than three IMAG grants.

IMAG assistance categories are generally:

- Trade Shows/Conferences/Meetings/Missions: Assistance may be provided to attend a US Department of Commerce, WEDC approved domestic trade show, an international based trade show, conference, or business meetings. The IMAG grant may not be used to pay for any cost

to attend WEDC sponsored trade ventures and missions; however, those costs (excluding the participation fee) may be eligible to count towards the applicant's matching dollars for an IMAG.

- Market Customization: Assistance may be granted for translation of web/printed materials for a targeted foreign market, design services, advertising, and/or printing. Grants may also be used for company/product/foreign trade zone certification, registration, and marketing within the foreign market.
- Export Education & Competency Building: Assistance may be approved to support international and export related conferences, seminars, meetings, webinars, and courses. These educational opportunities are for staff who will be implementing the company's international export strategy. Educational courses and seminars also qualify.
- Consulting Services: Assistance may be funded for services with WEDC's Global Business Network Providers, match maker services, Gold Keys, consultants, or brokers.

CMAG

- Eligible recipients of a CMAG include industry associations, alliances, agencies, non-profits, regional economic development organizations, or other state/local departments located in Wisconsin working with Wisconsin companies to increase exports.
- Collaborators must provide a compelling case for how the project will benefit Wisconsin companies with international exports, demonstrate organizational support for the administration of the project, and provide an explanation for why their services are needed and how these grant funds will make an impact.
- The companies benefiting from these funds must comply with the eligible business requirements of the IMAG.
- Eligible expenses allowed for CMAGs may include, but are not limited to, those eligible under the IMAG.
- Recipients may be eligible for administrative costs to support the project. If applicable, administrative costs must be clearly outlined in the contract.

Incentives and Available Funding (FY20): \$1,275,000

The incentives in this program are grants of up to \$25,000 for IMAG or \$150,000 for CMAG recipients. Funds will be awarded through an ongoing application process.

IMAG: Wisconsin businesses may be awarded up to \$25,000 per WEDC fiscal year with ExporTech™ graduates able to access the full award amount and other companies accessing up to \$10,000.

CMAG: Eligible recipients may be awarded up to \$150,000 per WEDC fiscal year. Administrative funding is included in the cap and should be budgeted for accordingly. Pass-thru assistance is capped at \$15,000 per company.

Activities and Expected Outcomes:

Assist businesses

- IMAG: Assist 60 businesses
- CMAG: Award 5 organizations to assist 127 businesses

Performance Reporting:

Recipients will be required to submit a performance report documenting project completion, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The GBD program has a continuous application process. Applicants for an IMAG or CMAG grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
10/1/2017	Eliminated federal STEP funding as available source
7/1/2019	Established limits on the number of grants per applicant; added eligibility requirement for IMAG applicants; clarified performance reporting requirements.

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____

Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 20192020

Program Name: Global Business Development (GBD) Program

Program Inception: WEDC FY12

Lead Division: International Business Development

☒ **New**

☐ **Revised**

☒ **Aid**

☒ **Pass-thru Aid**

☐ **Technical Assistance**

Program Goal:

The goal of the Global Business Development (GBD) Program is to support the export capabilities of businesses in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Export and International Trade

Program Description:

The program consists of the International Market Access Grant (IMAG) and the Collaborative Market Access Grant (CMAG). -The IMAG provides funding to support a company's specific export development and deployment strategy with WEDC's International staff providing technical assistance. The CMAG aids these efforts through an industry focused intermediary.

Eligibility Requirements:

IMAG

- Be an established business operating for not less than one year that manufactures, processes, assembles and/or distributes a product or performs a service with a potential to be exported. The company does not need to be headquartered in Wisconsin but must have export-related operations located within the state and provide economic benefit to the state.
- Self-certify that at least 35% of the value of the product or of the service is composed of Wisconsin cost inputs. -Program staff provide an Excel tool to help determine eligibility upon request.
- The company must be new-to-exporting (no significant export sales or novice/accidental exports) or participating in market expansion. International market is defined as a country, region, or market channel within a country.
- The company agrees to a minimum cost-match of 30% of the total grant awarded. Past costs may not be considered for match.
- Grant funds may not be used for past costs **or costs associated with activities funded by a CMAG.**
- ExporTech™ graduate companies generally may receive no more than six IMAG grants. Non-ExporTech™ graduates companies generally may receive no more than three IMAG grants.

IMAG assistance categories are generally:

- Trade Shows/Conferences/Meetings/Missions: Assistance may be provided to attend a US Department of Commerce, WEDC approved domestic trade show, an international based trade show, conference, or business meetings. The IMAG grant may not be used to pay for any cost to attend WEDC sponsored trade ventures and missions; however, those costs (excluding the participation fee) may be eligible to count towards the applicant's matching dollars for an IMAG.
- Market Customization: Assistance may be granted for translation of web/printed materials for a targeted foreign market, design services, advertising, and/or printing. Grants may also be used for company/product/foreign trade zone certification, registration, and marketing within the foreign market.
- Export Education & Competency Building: Assistance may be approved to support international and export related conferences, seminars, meetings, webinars, and courses. These educational opportunities are for staff who will be implementing the company's international export strategy. Educational courses and seminars also qualify.
- Consulting Services: Assistance may be funded for services with WEDC's Global Business Network Providers, match maker services, Gold Keys, consultants, or brokers.

CMAG

- Eligible recipients of a CMAG include industry associations, alliances, agencies, non-profits, regional economic development organizations, or other state/local departments located in Wisconsin working with Wisconsin companies to increase exports.
- Collaborators must provide a compelling case for how the project will benefit Wisconsin companies with international exports, demonstrate organizational support for the administration of the project, and provide an explanation for why their services are needed and how these grant funds will make an impact.
- The companies benefiting from these funds must comply with the eligible business requirements of the IMAG.
- Eligible expenses allowed for CMAGs may include, but are not limited to, those eligible under the IMAG.
- Recipients may be eligible for administrative costs to support the project. If applicable, administrative costs must be clearly outlined in the contract.

Incentives and Available Funding (~~FY19~~FY20): ~~\$1,200,000~~\$1,275,000

The incentives in this program are grants of up to \$25,000 for IMAG or \$150,000 for CMAG recipients. Funds will be awarded through an ongoing application process.

IMAG: Wisconsin businesses may be awarded up to \$25,000 per WEDC fiscal year with ExporTech™ graduates able to access the full award amount and other companies accessing up to \$10,000.

CMAG: Eligible recipients may be awarded up to \$150,000 per WEDC fiscal year. Administrative funding is included in the cap and should be budgeted for accordingly. Pass-thru assistance is capped at \$15,000 per company.

Activities and Expected Outcomes:

Assist ~~121~~ businesses

- IMAG: Assist ~~61~~60 businesses
- CMAG: Award ~~2~~5 organizations to assist ~~60~~127 businesses

Performance Reporting:

Recipients will be required to submit a performance report documenting project completion, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The GBD program has a continuous application process. Applicants for an IMAG or CMAG grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
10/1/2017	Eliminated federal STEP funding as available source
<u>7/1/2019</u>	<u>Established limits on the number of grants per applicant; added eligibility requirement for IMAG applicants; clarified performance reporting requirements.</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

____ Chief Operating Officer
____ Chief Legal Officer
____ Chief Financial Officer
____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Global Trade Ventures

Program Inception: WEDC FY15

Lead Division: International Business Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☒ **Technical Assistance**

Program Goal:

The goal of the Global Trade Venture (GTV) Program is to support the export capabilities of businesses in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Export and International Trade

Program Description:

The program provides Wisconsin companies access to expertise in target markets to realize export opportunities and to accelerate a company's export sales. The program supports Wisconsin's business growth by increasing collaboration between companies within our key industries and our target countries.

WEDC's Market Development Directors (MDD) lead Wisconsin companies on single or multiple country Trade Ventures, providing each participating company a suite of in-market services that are executed by one of WEDC's Authorized Trade Representatives. The services of the US Commercial Service and/or other independent contractors may be required to execute services for a Trade Venture. Program funds will help support the cost of country specific business services to eligible Wisconsin companies by offsetting the cost of the venture.

Eligibility Requirements:

Participants must be an established business operating in Wisconsin that manufactures, processes, assembles and/or distributes a product or performs a service with a potential to be exported. The company does not need to be headquartered in Wisconsin but must have export-related operations located within the state. Service companies such as engineering, architectural, information technology, scientific research and other "exportable" services are eligible for support under this program.

International professional business service providers or economic development entities seeking to build their international network or to support client companies attending the Trade Venture may also participate. However, these service providers, unless able to demonstrate they are expanding their "exportable" international business, will not be eligible for the funding that supports the in-market service package and will pay full-price to participate in the venture.

If the market warrants a subject matter expert or an industry representative, WEDC may invite appropriate representatives to join the Trade Venture.



Incentives and Available Funding (FY20): \$668,051 (non-aids)

The FY20 budget encompasses the total costs of program implementation, including administrative, marketing, in-market services and other costs associated with staff and the subject matter expert's travel. WEDC will cover a portion of the business service package cost to eligible Wisconsin companies. WEDC will negotiate a reduced rate package for eligible businesses depending on the specific services to be offered. Ineligible companies may participate by paying the full market price of the Trade Venture package.

Services are determined based on the market and business need. Services may include but are not limited to:

- Market Assessment
- Partner Search (Customer, Dealer, Distributor, Rep, Agent, Licensee, Employee)
- Translation/Interpreting
- Activities to foster cultural understanding of customers or consumers

Activities and Expected Outcomes:

Support six Global Trade Ventures in WEDC's target markets in seven countries and assist 40 businesses.

Performance Reporting:

Participants will be required to submit an evaluation form documenting event satisfaction, trade venture results, as well as any other relevant feedback, within six months of completing a Trade Venture.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with program objectives.

Application and Awards Process:

Applicants for GTV assistance should complete an interest form on the WEDC Global Trade Ventures [website](#). An Account Manager will review the applicant's interest form and coordinate a conference call with a Trade Representative. The in-market Trade Representative will provide the applicant with a scope of work and a schedule of appointments for company approval. The company and individual participants will be subject to background checks as part of the application process.

Revision History:

Effective Date	Description of Change
7/1/2017	Standardized Activities & Expected Outcomes by moving explanatory language to Program Description
7/1/2019	Clarified performance reporting requirements; simplified application and awards process



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 20192020

Program Name: Global Trade Ventures
Program Inception: WEDC FY15
Lead Division: International Business Development
☒ **New** ☐ **Revised** [Click here to enter a date.](#)
☒ **Aid** ☐ **Pass-thru Aid** ☒ **Technical Assistance**

Program Goal:

The goal of the Global Trade Venture (GTV) Program is to support the export capabilities of businesses in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Business Development: Export and International Trade

Program Description:

The program provides Wisconsin companies access to expertise in target markets to realize export opportunities and to accelerate a company's export sales. The program supports Wisconsin's business growth by increasing collaboration between companies within our key industries and our target countries.

WEDC's Market Development Directors (MDD) lead Wisconsin companies on single or multiple country Trade Ventures, providing each participating company a suite of in-market services that are executed by one of WEDC's Authorized Trade Representatives. The services of the US Commercial Service and/or other independent contractors may be required to execute services for a Trade Venture. Program funds will help support the cost of country specific business services to eligible Wisconsin companies by offsetting the cost of the venture.

Eligibility Requirements:

Participants must be an established business operating in Wisconsin that manufactures, processes, assembles and/or distributes a product or performs a service with a potential to be exported. The company does not need to be headquartered in Wisconsin but must have export-related operations located within the state. Service companies such as engineering, architectural, information technology, scientific research and other "exportable" services are eligible for support under this program.

International professional business service providers or economic development entities seeking to build their international network or to support client companies attending among the Trade Venture may also participate. However, these service providers, unless able to demonstrate they are expanding their "exportable" international business, will not be eligible for the funding that supports the in-market service package and will pay full-price to participate in the venture.

If the market warrants a subject matter expert or an industry representative, WEDC may invite appropriate representatives to join the Trade Venture.



Incentives and Available Funding (~~FY19~~FY20): ~~\$653,882~~668,051 (non-aids)

The ~~FY18-FY20~~ budget encompasses the total costs of program implementation, including administrative, marketing, in-market services and other costs associated with staff and the subject matter expert's travel. -WEDC will cover a portion of the business service package cost to eligible Wisconsin companies. WEDC will negotiate a reduced rate package for eligible businesses depending on the specific services to be offered. Ineligible companies may participate by paying the full market price of the Trade Venture package.

Services are determined based on the market and business need. Services may include but are not limited to:

- o Market Assessment
- o Partner Search (Customer, Dealer, Distributor, Rep, Agent, Licensee, Employee)
- o Translation/Interpreting
- o Activities to foster cultural understanding of customers or consumers

Activities and Expected Outcomes:

Support six Global Trade Ventures in WEDC's target markets in ~~eight~~seven countries and assist ~~45~~40 businesses.

Performance Reporting:

Participants will be required to submit ~~an performance report~~evaluation form documenting event satisfaction, trade venture results, as well as any other ~~expected deliverable~~relevant feedback, within six months of completing a Trade Venture.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with program objectives.

Application and Awards Process:

Applicants for GTV assistance should complete an interest form on the WEDC Global Trade Ventures website. An Account Manager will review the applicant's interest form and coordinate a conference call with a Trade Representative. The in-market Trade Representative will provide the applicant with a scope of work and a schedule of appointments for company approval. The company and individual participants will be subject to background checks as part of the application process. All Trade Venture participants are required to submit an application and additional service request forms. The MDD reviews the company application for completeness and company suitability for the market destination(s). A company, will be subject to underwriting performing background checks prior to becoming an official Global Trade Venture participant, regardless of eligibility for the business service package.

Revision History:



Effective Date	Description of Change
7/1/2017	Standardized Activities & Expected Outcomes by moving explanatory language to Program Description
<u>7/1/2019</u>	<u>Clarified performance reporting requirements; simplified application and awards process</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Fabrication Laboratories (Fab Labs) Grant

Program Inception: WEDC FY17

Lead Division: Sector Strategy Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Fabrication Laboratories (Fab Labs) Grant program is to support the growth of a talent pipeline in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Strategic Economic Competitiveness: State/Regional Talent and Workforce Initiatives

Program Description:

The program is designed to support hands-on Science, Technology, Engineering, Arts and Math (STEAM) education by assisting public school districts with equipment purchases used for instructional and educational purposes in fabrication laboratories in Wisconsin schools. The open Fab Lab environment enables students to learn the skills necessary to thrive in the 21st Century global economy. Fab Labs may also serve as a local economic development tool, providing a resource for entrepreneurs, businesses and inventors through community access.

Eligibility Requirements:

Definitions:

“CESA” means Cooperative Education Service Agencies, as defined by § 116.01 Wis. Stats.

“Fab Lab” means a high technology workshop equipped with computer controlled additive and subtractive manufacturing components, such as 3-dimensional printers, laser engravers, computer numerical control routers, and/or plasma cutters. A fully functioning Fab Lab has active engagement with the business community, is accessible to multiple departments within a school or schools, provides community access, and is integrated with the network of Wisconsin based Fab Labs

“Public School District” means the territorial unit for school administration as defined by § 115.01(3) Wis. Stats.

Grant Conditions:

Wisconsin public school districts may apply for a grant to purchase equipment to be used for instructional and educational purposes in one or more fabrication laboratories by elementary, middle, junior or high school students. Either a CESA, or a lead public school district, may apply on behalf of a consortium of two or more public school districts. All applicants must match 1:1 the amount of funding



provided by WEDC. During FY20, WEDC is continuing a moratorium on applicants who have already received three Fab Lab grants. This does not apply to Milwaukee Public Schools.

WEDC will take the following into account when considering a Fab Lab Grant:

- Readiness and long-range planning
- Curriculum
- Business and community partnerships
- Financial need and previous awards

Incentives and Available Funding (FY20): \$750,000

The incentives in this program are grants of up to \$25,000 for individual school districts or up to \$50,000 for consortium applications to reimburse recipients for equipment purchases. The Fab Lab Grant program has an annual competition for funding. Applicants may only be awarded one grant per cycle.

Activities and Expected Outcomes:

Assist 30 public school districts or consortiums.

Performance Reporting:

Recipients will be required to submit a performance report documenting the number of unique students who accessed the lab as part of a curriculum-based learning environment, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The Fab Labs program has a competitive application process. Applicants for a Fab Lab grant should complete an application through an Account Manager. The completed applications will be assigned to a committee for review and recommendation. An underwriter will be assigned to review each recommended award and go through the award review process.

For more information on the application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2018	Moratorium on applicants who have already received three Fab Lab grants.
7/1/2019	Clarified performance reporting requirements

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Fabrication Laboratories (Fab Labs) Grant

Program Inception: WEDC FY17

Lead Division: Sector Strategy Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☐ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Fabrication Laboratories (Fab Labs) Grant program is to support the growth of a talent pipeline in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Strategic Economic Competitiveness: State/Regional Talent and Workforce Initiatives

Program Description:

The program is designed to support hands-on Science, Technology, Engineering, Arts and Math (STEAM) education by assisting public school districts with equipment purchases used for instructional and educational purposes in fabrication laboratories in Wisconsin schools. The open Fab Lab environment enables students to learn the skills necessary to thrive in the 21st Century global economy. Fab Labs may also serve as a local economic development tool, providing a resource for entrepreneurs, businesses and inventors through community access.

Eligibility Requirements:

Definitions:

“CESA” means Cooperative Education Service Agencies, as defined by § 116.01 Wis. Stats.

“Fab Lab” means a high technology workshop equipped with computer controlled additive and subtractive manufacturing components, such as 3-dimensional printers, laser engravers, computer numerical control routers, and/or plasma cutters. A fully functioning Fab Lab has active engagement with the business community, is accessible to multiple departments within a school or schools, provides community access, and is integrated with the network of Wisconsin based Fab Labs

“Public School District” means the territorial unit for school administration as defined by § 115.01(3) Wis. Stats.

Grant Conditions:

Wisconsin public school districts may apply for a grant to purchase equipment to be used for instructional and educational purposes in one or more fabrication laboratories by elementary, middle, junior or high school students. Either a CESA, or a lead public school district, may apply on behalf of a consortium of two or more public school districts. All applicants must match 1:1 the amount of funding



provided by WEDC. During FY~~2019~~, WEDC is ~~placing~~continuing a moratorium on applicants who have already received three Fab Lab grants. This does not apply to Milwaukee Public Schools.

WEDC will take the following into account when considering a Fab Lab Grant:

- Readiness and long-range planning
- Curriculum
- Business and community partnerships
- Financial need and previous awards

Incentives and Available Funding (~~FY19~~FY20): ~~\$500,000~~\$750,000

The incentives in this program are grants of up to \$25,000 for individual school districts or up to \$50,000 for consortium applications to reimburse recipients for equipment purchases. The Fab Lab Grant program has an annual competition for funding. Applicants may only be awarded one grant per cycle.

Activities and Expected Outcomes:

Assist ~~20-30~~ public school districts or consortiums.

Performance Reporting:

Recipients will be required to submit a performance report documenting the number of unique students who accessed the lab as part of a curriculum-based learning environment, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The Fab Labs program has a competitive application process. Applicants for a Fab Lab grant should complete an application through an Account Manager. The completed applications will be assigned to a committee for review and recommendation. An underwriter will be assigned to review each recommended award and go through the award review process.

For more information on the application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.



Revision History:

Effective Date	Description of Change
7/1/2018	FY19-m Moratorium on applicants who have already received three Fab Lab grants.
<u>7/1/2019</u>	<u>Clarified performance reporting requirements</u>

PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year 2020**

Program Name: Targeted Industry Projects (TIP)

Program Inception: WEDC FY12

Lead Division: Sector Strategy Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Targeted Industry Projects Program (TIP) is to support industry cluster and sector development in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Strategic Economic Competitiveness: Future Industry Strategies

Program Description:

The program offers a continuum of services which advances targeted, high-growth business consortia and industry culminating over time in the development, diversification and growth in sectors that provide sustained high-quality jobs, continued innovation and increase in GDP in Wisconsin. Eligible participating organizations include industry alliances and consortia, non-profit and public institutional entities.

In return for the WEDC investment, recipient organizations must be actively engaged in distinct (non-duplicative) industry or sector development, or engaged in efforts to enhance cross-industry competitiveness, such as workforce development, market development, new investments (domestic and foreign), business attraction and acquisition of specialized competitive assets or facilities. These investments are generally intended to seed start-up consortia, help fund industry-related pilot projects or expand successful initiatives to other areas in Wisconsin, or allow for expansion of consortia efforts. It is not the intention of this program to provide funds for ongoing operational needs over the long-term.

Eligibility Requirements:

Eligible organizations must have, as determined by WEDC, an identified strategy, stable strong leadership, active membership and financial support from members, sound financial condition, and clear identification as an organization connected to target industry development, or cross-industry development. WEDC may require matching funds depending on the project's attributes. TIP funds may not be used for past costs.

Incentives and Available Funding (FY20): \$3,800,000

Individual grants will typically not exceed \$1,000,000.



Activities and Expected Outcomes:

Assist eight organizations, support the creation, attraction or expansion of 300 businesses, and achieve a 3:1 leverage of other investment.

Performance Reporting:

Recipients will be required to periodically submit a performance report documenting specific project activities, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The TIP program has a continuous application process. Applicants for a TIP grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Eliminated minimum grant award amount
7/1/2019	Clarified that program is not intended for fund operations long-term; identified potential match requirement; clarified performance reporting requirements.



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

☐ Chief Operating Officer
☐ Chief Legal Officer
☐ Chief Financial Officer
☐ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____



**Wisconsin Economic Development Corporation
Program Guidelines for Fiscal Year ~~2019~~2020**

Program Name: Targeted Industry Projects (TIP)

Program Inception: WEDC FY12

Lead Division: Sector Strategy Development

☒ **New** ☐ **Revised** [Click here to enter a date.](#)

☒ **Aid** ☒ **Pass-thru Aid** ☐ **Technical Assistance**

Program Goal:

The goal of the Targeted Industry Projects Program (TIP) is to support industry cluster and sector development in the state of Wisconsin.

This program supports the following WEDC Strategic Pillar and Focus Area:

Strategic Economic Competitiveness: Future Industry Strategies

Program Description:

The program offers a continuum of services which advances targeted, high-growth business consortia and industry culminating over time in the development, diversification and growth in sectors that provide sustained high-quality jobs, continued innovation and increase in GDP in Wisconsin. Eligible participating organizations include industry alliances and consortia, non-profit and public institutional entities.

In return for the WEDC investment, recipient organizations must be actively engaged in distinct (non-duplicative) industry or sector development, or engaged in efforts to enhance cross-industry competitiveness, such as workforce development, market development, new investments (domestic and foreign), business attraction and acquisition of specialized competitive assets or facilities. These investments are generally intended to seed start-up consortia, help fund industry-related pilot projects or expand successful initiatives to other areas in Wisconsin, or allow for expansion of consortia efforts. It is not the intention of this program to provide funds for ongoing operational needs over the long-term.

Eligibility Requirements:

Eligible organizations must have, as determined by WEDC, an identified strategy, stable strong leadership, active membership and financial support from members, sound financial condition, and clear identification as an organization connected to target industry development, or cross-industry development. WEDC may require matching funds depending on the project's attributes. TIP funds may not be used for past costs.

Incentives and Available Funding (~~FY19~~FY20): \$3,800,000

Individual grants will typically not exceed \$1,000,000.



Activities and Expected Outcomes:

Assist seven-eight organizations, support the creation, attraction or expansion of 50-300 businesses, and achieve a 3:1 leverage of other investment.

Performance Reporting:

Recipients will be required to periodically submit a performance report documenting specific project activities, as well as any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Application and Awards Process:

The TIP program has a continuous application process. Applicants for a TIP grant should complete an application through an Account Manager. The completed application will be assigned to an underwriter and go through the award review process.

For more information on application review, internal process, and award distribution, please refer to WEDC's award administration policies and procedures.

Revision History:

Effective Date	Description of Change
7/1/2017	Eliminated minimum grant award amount
<u>7/1/2019</u>	<u>Clarified that program is not intended for fund operations long-term; identified potential match requirement; clarified performance reporting requirements.</u>



PROGRAM REVIEW:

This document has been reviewed by the following parties (Check all that apply):

_____ Chief Operating Officer
_____ Chief Legal Officer
_____ Chief Financial Officer
_____ Other _____

Senior Director of Public Policy: _____

Date _____

Division Vice President: _____

Date _____

AUTHORIZED APPROVAL:

CEO or Designee: _____

Date _____