BUSINESS DEVELOPMENT TAX CREDIT PROGRAM EVALUATION
RFP QUESTIONS AND ANSWERS 8/25/2023

Evaluation Context

Q1: What is the approximate budget for the evaluation?
   • A1: WEDC will not be disclosing the budget range for this evaluation as part of the RFP process. Potential vendors are asked to please submit their best cost estimate as part of their proposal.

Q2: We understand that the 2007 Wisconsin Act 125 requires WEDC to report annually on the economic development programs they administered during the prior fiscal year. Is this evaluation being performed related to that statute, or does it satisfy a separate statutory requirement?
   • A2: That particular statute is met through our Annual Report on Economic Development. This evaluation is not statutorily driven.

Q3: Has this program been evaluated in the past, and if so, is that evaluation available for our review prior to this proposal? Were any changes made to the program in response to that evaluation? Can you please provide a link to any prior report if it is public?
   • A3: This program has not had a formal evaluation of this magnitude in the past.

Q4: The RFP mentions that WEDC has third party program evaluations of other programs. Is there a state agency that performs regular program evaluation, such as a legislative branch agency?
   • A4: Currently there is no other state agency that performs regular program evaluations for WEDC. Third party program evaluations of other programs have been done through past RFP processes.

Q5: Has WEDC conducted similar analyses for other incentive programs? If so, are these reports publicly available?
   • A5: WEDC has not conducted a similar analysis of its other incentive programs.

Q6: Is there any feedback you can provide for the potential for me to collaborate with other researchers/research teams?
   • A6: Collaboration with other researchers/research teams is at your discretion, following the staffing guidelines outlined in the RFP.

WEDC Context

Q7: Does the State have a current economic development strategy, and if so, can you please provide a copy/link? If the state does not have a general economic development strategy, have goals and objectives been established related to corporate HQ retention (as mentioned in RFP section 2.b.i)?
   • A7: The current overall economic development strategy and agency goals can be found in the FY23 Operations and Budget Plan.
Q8: With regard to Wisconsin’s competitive peers, do you anticipate your peers to be primarily within the U.S.? Within North America? Or global? Have you determined a peer set of interest?

- A8: While the peer set of interest may vary depending on the specific context in question, in general it could be seen as the collection of states in the U.S. Midwest region.

Evaluation Data

Q9: What are the reporting requirements for companies utilizing the BTC? Does WEDC have additional information on company activities/characteristics beyond what is reported here Annual Report | WEDC and here Commerce Awards | WEDC. If so, what type of data/information is available?

- A9: The reporting requirements for BTCs are based around the metrics listed on the program’s awards in Annual Report | WEDC. WEDC has additional data on company and project characteristics generally including: describing the project type (e.g., expansion, attraction, retention), specific project location address, and within project period performance reporting (e.g., credit verification timeline, periodic job creation numbers). Additional company background information is also generally referable from staff review reports for each project.

Q10: Will the tax credit application information be available to the contractor (for all applications whether or not the credit was approved)?

- A10: All application information (at the project level) that was recorded in the agency’s databases will be available to the vendor. The application files themselves can also be made available for referencing other contextual information that was not centrally recorded.

Q11: Will the tax credit performance reports be available to the contractor?

- A11: All tax credit performance report metrics will be available to the vendor. The core parts of this data are published by WEDC approximately quarterly through, Annual Report | WEDC.

Q12: Do you have up-to-date contact information for the firms who received the approximately 115 closed awards across budget years 2106 to 2020? If you do not have it for all, what approximate percentage would be made available to the evaluator?

- A12: WEDC has, at a minimum, contact information for each firm as of the end of their project period. More current information may exist for firms that have had more recent assistances with WEDC.

Evaluation Content

Q13: Does WECED require an evaluation of each individual award or a more holistic analysis of the BTC program? The return on investment for each award will depend on industry, size of the credit and numerous other factors.

- A13: WEDC is looking for a more holistic analysis of the program as a whole but is also interested in learning where returns may vary by project or location type, so that it may be known if the program is more effective for certain types of projects.
Q14: Is data on the use of the credit by firm available to the consultant? This includes the year of the credit, value of the credit, amount claimed in each year, carryforward amount, and amount outstanding.

- A14: Specific tax credit usage is not tracked by WEDC and at this time is not available; WEDC only performs the contracting and verification for the tax credits. For this evaluation, it can be assumed that all credits verified are claimed unless data is presented to suggest otherwise.

Q15: 1a requires a determination of the return on investment to the State based on performance of BTC awards; 1c suggests other factors that should be considered ‘beyond the monetary return on investment.’ From this, are we to infer that the 1a return on investment analysis is strictly on a monetary basis?

- A15: That is correct regarding 1a – the intended focus of that part of the evaluation is an estimate on the return on investment to the State in monetary sense (from an estimated increase in tax revenues).

Q16: The scope indicates that the evaluation of BTC project outcomes, impact and return is to be considered for a set of awards that are closed, which corresponds to budget years 2016 to 2020; 2e requires an analysis of impact of the program that extends beyond WEDC project performance reporting. Are these requirements compatible?

- A16: WEDC receives performance reporting from contracted businesses during their project period but also recognizes that invested projects continue to have an economic impact after the contracting period; thus, the data, analysis approach, and assumptions may be different in estimating impact the post-contracting period but WEDC would like the vendor to present a best effort in the pursuit of better understanding this continuing economic impact.

Q17: 2f requires a comparison of the return on investment of the BTC program with other similar state programs. Is this referencing other states, or other state of Wisconsin programs? Second, in either case, would this comparison be done where a return on investment analysis has already been completed?

- A17: Item 2f is meant to refer to a comparison with other similar Wisconsin programs. Item 2a is meant to refer to a comparison with business development tax credit programs in other states. In both cases, it is assumed that these particular comparisons will be made on a more qualitative basis, highlighting advantages from the differing structures of other programs.

Q18: For part 1a, Please clarify the definition of “ROI.” Is “ROI” the maximum discount rate at which increased state revenue exceeds costs, or a broader economic benefit?

- A18: For this item, WEDC is requesting an estimate of the return of investment in a monetary sense that compares the forgone tax revenue to the State from awarding of the tax credits compared to increased tax revenues as a result of job creation and investment spending from the project. WEDC is also interested in a presentation of a broader definition of economic benefits and this is specifically called out in item 1c on the RFP.

Q19: For part 1b, Please clarify the definition of “alternatives.” Are alternatives incentives designed differently from BTC, or alternatives broader policies?
• A19: For this item, “alternatives” would refer to broader alternative policies; a discussion of alternative business development tax credit structures is referenced in Section 2.

Q20: For part 1d, please clarify the definition of “locally.” Are counties to be considered “local” or are there designated local economic regions that should be used for this study?
  • A20: “Locally” in this context can be applied as the county or multi-county region around a project location with the scale depending on the size of the project. There are not particular designated local economic regions.

Q21: For part 2a, please clarify, are there are specific states that should be considered, or is this left to the discretion of the contractor?
  • A21: In general, the states in the Midwest region should be considered, which can be supplemented at the discretion of the vendor.

Q22: For part 2bii, please clarify the definition of “locally.” Are counties to be considered “local” or are there designated local economic regions that should be used for this study? Furthermore, what is a “distressed area” and what geographic definition is associated with a “distressed area?”
  • A22: “Locally” is not referred to in item 2bii. “Distressed area” is in reference to a distressed county which WEDC is statutorily designated to identify annually based on county economic contextual data. A complete data set of distressed county designations over the project periods will be provided to the vendor.

Q23: For part 2biii, is there a particular social impact that should be evaluated or is this to be left to the discretion of the contractor?
  • A23: For this item, WEDC is desiring to hear the views of the vendor based on the analysis of its projects and examples from other economic development programs and so is leaving the definition of social impact broadly open.

Q24: For part 2biv, please clarify the definition of “long-term.” Is there a specific timeframe that should be considered?
  • A24: In the instance of this item, “long-term” can be thought of to refer to effects that are beyond transitory; there is no particular timeframe specified.

Q25: For part 2di, please clarify, are there are specific states that should be considered?
  • A25: As this item refers to a procedural comparison, there are no specific states suggested by WEDC and relevant examples from other states are dependent upon the research of the vendor.

Q26: For part 2e, please clarify, are there specific clusters that should be considered, or is this left to the discretion of the contractor?
  • A26: The relevant industry clusters to be considered are left to the judgement of the vendor based on consideration of the project set.

Q27: For part 2f, please clarify, are there specific programs that should be considered, or is this left to the discretion of the contractor?
  • A27: The relevant Wisconsin programs to be considered for comparison regarding this item are left to the discretion of the vendor.