

A Review

State Economic Development Programs

2005-2006 Joint Legislative Audit Committee Members

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Response

From the Department of Commerce



STATE OF WISCONSIN

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State Auditor

August 8, 2006

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

As requested by the Joint Legislative Audit Committee, we have completed a review of the State's economic development programs. The Department of Commerce is the State's lead agency for economic development. It administered 88 of the 152 programs we identified to encourage the establishment and growth of businesses, including creating and retaining jobs. Seven other state agencies administered the remaining programs.

The 152 programs we identified provided financial assistance and direct services to businesses, individuals, local governments, and nonprofit and other organizations from fiscal year (FY) 2001-02 through FY 2004-05. During the period we reviewed, these programs awarded \$180.9 million in grants and loans, as well as \$56.3 million in targeted tax credits, \$240.4 million in bonding authorization, and \$64.4 million in loan guarantees.

We make a number of recommendations to streamline economic development programs by clarifying their purposes, consolidating statutory requirements, and standardizing eligibility criteria. In addition, accountability could be enhanced by strengthening agency reporting requirements and disclosing project costs and benefits to the public.

We appreciate the courtesy and cooperation extended to us by the Department of Commerce and the other agencies we reviewed. A response from Commerce follows the appendices.

Respectfully submitted,

Janice Mueller
State Auditor

JM/PS/ss

Report Highlights ■

The State spent an estimated \$152.8 million on economic development programs in the 2003-05 biennium.

We identified 152 economic development programs administered by state agencies.

At least one project in every county was awarded economic development funds during the period we reviewed.

Efforts to measure and report program results have been limited.

Wisconsin's economic development programs are intended to create jobs, attract and retain businesses, or otherwise encourage economic growth. The Department of Commerce is the State's lead agency, but seven other state agencies also administer economic development programs to assist businesses, local governments, and organizations.

In the 2003-05 biennium, state spending on economic development was an estimated \$152.8 million. That amount includes funding for grants and loans, as well as spending for direct program services and administrative costs. In addition, \$109.3 million was provided in bonding authorization, as well as \$36.0 million in loan guarantees and \$27.9 million in tax credits claimed by businesses.

As both the number and types of economic development programs have grown, some policymakers have raised concerns about their scope, effectiveness, and coordination. Therefore, at the direction of the Joint Legislative Audit Committee, we:

- compiled a program inventory, including each program's purpose, award criteria, and sources of funding;
- analyzed the type and distribution of financial assistance and program services provided;
- reviewed information collected by state agencies to evaluate program effectiveness; and
- reviewed other states' efforts to enhance accountability in their economic development programs.

Scope of Efforts

We identified 152 economic development programs. From fiscal year (FY) 2001-02 through FY 2004-05, 78 of these programs primarily offered grants or loans; 58 primarily offered direct services such as consulting, regulatory assistance, and planning; and 16 offered loan guarantees, bonding authorization, and targeted tax credits. We estimate that as of June 30, 2005, state agencies were authorized at least 247.9 full-time equivalent staff for administering these economic development programs.

We identified a large number of programs that provide similar services. For example, 34 programs assist businesses in purchasing fixed assets such as land, buildings, or equipment, and 26 programs assist with business planning.

As shown in Table 1, some programs target specific types of businesses or encourage the growth of particular industries. For example, 46 programs target small businesses, including 35 that provide financial assistance and 11 that provide services such as business planning or technical assistance.

Table 1

Targeted Programs

Type of Business	Number of Programs
Small Business	46
Early-Stage Business and Entrepreneurs	40
Agricultural Business	34
Technology-Based Business	21
Minority-Owned Business	18

Some program duplication may be desirable to ensure that services are available statewide or that they can be provided locally. However, duplication increases administrative costs and may confuse those seeking assistance or hinder the Legislature's ability to assess program accomplishments and provide adequate oversight. We identified 23 programs that were inactive during some or all of our audit period. Six have already been repealed, but the remaining 17 have not. Consolidation or elimination of some of these programs could simplify both program administration and oversight.

Distribution of Financial Assistance

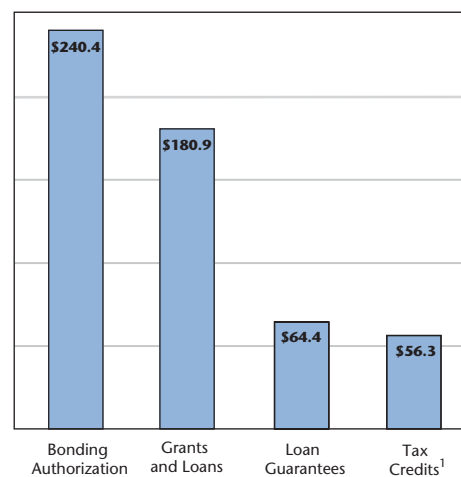
We analyzed the \$180.9 million in grants and loans for economic development that state agencies awarded to businesses, individuals, local governments, and other organizations from FY 2001-02 through FY 2004-05. Projects in Milwaukee, Dane, and Rock counties received nearly one-third of all funds awarded during that period, but at least one project in every county was awarded a grant or loan.

Although economic development projects in Milwaukee County received more funding than those in other counties, on a per capita basis Milwaukee County's grant and loan awards were \$2.71 below the statewide average of \$30.38. From FY 2001-02 through FY 2004-05, per capita grant and loan funding ranged from \$1.63 in Menominee County to \$120.09 in Green County.

Some economic development programs also assist Wisconsin businesses by facilitating access to capital. As shown in Figure 1, state agencies authorized \$240.4 million in bonding for economic development during the past two biennia, including \$239.6 million in industrial revenue bonds and \$770,100 in bonds to raise capital for farm loans. In addition, six economic development programs guaranteed \$64.4 million in loan principal payments if borrowers default.

Figure 1

Financial Assistance Awarded
 FY 2001-02 through FY 2004-05
 (In Millions)



¹Because tax credits are tracked on a calendar year basis, we reviewed the amounts awarded from 2001 through 2004.

Tax policies are also an important component of the State's economic development efforts. To encourage economic development in specific geographic areas, businesses located in designated development zones have been eligible for income tax credits since 1988. Statutes currently allow for the designation of as many as 135 development zones under five programs, and every part of the state is included in at least one development zone.

Through June 30, 2005, the Legislature authorized up to \$406.6 million in development zone tax credits, and Commerce awarded \$122.6 million in credits to eligible businesses, as shown in Table 2. Businesses in Milwaukee County received 26.5 percent of the \$56.3 million in income tax credits awarded during the four-year period we reviewed.

Table 2

Development Zone Tax Credits
Through June 30, 2005

	Available Credits (In Millions)	Amount Awarded (In Millions)
Community Development Zones	\$ 38.2	\$ 23.3
Development Opportunity Zones	29.4	11.5
Enterprise Development Zones	294.0	84.4
Agricultural Development Zones	5.0	0.9
Technology Zones	40.0	2.4
Total	\$406.6	\$122.6

Improving Coordination and Accountability

To make informed decisions about economic development programs, policymakers need accurate and reliable information about their costs and effectiveness. However, agency responsibility for administering economic development programs is fragmented, efforts to measure and report results are limited, and no single entity is responsible for ensuring that the programs are working toward common policy goals. For example, we identified 26 councils, task forces, or other bodies that are responsible for overseeing and coordinating various aspects of the State's economic development programs.

We believe accountability could be enhanced by improving coordination, reducing the number of programs with similar purposes, consolidating agency reporting requirements, and disclosing project costs and benefits to the public.

Recommendations

We include recommendations for the Department of Commerce to report to the Joint Legislative Audit Committee by February 15, 2007, on its efforts to:

- ☑ identify duplicative and outdated programs (*p. 40*);
- ☑ improve procedures for tracking and reporting actual project results (*p. 77*);
- ☑ improve procedures for monitoring the long-term success of projects (*p. 79*);
- ☑ improve tracking and reporting of tax credits claimed by businesses located within development zones (*p. 96*); and
- ☑ provide additional information on the effectiveness of the Certified Capital Companies program (*p. 101*).

We also include a recommendation that the University of Wisconsin System and the Wisconsin Technical College System designate an economic development liaison at each campus, publish directories of their business assistance programs, and report to the Joint Legislative Audit Committee by February 15, 2007, (*p. 49*).

Finally, we include recommendations for the Legislature to consider:

- ☑ specifying criteria for designating future development zones (*p. 90*);
- ☑ encouraging the establishment of clear and measurable goals to ensure that programs are coordinated effectively (*p. 113*);
- ☑ reducing the number of programs by consolidating statutory requirements and standardizing eligibility criteria for similar programs (*p. 115*);
- ☑ consolidating reporting requirements for state agencies (*p. 116*); and
- ☑ enacting public disclosure requirements to improve the transparency in the use of state funds for economic development (*p. 117*).

■ ■ ■ ■

Introduction ■

There is no generally accepted definition of economic development.

There is no generally accepted definition of economic development. Some professionals define it solely in terms of economic indicators such as productivity, investment, employment, or income; others view it in terms of creating economic opportunities within a community. Business leaders commonly view economic development as the enactment of public policies that foster private sector development and growth, while local and state officials—who are interested in creating jobs for their constituents—often characterize it in terms of assisting individual businesses to avoid plant closings and mass layoffs, attracting new businesses, or preventing existing businesses from relocating. According to the federal Department of Commerce, economic development programs are intended to enhance the productive capacity of local, state, or national economies by reducing costs and risks that inhibit private sector investment, and every state and many local governments offer a variety of incentives that are intended to create jobs, attract and retain businesses, or otherwise encourage economic growth.

Most states offer a variety of direct services and financial assistance to promote economic development.

State economic development programs have changed over time to address new economic conditions and challenges. Recruiting businesses by means of providing financial assistance or tax incentives remains a core component of most states' economic development strategies, but programs have expanded to also address regulations, access to capital, and workforce availability. Most states offer a diverse range of direct services, financial assistance, and tax incentives to businesses, local governments, and other organizations that are designed to:

- encourage out-of-state businesses to move into or locate new facilities within the state;
- retain and expand existing in-state businesses;
- create opportunities for entrepreneurs and small businesses;
- assist disadvantaged businesses, such as those owned by women or members of minority groups;
- improve the competitiveness of industries important to the state; or
- promote regional economic growth.

While state and local officials generally agree on the importance of job creation and economic growth, there is disagreement about both the appropriate role of government in providing incentives to businesses and the effectiveness of various economic development strategies. Proponents contend that tax incentives and other public financial assistance encourage business expansion and job creation and are necessary to remain competitive with neighboring states that offer similar incentives. Some also argue that such incentives encourage economic activity in distressed areas and make these areas competitive with those that are more prosperous. Finally, proponents believe that states will recover the costs of using public incentives for private businesses through additional taxes generated by new jobs and an expanded property tax base.

Others believe that such policies unnecessarily subsidize business activities that would likely occur without public funding. They argue that economic development programs shift the cost of doing business to citizen taxpayers, and thereby reduce available funding for education, transportation, and other services necessary for economic growth. Some also contend that business incentives interfere with the free market and create inequities by favoring certain businesses and industries over others, particularly when an out-of-state company receives a subsidy that is not available to in-state businesses. Finally, some dispute the role that financial incentives play in business location decisions, arguing that factors such as location, transportation infrastructure, workforce availability, and access to raw materials play a larger role in such decisions.

Questions have been raised about the effectiveness of Wisconsin's economic development programs.

As the number and types of economic development programs have grown, policymakers have raised questions about the scope of Wisconsin's programs, including their purposes and effectiveness in creating jobs and growing the economy, the degree of coordination among state agencies and programs, the types of assistance offered, and whether financial assistance is distributed equitably throughout the state. To address these concerns, we:

- estimated total expenditures of state funds for economic development programs during the 2003-05 biennium;
- analyzed state financial assistance, including the amount and distribution of grants, loans, and tax credits awarded to businesses, local governments, and other organizations during the past two biennia;
- compiled information about program effectiveness, including reported program results; and
- reviewed selected projects to determine whether program requirements were followed.

We identified economic development programs available during the past two biennia.

In addition, we reviewed state statutes, administrative rules, agency reports, and other publications to identify program requirements, funding criteria, and state economic policies and strategies. We also interviewed state agency officials and private organizations receiving state funds to identify and inventory all economic development programs available from FY 2001-02 through FY 2004-05, and we interviewed organizations and associations representing various state and local economic development interests.

The large number of programs we identified made it infeasible to evaluate the effectiveness of each one. Instead, we identified, described, and categorized Wisconsin's economic development programs. We also identified outdated and potentially duplicative programs; reviewed procedures for tracking and measuring program results; and examined the level to which programs are coordinated among state agencies.

Definition of State Economic Development Programs

State economic development programs are intended to encourage the establishment and growth of businesses.

Under the broadest definition, a complete listing of economic development activities would include the majority of state government functions. For example, state policies related to public education, public health, workforce development, transportation and infrastructure improvements, environmental protection, and public safety all affect Wisconsin's economy and can influence business decisions to expand or locate in the state. However, an inventory of economic development programs is more meaningful if a narrower definition is used. In conducting this review, we defined state economic development programs as publicly or privately administered programs or activities with the primary purpose of encouraging the establishment and growth of businesses, including creating and retaining jobs, that:

- receive state funding or federal funding allocated through state appropriations; and
- provide financial assistance, tax credits, or direct services to specific industries, businesses, local governments, or organizations.

With a few exceptions, this definition restricts the programs included in our inventory to those funded through state appropriations. Programs that are funded primarily with local revenues, as well as those that receive federal funding that does not pass through state appropriations, have been excluded. We also excluded programs that may have secondary economic development benefits but do not have the primary purpose of encouraging the establishment and growth of business, such as:

- academic and research programs at primary, secondary, and post-secondary educational institutions;
- programs that provide job training or job placement services to individuals;
- programs related to the amount or affordability of housing; and
- programs that provide funding for infrastructure projects that benefit the general public, such as sewers, highways, harbors, and airports.

Tax policies are an important component of Wisconsin's economic development efforts.

Tax policies are often cited as an important component of Wisconsin's economic development efforts. We describe selected tax policies that affect businesses, including corporate income and franchise tax credits, sales and use tax exemptions, and property tax abatements. However, our inventory includes only tax incentive programs that are available for specific purposes or activities and that require certification or approval from a state agency, such as development zone tax credit programs. We excluded tax incentives that are generally available to businesses and are not discrete programs, such as sales and use tax exemptions for fuel and electricity used in manufacturing.

State Expenditures and Staffing

Commerce and seven state agencies administered 152 economic development programs from FY 2001-02 through FY 2004-05.

The Department of Commerce is statutorily designated as Wisconsin's lead economic development agency. Chapter 560, Wis. Stats., directs Commerce to implement and coordinate a broad range of activities to foster the growth and diversification of the state economy, including serving as a clearinghouse for information, seeking cooperation and coordination among state agencies and local governments, developing a state economic development policy, facilitating the establishment and growth of businesses, encouraging the growth of tourism, and promoting state products and industries in foreign and domestic markets. Seven other state agencies also administer economic development programs:

- the Department of Agriculture, Trade and Consumer Protection (DATCP);
- the Department of Natural Resources (DNR);
- the Department of Tourism;
- the Department of Transportation (DOT);
- the University of Wisconsin System (UW System);
- the Wisconsin Housing and Economic Development Authority (WHEDA), which is an independent authority; and
- the Wisconsin Technical College System (WTCS).

Wisconsin's 152 programs offer assistance to businesses, individuals, local governments, and other organizations.

From FY 2001-02 through FY 2004-05, these agencies administered 152 economic development programs that offered assistance to businesses of every size and at every stage in their development, as well as to individuals, local governments, and other organizations. Appendix 1 describes each of these programs, including their

statutory authority and agency-reported results for the 2003-05 biennium. Appendix 2 lists each program's expenditures and funding sources, types of assistance offered, eligible recipients, emphasis, and purpose. Appendix 3 describes 11 additional programs that were excluded from our inventory because they were created in FY 2005-06 and implemented after the period we reviewed.

Wisconsin offers direct services, grants and loans, tax credits, loan guarantees, and bonding authorization.

Each economic development program we identified offers one of the following five types of assistance:

- direct services, which represent information and technical assistance provided by program staff;
- grants and loans, which represent state funds that are provided for economic development purposes;
- tax credits, which offset the income tax liability of businesses that meet certain criteria;
- loan guarantees, which represent commitments by state agencies to repay the principal obtained from banks or other private financial institutions in the event that borrowers default on loan repayments; and
- bonding authorization, which represents the State's approval for WHEDA or municipal governments to issue bonds on behalf of businesses seeking to finance economic development projects.

State economic development expenditures include amounts spent on grants and loans, staff salaries and fringe benefits, and administrative costs. Administrative costs include costs related to reviewing and approving grant and loan applications and assessing recipients' compliance with program requirements, as well as general program overhead. Staffing and administrative costs for programs that provide loan guarantees and bonding authority are included as direct state expenditures; however, the financial assistance provided by these programs is not, because it is provided by private financial institutions or investors and does not represent an obligation of the State. Tax credits are not included as expenditures because they represent foregone state revenue.

Estimated economic development expenditures for the 2003-05 biennium were \$152.8 million.

As shown in Table 3, program expenditures were an estimated \$152.8 million during the 2003-05 biennium. That amount includes an estimated \$99.5 million in spending on grants and loans, as well as \$53.3 million for providing direct services and program administration costs. Other financial assistance included \$109.3 million in bonding authorization, \$36.0 million in loan guarantees, and \$27.9 million in tax credits that were claimed in 2003 and 2004.

Table 3

**Estimated Economic Development Expenditures and Other Financial Assistance
FY 2003-04 through FY 2004-05**

Agency	Estimated Expenditures			Other Financial Assistance		
	Grants and Loans	Direct Services and Program Administration	Total Expenditures	Bonding Amount Authorized ¹	Loan Guarantees ²	Foregone Revenue from Tax Credits ³
Commerce	\$78,455,800	\$17,251,400	\$ 95,707,200	\$109,216,000	\$ 0	\$27,925,000
DATCP	6,640,800	2,842,100	9,482,900	0	0	0
UW System	74,000	24,189,500	24,263,500	0	0	0
WHEDA	0	1,626,400	1,626,400	117,900	35,105,700	0
Tourism	2,463,200	1,027,800	3,491,000	0	0	0
DNR	4,047,000	844,700	4,891,700	0	0	0
DOT	7,845,500	4,793,900	12,639,400	0	929,500	0
WTCS	0	686,600	686,600	0	0	0
Total	\$99,526,300	\$53,262,400	\$152,788,700	\$109,333,900	\$36,035,200	\$27,925,000

¹ Represents the amount of economic development–related bonding authorized by state agencies. Does not represent obligations of the State of Wisconsin.

² Represents the principal amount of loans obtained by businesses from banks and other financial institutions for which state agencies guarantee repayment if the borrower defaults.

³ Estimated amount of economic development program tax credits claimed in tax years 2003 and 2004.

Table 3 excludes expenditures from non-state sources, such as local property taxes, private funds, and federal grants that are not included in state appropriations. Some WHEDA expenditures are included because the State provided general purpose revenue (GPR) to fund its reserves when many WHEDA loan guarantee programs were created. However, as noted, WHEDA is an independent authority and does not generally receive direct funding through the

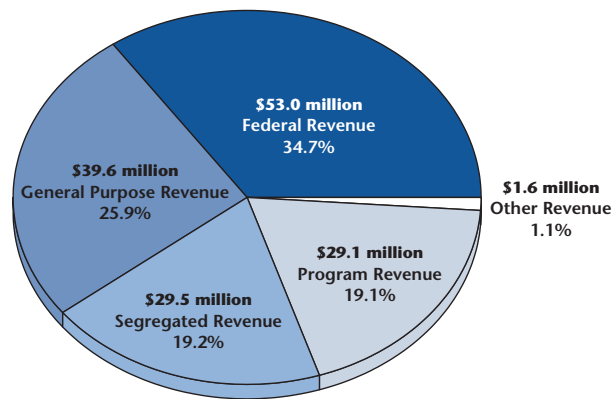
state budget. Instead, its funding is derived primarily from taxable and tax-exempt bonding and loan repayments.

Federal revenue funded \$53.0 million in state economic development expenditures from FY 2003-04 through FY 2004-05.

Funding sources for state economic development programs include federal revenue; GPR; segregated revenue from DNR’s Environmental Fund and DOT’s Transportation Fund; and program revenue from loan repayments, tribal gaming operations, fees, and other sources. As shown in Figure 2, the largest portion of program expenditures—\$53.0 million, or 34.7 percent of the \$152.8 million spent from FY 2003-04 through FY 2004-05—was funded by federal revenue.

Figure 2

Economic Development Expenditures, by Funding Source
FY 2003-04 through FY 2004-05



State agencies were authorized at least 247.9 FTE staff for administering the 152 programs.

As of June 30, 2005, we estimate state agencies were authorized at least 247.9 full-time equivalent (FTE) staff for administering the 152 programs we identified. It is difficult to determine the exact number of staff working on economic development activities because many employees have both economic development and other responsibilities. As shown in Table 4, UW System employed the largest number of economic development staff, including employees located on campuses and outreach staff located in each county.

Table 4

State Economic Development Staff
As of June 30, 2005

Agency	Number of FTE Positions ¹
UW System	129.7
Commerce	67.4
DATCP	28.4
DOT	9.5
DNR	5.5
Tourism	3.9
WHEDA ²	2.6
WTCS	0.9
Total	247.9

¹ Based on number of authorized positions or estimated time spent on economic development activities.

² WHEDA employees are eligible to participate in the Wisconsin Retirement System but are not state employees.

Local and Federal Programs

Local governments and federal agencies also contribute significant resources to economic development activities in Wisconsin. Tax incremental financing (TIF) districts are an important source of funding for local economic development projects, while one of the largest sources of federal revenue for both state and local economic development projects is the federal Community Development Block Grant (CDBG) program.

Local governments reported spending \$701.2 million on economic development in 2003 and 2004.

As shown in Table 5, local governments reported spending \$701.2 million on economic development activities in 2003 and 2004, the most recent years for which data were available. The expenditures include both operating expenses and capital outlays for:

- rehabilitation of blighted or deteriorated neighborhoods;
- community development;

- direct financial assistance to businesses;
- industrial development agencies and chamber of commerce activities;
- acquisition of industrial sites and industrial park development;
- advertising and marketing for local communities; and
- economic and industrial surveys.

Table 5

Local Economic Development Expenditures
(In Millions)

	2003	2004	Total
Cities	\$243.2	\$259.7	\$502.9
Villages	37.9	57.6	95.5
Counties	37.2	54.1	91.3
Towns	5.7	5.8	11.5
Total	\$324.0	\$377.2	\$701.2

Source: County and Municipal Revenues and Expenditures, Wisconsin Department of Revenue

DOR reported that 826 TIF districts were active throughout Wisconsin in January 2005.

Section 66.1105, Wis. Stats., authorizes municipal governments to establish TIF districts in areas that are blighted, need rehabilitation or environmental remediation, or are suitable for industrial sites or mixed-use developments. Once an area is designated, the Department of Revenue (DOR) determines the base value of the property within the district. Property taxes levied in excess of the base value are known as the tax increment and can be used by municipalities to pay for infrastructure improvements, environmental remediation, real estate, and professional services within the TIF district. TIF districts generated a tax increment of \$243.8 million, or 4.3 percent of the total city and village property tax levy, in 2005. DOR reported that 826 TIF districts were active throughout Wisconsin in January 2005.

Nineteen federal agencies—including the federal departments of Commerce, Agriculture, Housing and Urban Development, and Transportation, as well as several independent agencies—administer more than 140 economic development programs identified in the Catalog of Federal Domestic Assistance. Many of these federal programs provided financial or technical assistance directly to Wisconsin businesses, local governments, and organizations from FY 2001-02 through FY 2004-05.

The Small Business Administration assists Wisconsin businesses in obtaining financing.

For example, the federal Small Business Administration provides direct services, financial assistance, loan guarantees, and training to small businesses, organizations that support small businesses, and local governments. It was created in 1953 as an independent agency of the federal government to aid, counsel, assist, and protect the interests of small business concerns; to preserve free competitive enterprise; and to maintain and strengthen the economy. It maintains a network of field offices and partnerships with public and private organizations, including offices in Madison and Milwaukee. In federal fiscal year (FFY) 2004-05, Small Business Administration offices in Wisconsin reported that they assisted 2,194 Wisconsin businesses in obtaining nearly \$496.0 million in federal and private loans for working capital or to refinance existing debt, acquire existing businesses, purchase fixed assets such as land and buildings, or purchase equipment and supplies.

The federal CDBG program provides every state and certain local governments with funding from the Department of Housing and Urban Development for a wide range of public housing and economic development activities that are designed to:

- benefit low- and moderate-income persons;
- meet an urgent local need that poses a threat to the health, safety, or welfare of a community; or
- prevent or eliminate slums or blight.

CDBG funds are distributed to state and local governments in two ways. Entitlement communities—which are the principal cities in each metropolitan statistical area as defined by the United States Census Bureau, metropolitan cities with populations of at least 50,000, or urban counties with populations of at least 200,000 excluding the population of the principal city—are eligible to receive CDBG funding. In addition, a portion of each state's CDBG allocation is provided to the state government to be used in non-entitlement communities.

Wisconsin communities received \$88.2 million in federal CDBG funding from FFY 2003-04 through FFY 2004-05.

From FFY 2003-04 through FFY 2004-05, 22 entitlement communities in Wisconsin—including 19 cities and 3 counties—received \$88.2 million in CDBG funds, and another \$64.6 million was provided to Commerce for economic development, housing, and other programs. CDBG funds accounted for \$45.4 million of Commerce’s economic development program expenditures from FY 2003-04 through FY 2004-05. Appendix 4 includes additional information about the amounts awarded to each Wisconsin entitlement community.

■ ■ ■ ■

Program Objectives and Services ■

We categorized economic development programs by the type of assistance they offer, eligible recipients, and purpose. A large number of programs provide similar services. Some duplication may be desirable to ensure that services are available statewide. However, additional efforts to reduce duplicative programs would reduce administrative costs and could both enhance legislative oversight and help those seeking assistance to identify appropriate resources.

Overview of State Programs

As shown in Table 6, the 152 economic development programs we identified can be categorized based on the primary type of assistance provided:

- 78 provide grants or loans, including 50 that provide grants only, 13 that provide loans only, and 15 that provide both grants and loans;
- 58 offer direct services, such as entrepreneurial and business consulting, regulatory assistance, assistance developing new products or technologies, assistance related to exporting products, and community planning; and

- 16 provide other financial assistance, including 8 that offer targeted tax credits to specific businesses or individuals that meet pre-determined criteria, 6 that provide loan guarantees, and 2 that authorize local governments or WHEDA to issue bonds on behalf of a business.

Table 6

Assistance Offered
FY 2001-02 through FY 2004-05

Agency	Programs Offering Grants or Loans	Programs Offering Direct Services	Programs Offering Other Financial Assistance ¹	Total
Commerce	59	20	9	88
DATCP	11	12	0	23
UW System	2	19	0	21
WHEDA	1	1	6	8
Tourism	1	4	0	5
DNR	3	0	0	3
DOT	1	1	1	3
WTCS	0	1	0	1
Total	78	58	16	152

¹ Includes tax credits, loan guarantees, and bonding authorization.

Businesses or individuals are eligible for 127 of Wisconsin's 152 economic development programs.

Programs can also be grouped according to the types of recipients eligible for assistance. As shown in Table 7, 83.6 percent of programs serve businesses or individuals; 30.3 percent serve nonprofit or other types of organizations, such as community development organizations; and 21.1 percent serve local governments. Of the 127 programs offered to businesses or individuals, 74 provide some type of financial assistance.

Table 7

Eligible Recipients
FY 2001-02 through FY 2004-05

Type of Recipient	Programs Offering Direct Services	Programs Offering Financial Assistance	Total ¹	Percentage of All Programs
Businesses or Individuals	53	74	127	83.6%
Nonprofit or Other Organizations	18	28	46	30.3
Local Governments	14	18	32	21.1

¹ Total does not equal 152 programs because some programs are open to more than one type of recipient.

Finally, programs can be categorized according to the specific purposes identified in their authorizing statutes, administrative rules, or in other agency materials. As shown in Table 8, 44.1 percent of the programs offer technical assistance or funding to obtain it. Technical assistance encompasses a wide range of activities, such as providing information or advice related to business start-up, operations, or management, and assisting businesses in complying with local, state, or federal regulations. Financial assistance can include help in purchasing fixed assets, such as land, buildings, and equipment, and in funding operating costs, including staffing. Some of the other purposes we identified include:

- assisting with the research, development, or commercialization of a new product, process, or technology, or with product marketing, including overseas exports;
- promoting private venture capital investment in early-stage companies;
- assisting communities in conducting economic development planning or with capitalizing a revolving loan fund to be used for local economic development projects; and
- assisting with the establishment and operation of a business incubator that provides early-stage businesses with inexpensive office space and shared resources.

Table 8

Program Purposes
FY 2001-02 through FY 2004-05

Purpose	Programs Offering Direct Services	Programs Offering Financial Assistance	Total ¹	Percentage of All Programs
Provide Technical Assistance	51	16	67	44.1%
Purchase Fixed Assets	0	34	34	22.4
Assist with Operations Costs	0	33	33	21.7
Assist with Business Planning	8	18	26	17.1
Assist with Marketing and Promotion	18	8	26	17.1
Encourage Community Development	6	8	14	9.2
Remediate and Redevelop Contaminated Property	0	11	11	7.2
Promote Equity Investment	1	6	7	4.6
Research and Develop New Products	2	5	7	4.6
Assist with Business Incubators	3	3	6	3.9
Assist Businesses in Training Employees	1	4	5	3.3
Capitalize Revolving Loan Fund	0	4	4	2.6
Certify Disadvantaged Businesses	2	0	2	1.3
Recruit Businesses to Wisconsin	1	0	1	0.7

¹ Total does not equal 152 programs because some programs have more than one purpose.

More than one program is available for all but one of the economic development purposes we identified.

More than one program has been established for each purpose we identified, except recruiting out-of-state businesses to Wisconsin. For example, 34 of the 152 programs we identified, or 22.4 percent, provide assistance for purchasing fixed assets such as land, buildings, equipment, or other depreciable assets, and 33 programs, or 21.7 percent, assist businesses with operating expenses, such as start-up costs, supplies and services, or personnel costs. However, some programs differ in the types of assistance they provide, such as grants versus loans, and in their eligibility criteria.

Targeted Businesses

Some economic development programs are designed to assist a specific type of business or to encourage the growth of a particular industry. We reviewed statutory and other criteria and identified five types of businesses that receive special consideration in the form of program services or funding: small businesses, entrepreneurs and start-up companies, agricultural businesses, technology-based businesses, and minority-owned businesses.

As shown in Table 9, 46 programs target small businesses, and 40 programs target early-stage businesses and entrepreneurs. Although there is some overlap, programs that target small businesses are generally open to long-established businesses, while programs that target early-stage businesses and entrepreneurs generally are limited to new business ventures. Farms are included in the agricultural businesses served by 34 programs, while 21 programs provide assistance to technology-based businesses, including biotechnology businesses, and 18 programs provide assistance to minority-owned businesses. Businesses that receive targeted assistance through these programs are not precluded from also receiving assistance through other programs.

Table 9

Targeted Programs FY 2001-02 through FY 2004-05

Agency	Programs for Small Business	Programs for Early-Stage Business and Entrepreneurs	Programs for Agricultural Business	Programs for Technology-Based Business	Programs for Minority-Owned Business
Commerce	30	28	6	15	14
DATCP	3	5	22	0	0
UW System	7	7	2	6	0
WHEDA	4	0	4	0	2
Tourism	0	0	0	0	0
DNR	0	0	0	0	0
DOT	2	0	0	0	2
WTCS	0	0	0	0	0
Total¹	46	40	34	21	18

¹ Total does not equal 152 programs because many programs target more than one type of business, and some do not target any specific type of business.

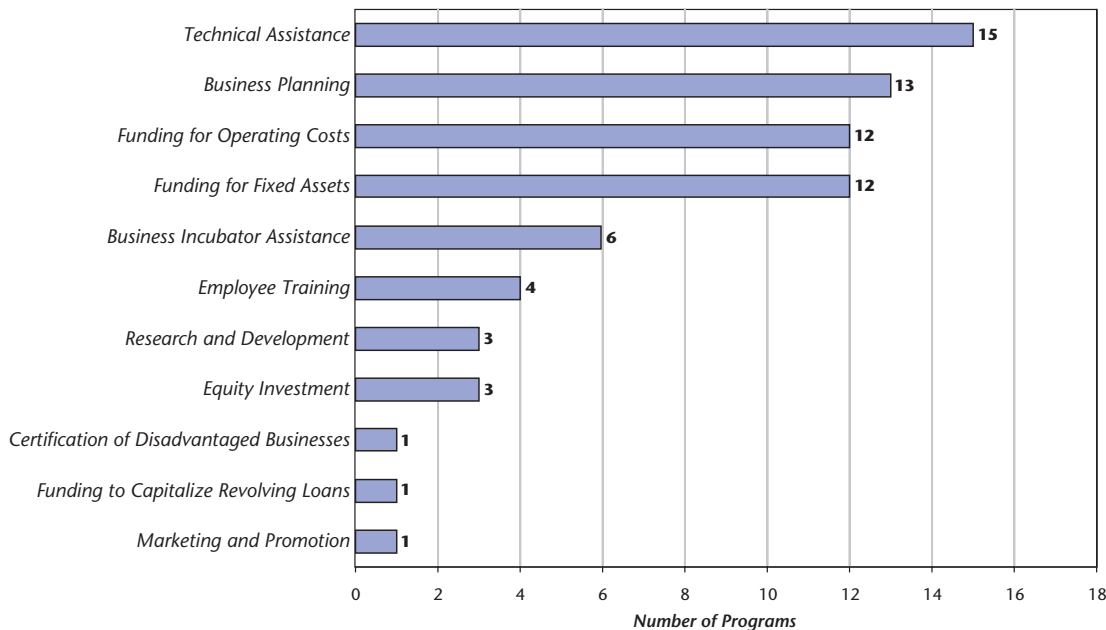
Programs for Small Business

Small businesses are an important component of Wisconsin’s economy and are a subject of increasing legislative interest, especially among those who believe they have the potential to generate a substantial number of new jobs. According to the Census Bureau, 70.2 percent of Wisconsin business establishments had fewer than 20 employees in 2003, and these businesses employed 18.2 percent of the workforce, excluding individuals engaged in farming and government occupations. Small businesses can face barriers to growth, including difficulties obtaining private financing.

What constitutes a small business varies among the economic development programs we identified. For example, it ranges from 25 to 250 employees for different Commerce programs. As shown in Figure 3, 15 of the 46 small business assistance programs provide technical assistance, 13 assist with business planning, 12 provide funding for operating costs, and 12 provide funding for fixed assets.

Figure 3

Small Business Assistance Programs



We identified 46 programs that offer assistance to small businesses.

Commerce administers 30 of the 46 small business programs we identified, including the Entrepreneurial Training and Early Planning Grant programs that assist businesses in completing business plans, and the Business Employees Skills Training program that provides training grants to small businesses. Commerce also offers direct services to small businesses through programs administered by its Bureau of Entrepreneurship. For example, a small business ombudsman serves as an advocate for small businesses by answering questions and working with the Small Business Regulatory Review Board, which is attached to Commerce, to notify small business owners of regulatory changes that may affect them. In addition, the Small Business Clean Air Assistance Program, which is administered by Commerce, provides consultation and technical assistance to help small businesses understand and comply with state and federal regulations under the Clean Air Act.

UW-Extension's Small Business Development Centers (SBDCs), which are located on each of the 13 four-year UW System campuses, also provide technical assistance to small businesses and entrepreneurs through one-on-one consulting and classes that focus on business planning and development. These centers belong to a national network of small business assistance centers that are funded by GPR, program revenue, and funds from the federal Small Business Administration.

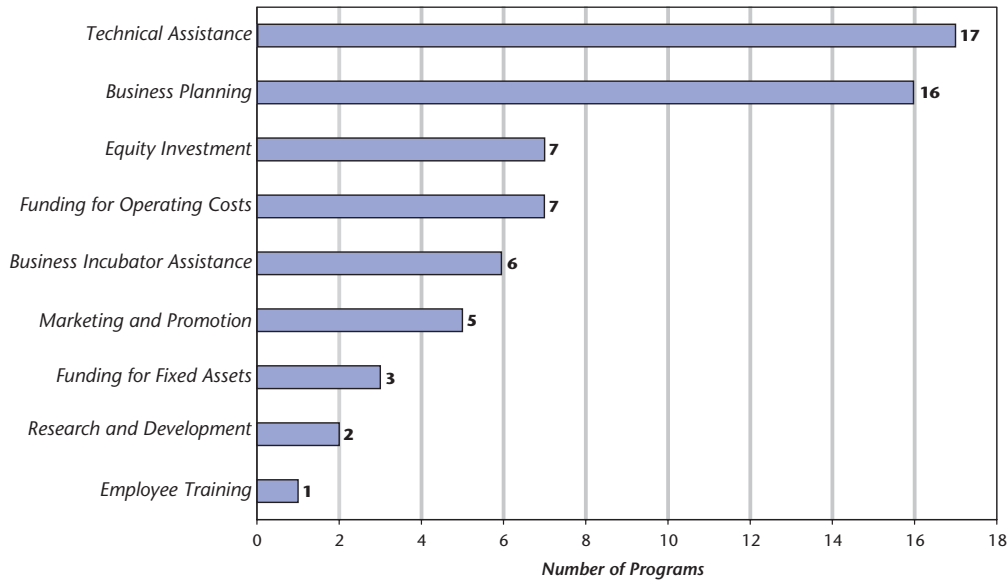
Programs for Early-Stage Business and Entrepreneurs

We identified 40 programs that offer assistance to entrepreneurs.

Early-stage business and entrepreneurial programs focus on assisting with the start-up or development of new business ventures, which have received increasing attention in recent years because of their potential for significant job creation. For the purposes of our review, "entrepreneurs" include individuals or groups starting any type of business, including those developing innovative products. As shown in Figure 4, 17 of the 40 programs that specifically target entrepreneurs offer technical assistance, 16 assist with business planning, 7 offer assistance in obtaining equity financing and venture capital, 7 provide funding for operating costs, and 6 offer assistance through business incubators.

Figure 4

Early-Stage Business and Entrepreneur Assistance Programs



One of the most visible entrepreneurial assistance programs is the Wisconsin Entrepreneurs’ Network, which was created by 2003 Wisconsin Act 255 and is a partnership between Commerce and UW-Extension. It is a statewide collaboration of more than 57 organizations that follow standardized procedures to assess individual clients’ needs and assist them in identifying appropriate resources, such as classes or SBDC consulting services. Clients who need specialized assistance on issues such as intellectual property rights or patents are referred to one of four designated regional specialists employed by UW-Extension. Information about each client is tracked and shared with other network members to facilitate follow-up and ensure that needed services are received.

Lack of capital is a common reason for the failure of new business ventures.

A lack of access to capital is a commonly cited reason for the failure of new business ventures that do not have the size, assets, or operating histories necessary to obtain financing from traditional sources, such as banks. Investments by outside parties in new Wisconsin business ventures increased from \$8.9 million in 1995 to \$67.9 million in 2005, but as shown in Table 10, less than 1.0 percent of the nation’s venture capital investments were made in Wisconsin businesses during this period. Therefore, policymakers and state agencies have placed an increasing emphasis on attracting venture capital to Wisconsin companies, including “angel investments” in businesses at their earliest stages of development by individuals or groups of investors.

Table 10

Venture Capital Investments in Wisconsin
(In Millions)

Year	Wisconsin	United States Total ¹	Wisconsin as a Percentage of National Total	Wisconsin's National Rank
1995	\$ 8.9	\$ 7,879.3	0.1%	35
1996	25.4	11,014.3	0.2	28
1997	45.1	14,612.0	0.3	26
1998	83.7	20,810.6	0.4	26
1999	85.2	53,475.7	0.2	28
2000	198.9	104,700.7	0.2	29
2001	93.1	40,703.5	0.2	27
2002	50.8	21,697.8	0.2	30
2003	37.6	19,585.5	0.2	29
2004	57.1	21,635.3	0.3	25
2005	67.9	21,680.0	0.3	28

¹ Includes Puerto Rico and the District of Columbia.

Source: PricewaterhouseCoopers 2005 Money Tree Survey

We identified seven programs that promote access to venture capital.

We identified seven economic development programs that seek to increase the amount of venture capital available to Wisconsin companies:

- the Technology Venture Fund Grants and Loans program, the Seed Capital Fund program, and Venture Capital Conference Grants are all administered by Commerce and provide grants or loans to assist businesses, individuals, or organizations in locating sources of venture capital and attracting investments;
- the Certified Capital Companies (CAPCO) program, the Early Stage Seed Investment Tax Credit program, and the Angel Investment Tax Credit program offer tax credits for investments in qualified businesses certified by Commerce; and

- the Wisconsin Technology Council, an independent nonprofit corporation created by 1999 Wisconsin Act 106, offers direct services to entrepreneurs and early-stage businesses.

In the 2003-05 biennium, the Wisconsin Technology Council received \$500,000 in GPR and \$1.3 million from private sources and fees to foster entrepreneurship and innovation through the annual Wisconsin Entrepreneurs Conference, the Governor's Business Plan contest, and other activities. With assistance from Commerce and the Department of Financial Institutions, the Council created the Wisconsin Angel Network in January 2005 to assist investors and early-stage Wisconsin-based businesses in pursuing venture capital financing. The Wisconsin Angel Network has since created a searchable online database that allows investors to locate potential business investments, and it has organized and created new investor networks and hosted conferences and other events to encourage communication among investors and early-stage businesses.

The State of Wisconsin Investment Board (SWIB) also provides equity financing for Wisconsin-based businesses through its venture capital initiative. We did not include this initiative in our inventory because its primary purpose is not economic development; instead, it assists SWIB in fulfilling its fiduciary responsibility to manage the assets of the Wisconsin Retirement System, the State Investment Fund, and other trust funds. Nonetheless, SWIB's investment activity represents a significant source of capital for early-stage businesses and serves to promote economic development in Wisconsin.

SWIB has committed up to \$185.0 million for investments in new business ventures.

Through December 31, 2005, SWIB committed a total of \$135.0 million to be invested through four venture capital funds managed by firms with offices in Wisconsin. In order to meet its fiduciary responsibility, SWIB does not require that all \$135.0 million be invested in Wisconsin companies, but its contracts require that fund managers attempt to maximize investments in Wisconsin-based companies. As shown in Table 11, SWIB reported that the venture capital firms had invested \$52.7 million of its \$135.0 million commitment, including \$25.8 million in Wisconsin-based businesses, through December 2005. Further, SWIB—subject to the completion of its due-diligence process—has approved up to an additional \$50.0 million, to be allocated between the Mason Wells and Venture Investors funds, depending on the amount of additional capital raised by each. This additional allocation is expected to be made available in 2006.

Table 11

SWIB Commitments to Venture Capital Firms
December 2005

Fund Name	Amount Committed	Amount Invested	Amount Invested in Wisconsin Businesses
Mason Wells Biomedical Fund I	\$ 25,000,000	\$16,984,155	\$13,440,743
Venture Investors Early Stage III	20,000,000	14,936,404	11,389,918
Baird Venture Partners I (B)	30,000,000	8,864,274	1,003,612
Frazier Technology Ventures II	60,000,000	11,937,755	0
Total	\$135,000,000	\$52,722,588	\$25,834,273

Programs for Agricultural Business

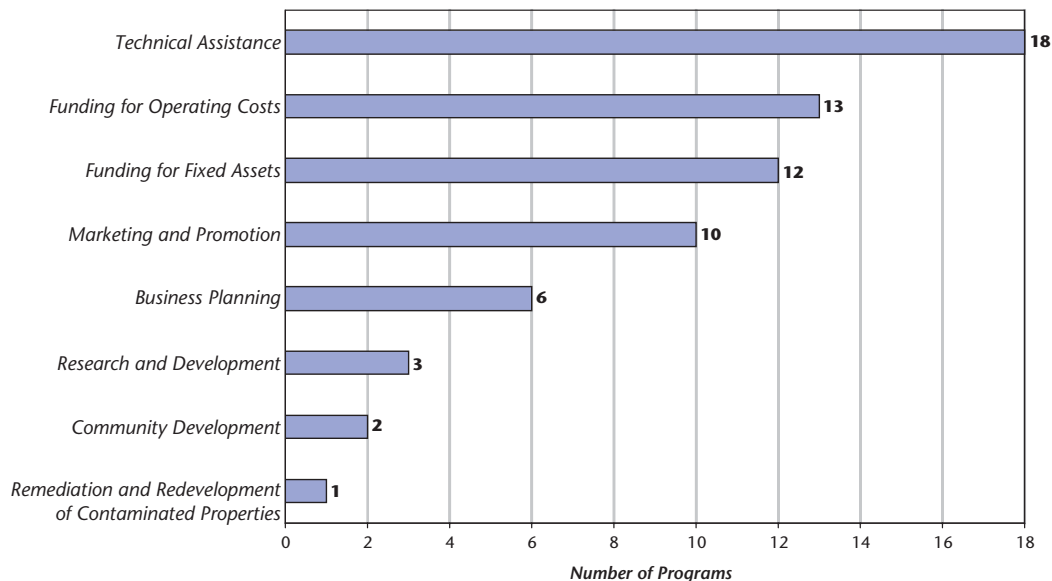
Agricultural businesses and farming are an important component of Wisconsin’s economy. The federal Department of Agriculture estimated that 77,131 farms employed 16.6 percent of the workforce in 2002, and their total cash receipts for farm products were \$5.6 billion. A 2004 UW-Madison study concluded that the aggregate direct and indirect effects of agriculture on Wisconsin’s economy were \$51.5 billion per year.

We identified 34 programs that offer assistance to agricultural businesses.

DATCP administers 22 of the 34 programs that target agricultural businesses. As shown in Figure 5, 18 programs offer technical assistance, 13 provide funding for operating costs, 12 provide funding for the purchase of fixed assets, and 10 assist with marketing and promotion.

Figure 5

Agricultural Business Assistance Programs



Programs that target agricultural businesses include:

- ten agricultural marketing and international export assistance programs, nine of which are administered by DATCP and provide direct services to assist agricultural businesses in marketing their products domestically and overseas;
- three Farm Center programs, which are administered by DATCP and provide technical assistance and consultation to farmers on agricultural business and farm-related issues;
- the Agricultural Development Zone program, which is administered by Commerce and offers tax credits to agricultural businesses that locate or expand in 18 designated counties;
- the Milk Volume Production program, which is administered by Commerce and provides loans to dairy farmers modernizing their operations, to assist them in purchasing additional cows; and

- three loan guarantee programs, which are administered by WHEDA and guarantee the principal of loans from private lenders to farmers for the purchase of supplies necessary to produce commodities or to modernize their farms.

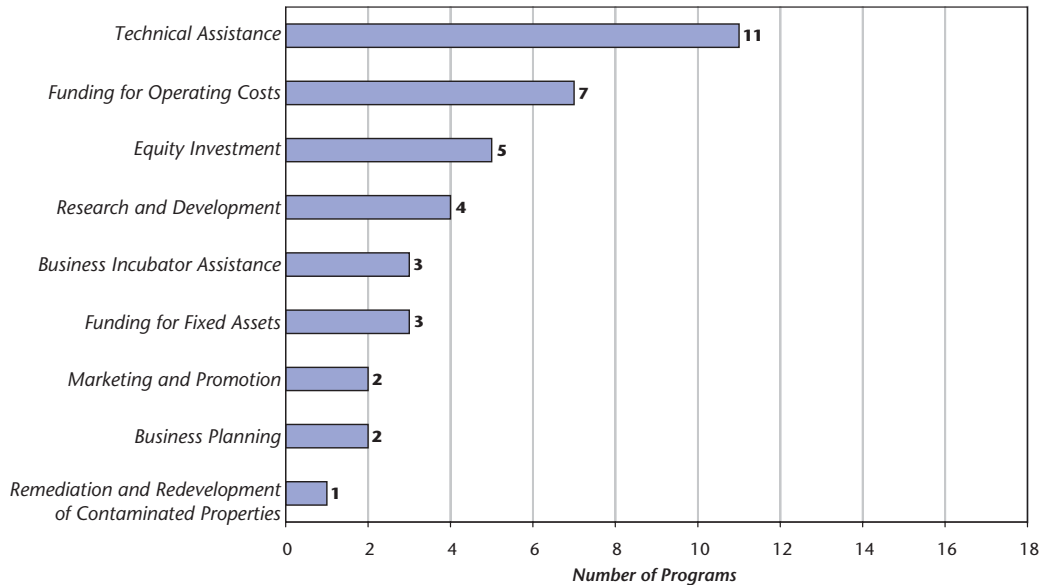
Programs for Technology-Based Business

We identified 21 programs that offer assistance to technology-based businesses.

In recent years, Wisconsin and many other states have implemented programs to promote the development of technology-based businesses, including biotechnology and information technology companies that may attract research and investment dollars and create new, high-paying jobs. Wisconsin has 21 programs that target technology-based businesses, including 15 administered by Commerce and 6 administered by UW System. As shown in Figure 6, 11 programs provide technical assistance, 7 provide funding for operating costs, 5 offer assistance in obtaining equity investment from private sources, and 4 assist with the research and development of new products.

Figure 6

Technology-Based Business Assistance Programs



Some examples of technology-based programs include:

- the Technology Development Zone program, which is administered by Commerce and offers tax credits to businesses that locate or expand in one of eight designated technology development zones;
- four technology commercialization grant and loan programs, which are administered by Commerce and provide financial assistance to businesses seeking to commercialize new technologies, products, and processes; and
- three specialty centers, which are administered by UW System and affiliated with the SBDC network, and which provide a variety of technical assistance and consultation to technology-based businesses: the Center for Advanced Technology and Innovation (CATI) associated with UW-Parkside and Gateway Technical College, the Center for Innovation and Development at UW-Stout, and the Wisconsin Innovation Service Center at UW-Whitewater.

Programs for Minority-Owned Business

We identified 18 programs that offer assistance to minority-owned businesses.

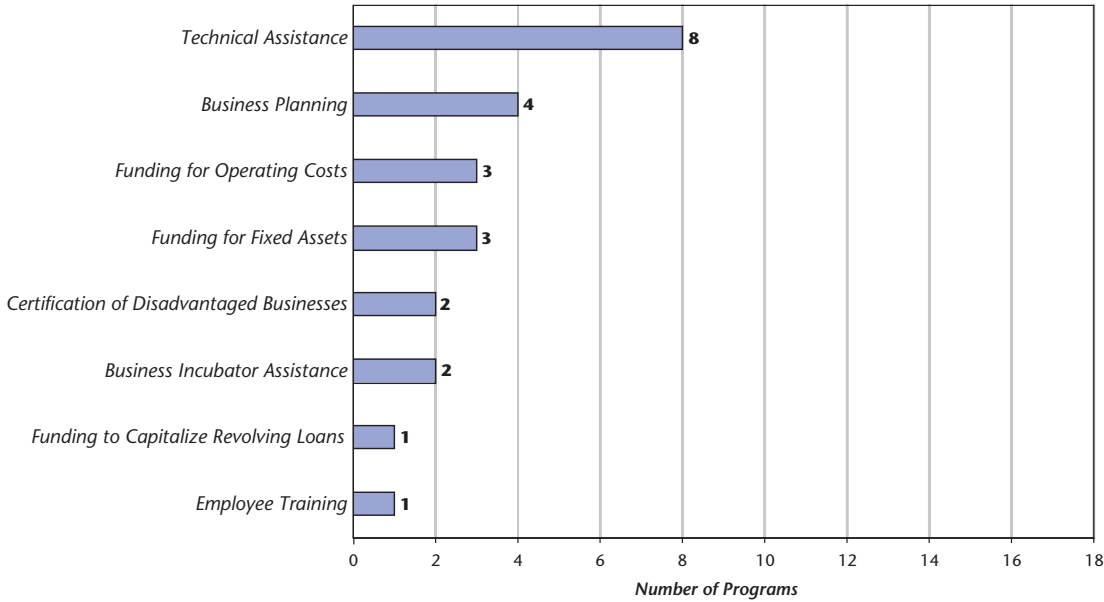
Wisconsin has 18 programs that target ethnic minorities, who have historically faced barriers to business ownership that include a lack of access to capital. Commerce administers 14 of these programs, while DOT and WHEDA each administer 2 programs. In general, a business that is at least 51.0 percent owned and operated by members of a minority group is considered a minority-owned business.

The four programs administered by DOT and WHEDA also provide assistance to businesses owned by women, but Commerce does not define businesses owned by women as minority-owned businesses. Commerce is required by s. 560.035, Wis. Stats., to maintain a database of Wisconsin businesses owned by women, but this provision has not been implemented. In addition, 2005 Wisconsin Act 358, which was enacted in April 2006, requires Commerce to certify and publish on the Internet a list of Wisconsin businesses owned by women.

As shown in Figure 7, programs that target minority-owned businesses include eight that provide technical assistance, four that assist with business planning, three that provide funding for operating costs, and three that provide funding for fixed assets.

Figure 7

Minority-Owned Business Assistance Programs



The majority of financial assistance to minority-owned businesses is provided through Commerce’s Minority Business Development Fund, which includes eight grant and loan programs. The Minority Business Development Board, which is attached to Commerce, is responsible for reviewing and approving awards from this fund. WHEDA also provides financial assistance to businesses that are at least 51.0 percent owned or controlled by ethnic minorities or women through its Linked Deposit Loan Subsidy program, under which loans that may be used for start-up or expansion costs are offered at below-market interest rates.

Commerce’s Bureau of Minority Business Development provides technical assistance to minority-owned businesses, including:

- one-on-one consulting on starting or planning a business, buying a business, or expanding an existing business;
- assistance in developing customized marketing strategies and identifying state, federal, and private marketing resources;

- coordinating the Wisconsin Marketplace, an annual conference that brings together certified minority-owned businesses, government purchasing agents, and corporate buyers and that was attended by 378 people in 2005; and
- providing resources and counseling for Native American economic development, including offering advice to existing and start-up businesses that are located on a reservation or that benefit a reservation's economy.

Wisconsin has two programs that offer certification for minority-owned businesses.

Wisconsin also has two programs that assist minority-owned businesses in competing for government procurement contracts. Section 16.75(3m)(b), Wis. Stats., requires that state agencies attempt to direct 5.0 percent of total state purchasing funds to minority-owned businesses that are certified by Commerce through the Minority Business Enterprise program. Participating minority-owned businesses may submit qualified bids that are no more than 5.0 percent higher than the next-lowest bid and still be awarded contracts. As of June 30, 2005, Commerce certified 1,026 minority-owned businesses for this program. The Department of Administration, which is responsible for overseeing state procurement activities, reported that minority-owned businesses secured \$46.1 million in direct state agency purchases in FY 2004-05, or 2.8 percent of the of \$1.65 billion total.

The federally mandated Disadvantaged Business Enterprise programs, which are administered by DOT, are intended to increase the participation of woman-owned and minority-owned businesses in federal and state transportation contracts. DOT is responsible for certifying businesses eligible to participate, and it provides technical assistance, loan guarantees, business plan development, financial package preparation, accounting systems, and marketing and other assistance in contracting with the State or subcontracting with a primary contractor selected by DOT. DOT reported that certified disadvantaged business enterprises were awarded contracts from that agency worth \$95.0 million from FFY 2002-03 through FFY 2003-04.

Duplication of Program Services

Duplicative programs increase administrative costs, hinder oversight, and may confuse those seeking assistance.

The large number of programs we identified raises concerns about potential duplication of program services. Some duplication may be desirable to ensure that services are available statewide and that some services, such as small business planning assistance or manufacturing technical assistance, can be provided locally. On the

other hand, program duplication increases administrative costs, hinders the Legislature's ability to assess program accomplishments and provide adequate oversight, and may confuse those seeking assistance.

Duplication of program services occurs because state statutes authorize programs with similar purposes that differ only in their source of funding, eligibility criteria, or geographic focus; because state agencies may take on additional responsibilities that are consistent with their missions but duplicate services already available elsewhere; or because policymakers may create new programs or modify existing programs without eliminating or consolidating similar programs that are inactive, outdated, or unfunded.

Examples of Potential Service Duplication

The level of duplication in economic development programs is illustrated by the range and number of programs potentially available to three fictional businesses:

- Company A, a fictional group of entrepreneurs looking to commercialize new agricultural products and to produce specialty products from commodities;
- Company B, a fictional small, minority-owned printing business; and
- Company C, a fictional established manufacturing company specializing in medical equipment.

Company A is a joint venture founded in 2001 by a group of scientists and agribusiness leaders who are seeking to commercialize new agricultural products resulting from university research. Since 2002, Company A has operated a small pilot facility with ten employees in Columbia County. It has developed several innovative products from Wisconsin agricultural commodities but has not earned a profit. In 2006, the company intends to begin research and development under an exclusive patent that may ultimately lead to the development of new products from dairy byproducts. It does not anticipate increasing its workforce in the short term but needs to raise capital to continue its operations and to purchase supplies and equipment.

This fictional company could be eligible for services provided by as many as 22 programs administered by Commerce, DATCP, UW System, and WHEDA. They include 13 grant, loan, or loan guarantee programs that provide financing for business planning,

working capital, and research and development. In addition, it may be eligible for tax credits available to businesses located in an Agricultural Development Zone, tax credits designed to encourage equity investments from venture capital firms, and tax credits for expenditures related to research facility construction and other research costs. Finally, as many as six programs could offer direct services or technical assistance to assist with business operations and planning, marketing, and commercialization of the company's products.

Company B, a fictional minority-owned printing business located in the City of West Allis in Milwaukee County, was formed in 2003. The owners have never developed a formal business plan and have financed their company primarily through personal savings and loans from family members. Company B had sales of less than \$1.0 million in 2005, but it has outgrown its existing facility and requires more space to take on larger jobs. The owners would like to develop a business plan and raise outside capital to relocate to a former industrial property located in the City of Milwaukee.

Company B could be eligible for services provided by as many as 15 economic development programs administered by Commerce, WHEDA, DNR, and UW System. They include ten programs that provide grants, loans, or loan guarantees to assist businesses with planning, fixed-asset financing, working capital, or remediation and redevelopment of contaminated industrial property. Two of these programs—Commerce's Minority Business Development Grants and Loans program and WHEDA's Linked Deposit Loan Subsidy program—are exclusive to minority-owned businesses, while the remainder are available to any business in a similar situation. Depending on where it relocates within the City of Milwaukee, Company B could be eligible to receive tax credits under the Enterprise Development Zone program. It could also seek certification as a minority-owned business under Commerce's Minority Business Enterprise program, which would give it an advantage in competing for state procurement contracts. Finally, as many as three programs could provide technical assistance or direct services for the proposed project.

Company C is located in rural St. Croix County and manufactures parts used in medical imaging and diagnostic equipment. This fictional company had sales of \$25.0 million, and 75 employees, in 2005. In 2006, it signed a contract with a major international medical equipment company to supply parts for a new medical device. This new contract, combined with increased demand for existing products, is expected to result in the need to hire as many as 25 new employees. The company is therefore looking to expand its facilities to respond to the increased demand, purchase new

machinery that will reduce costs and improve productivity, and train employees on the new equipment.

Company C could be eligible for services provided by as many as 11 programs administered by Commerce, UW System, and WTCS. They include seven programs that provide financial assistance through grants, loans, or bonding for working capital, fixed-asset financing, or employee training costs. Because the company is located in a technology zone, it may be eligible for income tax credits based on the number of new jobs created or capital investments made. As many as three programs could provide direct services to assist with implementing the company's new manufacturing process. The company would also be eligible for exemptions from state and county sales taxes on fuel, electricity, and personal property used in manufacturing, and for exemptions from property taxes on machinery and equipment used in manufacturing and on computer equipment.

Inactive or Outdated Programs

***We identified
23 programs that were
inactive during some
or all of the period
we reviewed.***

As noted, some duplication exists because inactive and outdated programs have not been repealed. We identified 23 programs that were inactive during some or all of the period we reviewed. These programs are listed in Appendix 5 and include:

- 6 programs for which statutory authority and funding were eliminated during our review period;
- 5 programs that were not funded during some or all of our review period, even though they remain authorized in statutes; and
- 12 programs that were not used at the discretion of the responsible agency, either because services were provided under another program or because the agency did not receive any eligible requests.

For example, funding for the Manufacturing Assessment Center was eliminated in the 2003-05 biennium because the center duplicated services available through the nonprofit Wisconsin Manufacturing Extension Partnership, which receives state and federal funding. However, s. 560.935, Wis. Stats., continues to direct Commerce to implement other manufacturing programs that may duplicate services provided by the Wisconsin Manufacturing Extension Partnership.

Agencies chose not to fund qualified projects using some of the inactive programs we identified because other sources of funding were available. For example, Commerce officials noted that some projects that could have been funded by Minority Business Development Fund programs were instead funded with Community-Based Economic Development program dollars. Other programs were inactive because requests for their services were not made during the period we reviewed. However, Commerce officials believe these infrequently requested programs, which include the Rapid Response Fund and Employee Ownership Program, should continue to be authorized so they are available when eligible projects arise.

Reducing Program Duplication

Commerce's area development managers work with businesses throughout the state to help them locate assistance.

Given the array of available economic development programs, identifying the most appropriate source of assistance can be challenging for businesses, local governments, and other organizations. Businesses and individuals may not be aware that a program is available to assist them, or they may be confused by multiple programs that offer similar types of assistance. Commerce has attempted to simplify the process by establishing seven area development managers across the state to serve as a point of first contact and to help those seeking assistance in determining which programs best meet their needs. However, this approach does not ensure that businesses and individuals are aware of programs available through other agencies, nor does it minimize the duplication of services that Commerce and the other agencies offer.

The Legislature, with assistance from Commerce, may wish to consider consolidating duplicative programs and eliminating inactive or outdated programs. Doing so would reduce the State's administrative costs, may improve the Legislature's ability to provide effective oversight in the use of economic development funds, and could help businesses to locate assistance.

Recommendation

We recommend the Department of Commerce report to the Joint Legislative Audit Committee by February 15, 2007, with specific statutory changes to consolidate duplicative programs and eliminate inactive and outdated programs.

Economic Development Programs at Post-Secondary Institutions ■

UW System and WTCS help to ensure the availability of a well-trained and knowledgeable workforce, which can influence businesses' decisions to locate or expand in Wisconsin. Each also provides economic development-related services to businesses, local governments, and other organizations and has the potential to generate new industries through the commercialization of discoveries and innovations at research centers, applied technology centers, and laboratories. However, their economic development programs are decentralized and are not consistently coordinated among campuses or with other state agencies.

UW System and WTCS administer 22 programs that are included in our inventory.

Because businesses increasingly rely on UW System and WTCS to educate future workers, train existing workers, develop new technologies, and provide outreach and technical assistance, there is considerable legislative interest in identifying these institutions' economic development contributions. Our inventory includes 22 programs they administered. Other programs that play an important role in the development of Wisconsin's economy were excluded because they are focused primarily on academic research or teaching; they do not use state funding or state employees; or they have broad public policy missions that may include but are not limited to economic development.

UW System Economic Development Programs

UW System is Wisconsin's largest employer, with 28,345 FTE faculty and staff in FY 2004-05.

UW System is the largest employer in Wisconsin and consists of 13 four-year campuses, 13 two-year campuses, and UW-Extension, which maintains offices and outreach staff in every county. It had a budget of \$3.9 billion in FY 2004-05, when it employed 28,345 FTE faculty and staff and enrolled 160,800 students. A 2002 study commissioned by UW System indicates that its activities contribute \$9.5 billion to Wisconsin's economy, including direct and indirect expenditures, and approximately 151,000 jobs. The study also estimated that these activities generate approximately \$408.0 million in income and sales tax revenue annually.

We identified 21 economic development programs administered by UW System campuses.

Table 12 lists 21 economic development programs administered by UW System that are included in our inventory and shows the variety of services they provide. For example, we identified five networking programs at three campuses—UW-Madison, UW-Oshkosh, and UW-Platteville—that serve as the initial point of contact for individuals and businesses interested in taking advantage of UW System resources. UW-Madison's Office of Corporate Relations serves as the primary link between businesses and UW-Madison researchers, faculty, and resources. UW-Platteville maintained a full-time coordinator of corporate relations who served in a similar role until the position was eliminated in 2005.

Some UW System economic development programs work with specific industries. For example, the UW-Green Bay Paper Industry Resource Center (formerly the Paper Technology Transfer Center) was created in 2004, in part through funding from the federal Small Business Administration. It provides regulatory information and assists Wisconsin's paper-related businesses in locating information about emerging technologies to improve their competitiveness. Similarly, the Northwest Wisconsin Manufacturing Outreach Center at UW-Stout provides on-site assessments, worker training, and technical assistance to small and medium-size manufacturers located in 33 northwest Wisconsin counties. It is affiliated with the Wisconsin Manufacturing Extension Partnership and the Chippewa Valley, Western, Wisconsin Indianhead, Nicolet Area, and Northcentral technical college districts.

Table 12

UW System Economic Development Programs
FY 2001-02 through FY 2004-05

Program	UW Institution
Technology Transfer and Product Development	
Center for Advanced Technology and Innovation ¹	UW-Extension, UW-Parkside
Center for Innovation and Development ¹	UW-Extension, UW-Stout
Paper Industry Resource Center	UW-Green Bay
Rural Business Enhancement Center	UW-Platteville
Networking Opportunities	
Center for Community Partnerships	UW-Oshkosh
Coordinator of Corporate Relations	UW-Platteville
Family Business Center	UW-Madison
Office of Corporate Relations	UW-Madison
Wisconsin Family Business Forum	UW-Oshkosh
Business Planning and Operations Assistance	
Economic Development Administration University Center	UW-Stout
Northwest Wisconsin Manufacturing Outreach Center	UW-Stout
Small Business Development Centers (SBDCs) ²	UW-Extension
Stout Advanced Management Assistance Center	UW-Stout
Business Incubators	
Platteville Business Incubator, Inc.	UW-Platteville
Stout Technology and Manufacturing Incubator	UW-Stout
University Research Park	UW-Madison
Marketing and Promotion Assistance	
Trade Show Travel Grants Program	UW-Madison
Wisconsin Innovation Service Center ¹	UW-Extension, UW-Whitewater
Community Development	
Agriculture and Natural Resources Extension	UW-Extension
Center for Community Economic Development	UW-Extension
Community, Natural Resource, and Economic Development	UW-Extension

¹ Affiliated with the SBDCs.

² SBDCs are located at every four-year campus but administered by UW-Extension.

Small businesses can receive SBDC assistance at each four-year campus.

One of the best-known economic development programs is the SBDC network, which is administered through UW-Extension and has an office on every four-year campus. At most campuses, the SBDC serves as the primary liaison with businesses and individuals. In addition, it provides counseling to prospective and existing small businesses, as well as training and guidance for entrepreneurs and assistance in preparing business plans. Each SBDC office serves a geographically defined area of 3 to 11 counties. The UW-Milwaukee SBDC offers two outreach programs—El Centro Empresarial and the Minority Entrepreneurship Program—to serve Milwaukee’s minority-owned business community. Finally, three SBDC-affiliated specialty centers provide specialized assistance to businesses and entrepreneurs:

- the Center for Innovation and Development at UW-Stout assists manufacturers and entrepreneurs with feasibility assessments, product engineering and design, prototype development, product evaluation, and patent advice to commercialize innovative products and technologies;
- the Wisconsin Innovation Service Center at UW-Whitewater assists innovative manufacturers, technology businesses, and entrepreneurs with research into technical feasibility, patents, and market analysis for new products and inventions; and
- the Center for Advanced Technology and Innovation (CATI), which is a collaborative effort between UW-Parkside, Gateway Technical College, and private industry, assists entrepreneurs and businesses in licensing underutilized patents and intellectual property donated by private and public corporations throughout the United States.

UW-Extension also provides assistance to businesses, individuals, local governments, and other organizations through its Division of Cooperative Extension, which consists of county and campus-based faculty and staff. The Agriculture and Natural Resources Extension program employs 24.8 FTE staff that promote economic growth by helping farmers maintain their profitability while promoting sound conservation practices. The Community, Natural Resources, and Economic Development program employs 22.7 FTE staff that assist local governments, organizations, businesses, and community leaders in addressing economic development and labor issues.

Other UW System Programs

Our inventory excludes UW System programs that focus primarily on academic research or teaching.

As noted, some UW System programs that play an important role in the development of Wisconsin's economy were excluded from our inventory because they focus primarily on academic research or teaching. For example, we excluded the Global Business Resource Center at UW-Whitewater and the International Business Resource Center at UW-Platteville, which conduct international market research, offer international business courses, and provide students with an opportunity to gain international business experience. UW-Parkside's Center for Community Partnerships, which offers general assistance to nonprofit organizations and conducts community development research, was also excluded because its primary purpose is not economic development.

Additionally, several programs with close ties to UW System were excluded from our inventory. For example, the Wisconsin Alumni Research Foundation (WARF) is an independent, nonprofit foundation chartered to support research at UW-Madison. WARF does not receive state funding; it is supported by royalties on patents through commercial licensing of UW-Madison inventions and technologies. Since 1925, WARF reports that it has contributed nearly \$800.0 million to UW-Madison for scientific research. At the end of 2005, WARF reported managing approximately 1,600 patents on UW-Madison inventions, maintaining 940 active commercial licensing agreements, and holding equity in 34 UW-Madison spin-off companies.

Two nonprofit subsidiaries expand WARF's work to other UW System institutions. The WiCell Research Institute was formed in 1999 to advance stem cell research, and the WiSys Technology Foundation was created in 2000 to provide technology transfer and commercialization services to other UW campuses. Neither of these organizations receives state operating funds.

TechStar Early Ventures, a management and investment services organization, provides similar types of assistance in southeastern Wisconsin. It fosters entrepreneurial development of early-stage technology and life science companies by commercializing research from its partnering institutions, which include UW-Milwaukee, UW-Parkside, Marquette University, the Medical College of Wisconsin, and the Milwaukee School of Engineering. TechStar also provides support to the Biomedical Technology Alliance, which is a collaboration between state government, academic institutions, and private industry that was formed to increase the academic research capacity in southeastern Wisconsin.

Other programs and initiatives that are either broad-based collaborative efforts or narrowly focused research programs include:

- UW-Milwaukee's "Milwaukee Idea," which is a broad-based initiative to build community-university partnerships to enhance the region's economy and quality of life;
- UW-Milwaukee's Consortium for Economic Opportunity, which is an applied research and academic center that also provides some technical economic development assistance to businesses and nonprofit organizations;
- the Southwest Wisconsin Regional Economic Development Coalition, which is a collaboration among UW-Platteville, the Southwest Wisconsin Technical College, the Southwestern Wisconsin Regional Planning Commission, and UW-Extension to improve coordination of economic development activities in the region;
- the Center for Economic Research at UW-River Falls and the Central Wisconsin Economic Research Bureau at UW-Stevens Point, which conduct economic and statistical research that supports local and state economic development; and
- the UW System Industrial and Economic Development Research program, which provides grants to researchers and faculty for research that is innovative, of interest to a broad economic sector, and has the potential for near-term economic benefits to Wisconsin.

WTCS Economic Development Programs

WTCS had 9,993 FTE staff and served 406,000 students in FY 2004-05.

WTCS oversees and supports 16 technical college districts with 48 campuses that offer two-year associate degrees, technical diplomas, and certificates and that provide customized training and technical assistance to business and industry. It is supported, in part, through property tax revenue generated in each district. In FY 2004-05, WTCS had an operating budget of \$832.0 million, employed 9,993 FTE staff, and served more than 406,000 students. According to a 2001 study commissioned by WTCS, system activities contribute \$3.9 billion to Wisconsin's economy, including direct and indirect expenditures, as well as approximately 130,000 jobs.

In recognition of the importance of manufacturing to the economy, WTCS created the Advanced Manufacturing Solutions program in 2003. That program is implemented through four regions, each consisting of between three and six technical college districts. It is intended to ensure a well-trained manufacturing workforce, to increase manufacturing effectiveness through process improvement and innovation, and to provide leadership and support to advanced technology manufacturing enterprises. Through the program, WTCS provides manufacturers with education and training, encourages students to pursue careers in manufacturing, establishes partnerships to leverage state and federal resources, and emphasizes core skills in its manufacturing degree programs.

Another WTCS program, Workforce Advancement Training Grants, is not included in our inventory because it began after our review period. Under this program, which was created as part of the 2005-07 biennial budget, WTCS provides grants of up to \$150,000 in GPR that allow local technical college districts to design customized training for employees of specific businesses and industries. This program is similar to others that are administered by Commerce, including the Customized Labor Training and the Business Employee Skills Training programs, which provide grants or loans directly to businesses for employee training provided by private instructors and technical colleges.

Other WTCS Programs

Several WTCS programs are funded with local property tax revenue or federal grants.

A number of programs at technical college campuses that are related to economic development were not included in our inventory because they are funded through property tax revenue, federal funds, or other non-state funding sources. For example, Madison Area Technical College's Business Procurement Assistance Center, which provides technical and marketing assistance to Wisconsin businesses interested in selling their products and services to the federal government, is funded with federal grant dollars provided directly to the local technical college board. Additional programs administered by the technical colleges include:

- applied technology centers such as the Center for Bioscience and the Integration of Computer and Telecommunications Technology (BioCATT) at Gateway Technical College, which is a public-private partnership that provides occupational training and consulting services to businesses in the biotechnology, telecommunications, and information technology industries;

- business assistance centers such as the Small Business Center at Waukesha County Technical College, which provides counseling, courses, and technical assistance to entrepreneurs; and
- business incubator facilities, including the Chippewa Valley Innovation Center operated by Chippewa Valley Technical College; the Madison Technology, Education, and Commerce Center operated by Madison Area Technical College; and two Milwaukee Enterprise Centers operated by Milwaukee Area Technical College.

In addition, each of the 16 technical college districts offers customized training and technical assistance as part of WTCS's core academic mission. Customized training contracts are tailored to each business's needs and can include technical assistance or instruction in areas such as management and leadership skills, robotics, and English as a Second Language, as well as facilitation of strategic planning sessions. Businesses are required to reimburse the technical colleges for the cost of customized instruction. In the 2003-05 biennium, WTCS reported that the technical colleges entered into 11,515 customized training or technical assistance contracts, which generated a total of \$46.4 million in revenue.

Improving Access to UW System and WTCS Programs

Economic development programs offered by UW System and WTCS are decentralized.

One of the difficulties we encountered in identifying economic development programs administered by UW System and WTCS is that these programs are decentralized and often lack a single point of contact to assist the public in identifying available resources. For example, UW System officials were unable to provide us with lists of business assistance programs or individuals responsible for economic development at each UW System institution. Although some efforts have been made to identify and publicize these programs, such as a system-wide business resource directory compiled by UW-Madison's Office of Corporate Relations in 2003, these efforts have generally not been comprehensive.

In addition, WTCS and UW System could improve the coordination of their economic development efforts to avoid duplication. For example, the Waukesha County Technical College Small Business Center offers entrepreneurial training and small business courses that are similar to courses available through the SBDCs. Some overlap between these two agencies may be desirable, because a small business owner may be more likely to attend a training seminar offered by a local provider than to travel to another city;

however, UW System and WTCS could work together to ensure their courses are complementary rather than competitive.

An economic development liaison at each campus could improve coordination and enhance public awareness.

UW System and WTCS have devoted significant resources to improving Wisconsin's economy through education, business assistance, and community development. However, a lack of public awareness of these efforts may lead to lost opportunities for both the institutions and businesses seeking assistance. UW System and WTCS could designate an economic development liaison from among existing staff at each institution to be responsible for promoting these programs to the public, coordinating with other state and local efforts, and ensuring that their programs meet the needs of businesses and others in the local community.

☑ Recommendation

We recommend that the University of Wisconsin System and the Wisconsin Technical College System:

- *designate an economic development liaison at each institution, from within existing staff, to coordinate with other state and local economic development efforts;*
- *publish comprehensive directories of their economic development and business assistance programs on the Internet, to assist individuals, businesses, local governments, and other organizations in locating sources of technical and financial assistance; and*
- *report to the Joint Legislative Audit Committee by February 15, 2007, on progress toward implementing these recommendations.*

■ ■ ■ ■

Financial Assistance Programs ■

Commerce and other state agencies awarded \$180.9 million in grants and loans in the past two biennia.

From FY 2001-02 through FY 2004-05, state agencies approved \$180.9 million in economic development grants and loans, \$240.4 million in bonding authorization, and \$64.4 million in loan guarantees to businesses, individuals, local governments, and other organizations. It is difficult to measure the effectiveness of this financial assistance because it is often impossible to distinguish the effects of a particular program or policy from larger state, national, and international economic trends, and the extent to which an individual project might have occurred without state assistance is unknown. Nonetheless, there is considerable interest in ensuring that publicly funded financial assistance is having the intended benefits. Additional efforts are needed to monitor and report actual project results.

Grants and Loans

To provide a more comprehensive picture of financial assistance provided through state-funded economic development programs, we analyzed grants and loans awarded by Commerce and other state agencies from FY 2001-02 through FY 2004-05. In conducting our analyses, we:

- calculated the total of grants and loans awarded for economic development purposes;

- examined the geographic distribution of economic development awards, including the amount of financial assistance awarded for projects in the Milwaukee-Waukesha Primary Metropolitan Statistical Area, which is Wisconsin's largest urban area and includes Waukesha, Washington, Ozaukee, and Milwaukee counties;
- analyzed three county-wide indicators of economic distress to determine whether awards were targeted based on these criteria; and
- identified the amount of grants and loans awarded to small businesses, minority-owned businesses, and specific industries.

Our analyses used amounts awarded, rather than actual project expenditures, because awards can be disbursed over several fiscal years. It should be noted that expenditures and award amounts may differ because a recipient may decline an award or not use the entire amount awarded. We also distinguished discretionary award programs, under which state agencies award grants or loans based on predetermined criteria or through competitive processes, from grants and loans that the Legislature has directed to specific businesses, local governments, or other organizations.

As shown in Table 13, the \$180.9 million in grants and loans awarded from FY 2001-02 through FY 2004-05 includes \$169.5 million in discretionary awards, as well as \$11.4 million that the Legislature directed Commerce, DATCP, and DNR to award to businesses, local governments, or other organizations. More than three-quarters of all grants and loans were awarded through Commerce.

Table 13

Grants and Loans Awarded
 FY 2001-02 through FY 2004-05

Agency ¹	Discretionary Awards	Legislative Awards	All Awards	Percentage of Total Awarded
Commerce	\$127,129,700	\$10,081,600	\$137,211,300	75.8%
DOT	13,466,600	0	13,466,600	7.4
DNR	10,672,000	400,000	11,072,000	6.1
DATCP	9,747,700	912,600	10,660,300	5.9
Tourism	5,183,300	0	5,183,300	2.9
WHEDA	3,251,000	0	3,251,000	1.8
UW System	74,000	0	74,000	<0.1
Total	\$169,524,300	\$11,394,200	\$180,918,500	100.0%

¹ WTCS did not make direct grants or loans to businesses, local governments, or other organizations from FY 2001-02 through FY 2004-05.

Legislative awards are made through statutory requirements and non-statutory language, including provisions in biennial budget bills. In some instances, legislative awards were made from existing appropriations, which reduced the amount of funding available for established programs. In other cases, the Legislature provided specific funding for these awards. Appendix 6 lists the 23 recipients of legislative awards made from FY 2001-02 through FY 2004-05.

Excluding legislative awards, 4,620 different projects were awarded grants or loans from 63 programs, as shown in Table 14. Commerce was responsible for 75.0 percent of discretionary grants and loans, which were awarded through 47 programs from FY 2001-02 through FY 2004-05. Appendix 7 lists the number of awards and amount awarded under each program.

Table 14

Discretionary Grants and Loans
FY 2001-02 through FY 2004-05

Agency	Programs Making Awards	Number of Awards	Amount Awarded	Percentage of Total Awarded
Commerce	47	2,991	\$127,129,700	75.0%
DOT	1	42	13,466,600	7.9
DNR	2	278	10,672,000	6.2
DATCP	9	981	9,747,700	5.8
Tourism	1	258	5,183,300	3.1
WHEDA	1	62	3,251,000	1.9
UW System	2	8	74,000	0.1
Total	63	4,620	\$169,524,300	100.0%

The process for awarding discretionary grants and loans varies by agency and by program. For example, individuals, businesses, local governments, and other organizations applying for financial assistance through many of the programs administered by Commerce do so by submitting an application, known as a prospect data sheet, that describes both the proposed project and its expected economic development benefits, such as the number of new jobs to be created and the amount of private dollars to be invested. Each application is reviewed by Commerce staff, and if the proposed project meets applicable statutory or other criteria, the agency identifies the most appropriate source of funding and decides whether to approve a grant or loan.

If an award is approved, Commerce enters into a contract with the award recipient that specifies job creation, employee retention, private investment, or other goals for the project and identifies requirements for submitting annual or semiannual progress reports. Typically, Commerce disburses grant and loan funds on a reimbursement basis as recipients report having achieved project milestones in these progress reports.

Some Commerce programs require that awards be approved by an independent board.

Although awards made through the economic development programs we identified are considered discretionary, the agencies may not be solely responsible for determining which projects receive funding. For example, statutes require the approval of an independent board appointed by the Governor for awards made through 27 of Commerce's grant and loan programs, including:

- 12 programs funded by the Wisconsin Development Fund, which require approval from the Development Finance Board;
- 8 programs funded by the Minority Business Development Fund, which require approval from the Minority Business Development Finance Board; and
- 7 programs funded by the Rural Development Fund, which require approval from the Rural Development Finance Board.

CDBG awards from Commerce do not require approval from a board.

Nevertheless, Commerce has considerable independence and flexibility in determining how it spends a large portion of its economic development funds. For example, federal CDBG funds represent 45.5 percent of all grant and loan amounts awarded by Commerce from FY 2001-02 through FY 2004-05, but these awards do not require approval by an independent advisory or oversight board. However, Commerce must follow federal guidelines in making CDBG awards.

Loans totaled \$56.0 million and represented one-third of all discretionary awards.

Although most programs restrict financial assistance to either grants or loans, some provide awarding agencies with flexibility to determine whether a grant or a loan is the most appropriate type of assistance for a particular project. As shown in Table 15, loans accounted for \$56.0 million, or 33.0 percent, of all discretionary awards made from FY 2001-02 through FY 2004-05. The terms of these loans typically are more favorable than would be available from private financial institutions. For most programs, agencies are authorized to retain loan repayments as program revenue, which can be used to fund additional economic development projects.

Table 15

Type of Financial Assistance Awarded
FY 2001-02 through FY 2004-05

Agency	Grants	Loans	All Awards
Commerce	\$ 74,508,500	\$52,621,200	\$127,129,700
DOT	13,466,600	0	13,466,600
DNR	10,672,000	0	10,672,000
DATCP	9,612,700	135,000	9,747,700
Tourism	5,183,300	0	5,183,300
WHEDA	0	3,251,000	3,251,000
UW System	74,000	0	74,000
Total	\$113,517,100	\$56,007,200	\$169,524,300

We reviewed the status of Commerce's loan portfolio, including loans in default and forgiven loans, which do not require repayment. According to Commerce officials, one common reason for default is that a business fails. Since many programs are designed to assist businesses that are unable to obtain loans from private lenders because of high risk or other factors, some defaults may be expected.

As shown in Table 16, the majority of the 649 loans made by Commerce since 1991 were in current repayment status as of December 31, 2005. However, 49 loans with an outstanding balance of \$3.3 million, which is 10.0 percent of outstanding principal, were past-due or in default, and another 42 loans with an outstanding balance of \$1.5 million have been referred to the Department of Justice either for nonpayment or for other reasons.

Table 16

Status Loans Awarded by Commerce¹
As of December 31, 2005

Status of Loans	Number of Loans	Original Principal ²	Outstanding Balance
Current or Payment Not Yet Due	193	\$31,236,100	\$15,939,200
Forgivable ³	56	12,633,000	12,071,200
Past-Due or In Default	49	4,262,000	3,322,200
Referred to Department of Justice	42	3,850,900	1,525,800
Forgiven	58	7,939,500	0
Settled	17	3,245,100	26,300
Paid in Full	194	26,635,400	0
Written Off	40	5,556,000	0
Total	649	\$95,358,000	\$32,884,700

¹ Includes loans made since 1991.

² Amounts as originally disbursed; may include amortized interest.

³ Loan has not yet been forgiven, but principal payment has been deferred until a decision is made.

Commerce has forgiven \$7.9 million in outstanding loan principal and could forgive an additional \$12.1 million.

Under some programs, Commerce may forgive a loan if the recipient meets pre-established criteria. For example, some loans to assist businesses in commercializing new technologies or products may require repayment only if the project is successful. Commerce has reported that 58 loans with an original principal balance of \$7.9 million were forgiven through December 31, 2005, and another 56 loans with outstanding principal of \$12.1 million could be forgiven after that date.

Locations of Projects Receiving Grants and Loans

State agencies have considerable flexibility in choosing how economic development funds are distributed because few programs restrict where projects can be located. However, s. 560.17(d), Wis. Stats., requires that projects funded by grants and loans from the Rural Development Fund, which includes seven programs administered by Commerce, be located in counties with fewer than 150 persons per square mile or in municipalities with populations of 6,000 or less. Similarly, federal law restricts Commerce from providing CDBG grants or loans to 22 entitlement communities that receive CDBG funding directly from the federal government.

Projects in Milwaukee, Dane, and Rock counties received nearly one-third of the grants and loans from FY 2001-02 through FY 2004-05.

We examined all discretionary grants and loans awarded from FY 2001-02 through FY 2004-05 to determine how funding was distributed across the state. Table 17 shows the ten counties containing projects that were awarded the largest amounts of grants and loans. Projects in Milwaukee, Dane, and Rock counties received nearly one-third of all funds awarded. Every county in Wisconsin contained at least one economic development project that was awarded a grant or loan during this period.

Table 17

**Counties Containing Projects Awarded the Largest Amount in Grants and Loans
FY 2001-02 through FY 2004-05**

County	2005 Population ¹	Total Awarded	Percentage of Total Awarded	Grants and Loans Awarded per Capita
Milwaukee	939,000	\$ 25,984,500	15.3%	\$27.67
Dane	458,300	17,722,600	10.5	38.67
Rock	157,000	11,894,400	7.0	75.76
Manitowoc	84,500	5,882,000	3.5	69.61
Brown	240,400	5,732,400	3.4	23.85
Racine	193,100	5,055,800	3.0	26.18
La Crosse	110,100	5,034,300	3.0	45.72
Marathon	131,300	4,811,700	2.8	36.65
Sheboygan	116,100	4,629,700	2.7	39.88
Chippewa	60,400	4,603,800	2.7	76.22
Subtotal	2,490,200	91,351,200	53.9	36.68
All Other Counties	3,089,800	75,713,900	44.6	24.50
No County Specified ²	–	2,459,200	1.5	–
Total	5,580,000	\$169,524,300	100.0%	30.38

¹ Department of Administration estimate.

² Includes awards for which no county is indicated or for projects that benefit multiple counties.

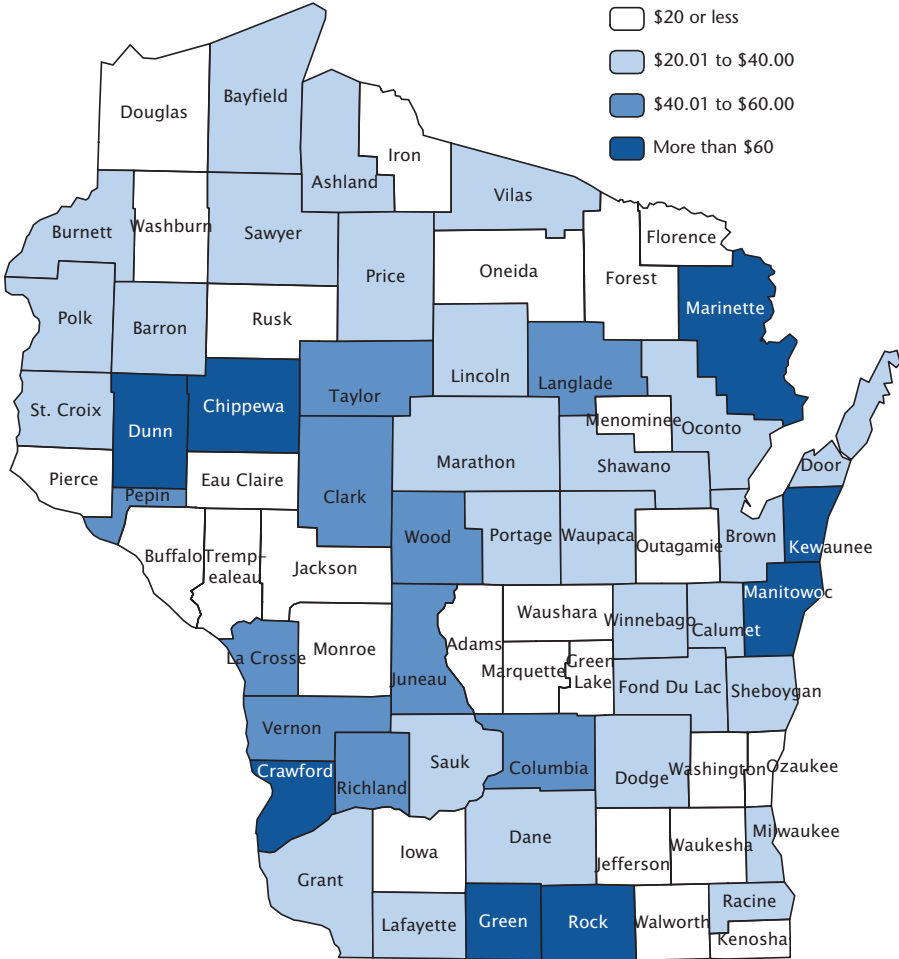
Statewide grants and loans averaged \$30.38 per capita during the period we reviewed.

As shown in Figure 8, the counties containing projects awarded the largest amount of grants and loans did not necessarily receive the most funding on a per capita basis. For example, while total project funding was greater in Milwaukee County than in any other county, Milwaukee County received \$27.67 per capita, which is \$2.71 less than the statewide average of \$30.38. From FY 2001-02 through

FY 2004-05, per capita grant and loan funding ranged from \$1.63 in Menominee County to \$120.09 in Green County. Appendix 8 provides information about grants and loans awarded for projects in each county, including the amount awarded per capita.

Figure 8

Grants and Loans Awarded per Capita
FY 2001-02 through FY 2004-05



¹ Based on Department of Administration population estimate for 2005.

Grants and Loans for Economically Distressed Areas

One component of Wisconsin’s economic policy identified in s. 560.01(2), Wis. Stats., is encouraging the creation of jobs in economically distressed areas. Most state grant and loan programs

do not limit awards to these areas, but Commerce is required to consider economic distress when making awards for some of its programs.

Some programs require that grants and loans target economically distressed areas.

For example, s. 560.605(2m), Wis. Stats., requires Commerce and the Development Finance Board to consider whether a project is located in an economically distressed area when awarding funds from Wisconsin Development Fund programs, and administrative rules require that Community-Based Economic Development program funds be awarded to areas that are economically distressed. Specific criteria differ by program, but areas that are economically distressed typically have:

- high unemployment;
- low per capita or household incomes;
- a large percentage of the population eligible for the Wisconsin Works (W-2) program;
- declining populations;
- declining property values; or
- recent announcements of layoffs.

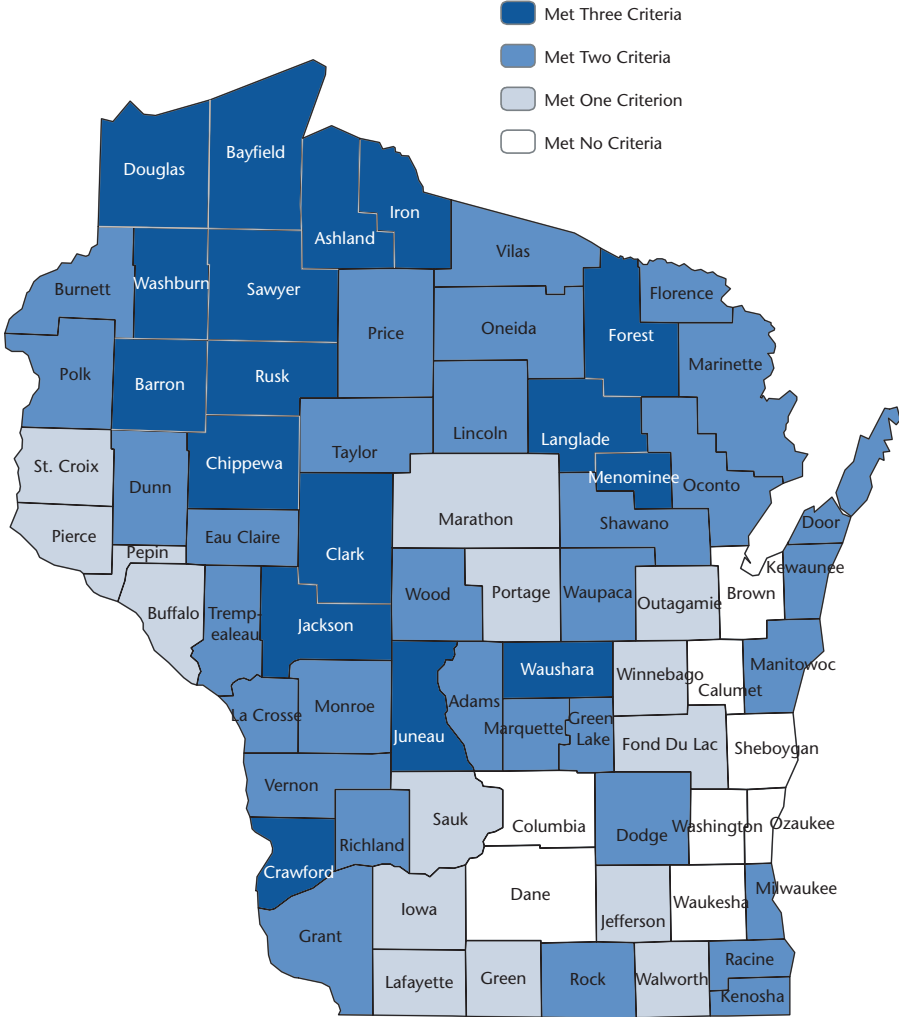
Neither Commerce nor other agencies track financial assistance provided to such areas. Therefore, we calculated amounts awarded for projects in counties that met three common measures of economic distress:

- an unemployment rate greater than or equal to the 2003 statewide average of 5.6 percent;
- a poverty rate greater than or equal to the 2003 statewide average of 9.0 percent; and
- per capita personal income less than or equal to the 2003 statewide average of \$30,685.

As shown in Figure 9, 17 counties met all three criteria in 2003, while 8 counties met none. The 2003 data were the most recent available for all three measures; the number and location of economically distressed counties could be expected to differ if another period were chosen. Because we evaluated economic distress on a county-wide basis, our analysis does not provide information about differences between municipalities within any given county.

Figure 9

Economically Distressed Counties
2003



Projects in eight counties that were not economically distressed received 21.3 percent of the grants and loans awarded during our review period.

As shown in Table 18, projects in the 17 economically distressed counties, which contain 7.2 percent of Wisconsin’s population, were awarded 7.8 percent of economic development grants and loans from FY 2001-02 through FY 2004-05. In contrast, projects in the 8 counties that met none of the criteria for economic distress were awarded 21.3 percent of grants and loans. These counties contained 26.9 percent of the population. Each county’s unemployment rate, poverty rate, and per capita income in 2003 is shown in Appendix 8.

Table 18

Awards for Projects in Economically Distressed Counties
FY 2001-02 through FY 2004-05

Level of Economic Distress in 2003	Number of Counties	Grants and Loans Awarded	Percentage of All Grants and Loans	Percentage of State Population ¹
Three Distress Criteria	17	\$ 13,091,900	7.8%	7.2%
Two Distress Criteria	32	88,204,900	52.0	46.5
One Distress Criterion	15	29,638,700	17.4	19.4
No Distress Criteria	8	36,129,600	21.3	26.9
Subtotal	72	167,065,100	98.5	100.0
No County Specified ²	–	2,459,200	1.5	–
Total	72	\$169,524,300	100.0%	100.0%

¹ Based on the Department of Administration's population estimate for 2005.

² Includes awards for which no county is indicated, or for projects that benefit multiple counties.

Grants and Loans for Milwaukee-Area Projects

The Milwaukee-Waukesha Primary Metropolitan Statistical Area, which is Wisconsin's largest urbanized area, contained 27.4 percent of the population and 26.0 percent of the workforce in 2005. Its economic condition varies widely, with some municipalities experiencing economic growth and job creation while others experience a changing employment base and a declining population. For example, the City of Milwaukee's population declined an estimated 7.8 percent from 1990 to 2005.

Four Milwaukee-area counties received 17.7 percent of all grants and loans during our review period.

As shown in Table 19, the area received 17.7 percent of statewide discretionary grant and loan awards from FY 2001-02 through FY 2004-05. Six of the ten Milwaukee-area municipalities with projects awarded the largest amounts of grants and loans are located in Milwaukee County, and four are located in Waukesha County.

Table 19

Grants and Loans Awarded for Projects in the Milwaukee Area
 FY 2001-02 through FY 2004-05

Project Municipality ¹	County	Number of Awards	Amount Awarded	Percentage of State Total
City of Milwaukee	Milwaukee	420	\$ 16,175,100	9.5%
City of Oak Creek	Milwaukee	14	4,309,100	2.5
City of West Allis	Milwaukee	28	2,242,800	1.3
City of Glendale	Milwaukee	11	1,642,300	1.0
City of Waukesha	Waukesha	26	866,200	0.5
City of Oconomowoc	Waukesha	12	707,900	0.3
City of Brookfield	Waukesha	20	581,000	0.3
City of Cudahy	Milwaukee	6	556,700	0.3
Village of Menomonee Falls	Waukesha	11	442,700	0.3
City of South Milwaukee	Milwaukee	2	330,000	0.2
Other Milwaukee-Area Municipalities		267	2,222,300	1.5
Subtotal		817	30,076,100	17.7
All Other Municipalities		3,803	139,448,200	82.3
Total		4,620	\$169,524,300	100.0%

¹ Based on the postal address, which may not be the municipality where the project occurred.

Overall, projects in the City of Milwaukee were awarded more funding than those in any other municipality. Projects in the City of Madison, which is in Dane County, were awarded \$13.1 million, the second-largest amount. Appendix 9 provides additional information on grants and loans awarded to projects located in other municipalities within the Milwaukee area.

Under the CDBG program, the federal Department of Housing and Urban Development also provides funding directly to entitlement communities, which use it for economic development and public housing projects. From FFY 2001-02 through FFY 2004-05, the cities of Milwaukee, Waukesha, Wauwatosa, and West Allis received \$97.5 million in CDBG funds, and Milwaukee and Waukesha counties received \$12.8 million.

Grants and Loans by Type of Businesses

As noted, some economic development programs require that grants and loans target specific types of businesses or industries. We analyzed the amounts awarded to minority-owned businesses, small businesses, and specific industries under Commerce's grant and loan programs from FY 2001-02 through FY 2004-05. We were unable to determine the amounts other agencies awarded to these types of businesses because sufficient information is not available for such analyses.

Minority-Owned Businesses

Of the 18 programs that target minority-owned businesses, 9 offer grants and loans. Commerce's Minority Business Development Fund, which is overseen by the Minority Business Development Board, provides funding for eight of these programs. As shown in Table 20, five of these programs awarded \$1.9 million in grants and loans to minority businesses from FY 2001-02 through FY 2004-05; the remaining three programs made no awards. In addition, Commerce estimates that it awarded \$5.0 million in grants and loans to minority businesses through other programs that are not specific to minority-owned businesses. In total, the \$6.9 million that Commerce awarded to minority businesses from FY 2001-02 through FY 2004-05 represents 5.5 percent of the amount Commerce awarded from its discretionary grant and loan programs.

Table 20

Commerce Grant and Loan Programs Targeting Minority-Owned Businesses FY 2001-02 through FY 2004-05

Program	Number of Awards	Amount Awarded
Minority Business Development Grants and Loans	25	\$1,305,400
Minority Business Employees' Skills Training	3	15,000
Minority Business Revolving Loan Fund Grants	1	100,000
Minority Early Planning Grants	98	298,400
Minority Entrepreneurial Training Grants	221	179,100
Total	348	\$1,897,900

WHEDA provides loan subsidies to small businesses that are owned or controlled by members of minority groups or women through its Linked Deposit Loan Subsidy program. From FY 2001-02 through FY 2004-05, 62 minority-owned and women-owned businesses were awarded \$3.3 million through this program.

Small Businesses

Small businesses were awarded \$21.4 million in grants and loans under 29 programs.

According to the Census Bureau, Wisconsin had 142,220 business establishments in 2003, of which 99,846, or 70.2 percent, had 19 or fewer employees. Of the 46 programs that target small businesses, 29 offer grants and loans. From FY 2001-02 through FY 2004-05, Commerce, DATCP, and WHEDA awarded \$21.4 million in grants and loans from these programs.

It is difficult to calculate the total awards to small businesses from all of the State's economic development programs because there is no uniform definition of small business, and state agencies do not systematically track the number of employees a business has at the time an award is made. Nonetheless, we cross-referenced Commerce's award data with business employment statistics available from the Department of Workforce Development to estimate the percentage of Commerce awards made to businesses of varying sizes. Other agencies' awards are not included because they do not maintain sufficient information for this analysis.

As shown in Table 21, businesses with 25 or fewer employees received 28.8 percent of all awards and 21.1 percent of the total awarded by Commerce from FY 2001-02 through FY 2004-05. In contrast, businesses with more than 500 employees received 6.0 percent of awards and 27.1 percent of the total awarded. We were unable to determine the number of employees for 726 award recipients, or 51.5 percent of all awards, either because employment data were not required to be reported or because we were unable to match Commerce's data with Department of Workforce Development statistics.

Table 21

**Size of Businesses Awarded Grants or Loans by the Department of Commerce
FY 2001-02 through FY 2004-05**

Number of Employees ¹	Number of Awards ²	Percentage of All Awards	Amount Awarded	Percentage of Total Awarded
25 or Fewer	406	28.8%	\$ 23,795,000	21.1%
26 to 100	137	9.7	13,667,000	12.1
101 to 500	55	3.9	12,049,100	10.7
501 or More	85	6.0	30,577,600	27.1
Unknown ³	726	51.5	32,536,400	29.0
Total	1,409	100.0%	\$112,625,100	100.0%

¹ Based on the average number of employees at each business establishment, as reported to the Department of Workforce Development annually in March from 2001 through 2005.

² Does not include 1,506 individuals who received \$1,340,800 in entrepreneurial training grants to attend classes at an SBDC, or 76 awards to local governments totaling \$13,163,800.

³ Includes award recipients not required to report employment numbers to the Department of Workforce Development, including some nonprofit organizations, and businesses for which insufficient data were available.

Businesses with fewer employees may receive a larger number of awards, but a smaller proportion of the amount awarded, because many programs that target small businesses are intended to assist them in obtaining services with relatively low costs, such as completing business plans or training employees. In contrast, larger businesses tend to seek funding from programs that are intended to assist them in completing more expensive capital improvement and expansion projects.

**More than
100 businesses, local
governments, and other
organizations each
received \$500,000 or
more in financial
assistance.**

Regardless of business size, we found that 109 businesses, local governments, or other organizations each received \$500,000 or more in financial assistance from FY 2001-02 through FY 2004-05. Appendix 10 lists the amount of financial assistance awarded to each of these 109 entities. Development zone tax credits are included in award amounts to provide a more complete picture of the total assistance received by each entity during this period. Table 22 summarizes the amounts awarded to the ten businesses receiving the most financial assistance from FY 2001-02 through FY 2004-05.

Table 22

Businesses Awarded the Most Financial Assistance
 FY 2001-02 through FY 2004-05

Award Recipient	Municipality ¹	All Financial Assistance Awarded ²
General Motors Corporation	Janesville	\$ 8,118,800
BOSTCO, LLC	Milwaukee	5,950,000
Midwest Express Holdings, Inc.	Oak Creek	4,012,000
Bombardier Motor Corporation of America	Sturtevant	3,500,000
Kohl's Department Stores, Inc.	Menomonee Falls	3,400,000
Harley-Davidson Motor Company Operations, Inc.	Tomahawk	3,327,200
Ace Ethanol, LLC	Stanley	3,066,100
ACUITY, A Mutual Insurance Company	Sheboygan	3,051,000
Aldrich Chemical Company, Inc.	Milwaukee	3,000,000
Oshkosh Truck Corporation	Oshkosh	3,000,000
Total		\$40,425,100

¹ Based on the postal address, which may not be the municipality where the project occurred.

² Includes grants, loans, and development zone tax credits awarded by Commerce for tax years 2001 through 2004.

Industrial Classification

Our inventory includes 16 programs that provide grants and loans to agricultural businesses and 10 that provide grants and loans to technology-based businesses, but most state economic development programs do not limit assistance to specific industries. Nonetheless, Commerce has made it a priority since 2003 to provide assistance to ten industries that it considers particularly important to Wisconsin's economy: dairy, food products and processing, paper, plastics, printing, small engine manufacturing, tourism, biotechnology, information technology, and medical devices.

Manufacturers were awarded 42.5 percent of Commerce's grants and loans from FY 2001-02 through FY 2004-05.

Commerce does not track grants and loans awarded to businesses in these industries, but as shown in Table 23, it uses the Census Bureau's North American Industry Classification System to classify the types of businesses receiving awards. Based on this information and other data available from the Department of Workforce Development, we estimate that manufacturers received \$47.9 million, or 42.5 percent, of \$112.6 million awarded to businesses and other organizations by Commerce from FY 2001-02

Table 23

**Industrial Classification of Businesses Awarded Grants and Loans from Commerce
FY 2001-02 through FY 2004-05**

Industrial Classification ¹	Number of Awards ²	Amount Awarded	Percentage of Total Awarded
Manufacturing	303	\$47,911,000	42.5%
Agriculture, Forestry, Fishing, and Hunting	61	6,625,000	5.9
Professional, Scientific, and Technical Services	68	5,254,300	4.7
Transportation and Warehousing	17	2,706,600	2.4
Wholesale Trade	39	2,610,000	2.3
Retail Trade	18	2,009,100	1.8
Other Service Industries	42	1,966,300	1.7
Healthcare and Social Assistance	28	1,545,900	1.4
Construction	13	829,100	0.7
Accommodation and Food Services	20	746,000	0.7
Unspecified Industries and Other ³	800	40,421,800	35.9
Total	1,409	\$112,625,100	100.0%

¹ Based on the Census Bureau's North American Industry Classification System.

² Does not include 1,506 individuals who received \$1,340,800 in entrepreneurial training grants to attend classes at SBDCs, or 76 awards to local governments totaling \$13,163,800.

³ Includes awards for which the industry was not specified, awards to organizations that are not businesses, and awards to business that cannot otherwise be classified.

through FY 2004-05. As shown in Table 24, a broad range of industries is included in the manufacturing classification, and manufacturers of transportation equipment were awarded the largest amount of grants and loans, \$13.8 million.

Table 24

Types of Manufacturers Awarded Grants and Loans by Commerce
 FY 2001-02 through FY 2004-05

Type of Manufacturing ¹	Amount Awarded	Percentage of Manufacturing Total
Transportation Equipment	\$13,768,900	28.7%
Machinery	5,367,300	11.2
Food	5,222,300	10.9
Paper	4,660,800	9.7
Fabricated Metal Products	4,557,800	9.5
Wood Products	3,445,300	7.2
Plastics and Rubber Products	2,140,100	4.5
Computer and Electronic Products	1,843,500	3.8
Primary Metals	1,589,600	3.3
Furniture and Related Products	1,394,600	2.9
Printing and Support Activities	1,166,600	2.4
Chemicals	1,090,900	2.3
Electrical Equipment, Appliances, and Components	956,800	2.0
Non-Metallic Mineral Products	496,000	1.1
Miscellaneous Manufacturing	210,600	0.5
Total	\$47,911,100	100.0%

¹ Based on the Census Bureau's North American Industry Classification System.

Other Types of Financial Assistance

In addition to providing grants and loans, state agencies assist Wisconsin businesses by facilitating access to capital. Programs that authorize bonding and provide loan guarantees do not provide direct state funding, but they increase the amount of private capital available to help businesses expand or create new jobs.

Bonding Authorization

Federal law authorizes states and municipalities to issue tax-exempt private activity bonds that can be used to finance economic development projects. Under s. 66.1103, Wis. Stats., Commerce authorizes municipalities to issue industrial revenue bonds on behalf of specific businesses, which use the proceeds to fund capital improvements at manufacturing facilities. The businesses—not the municipality—are responsible for paying the principal and debt service on the bonds. Industrial revenue bonds are an attractive source of capital for businesses because they typically have interest rates that are 1.5 to 2.5 percentage points lower than conventional corporate bonds. They are attractive to private investors because earned income is exempt from federal taxes.

Industrial revenue bonds provided \$239.6 million for economic development projects in the past two biennia.

Commerce authorized municipalities to issue \$239.6 million in industrial revenue bonds on behalf of 64 businesses from FY 2001-02 through FY 2004-05. The amounts authorized ranged from \$226,000 to \$27.5 million per business; however, actual amounts of bonds issued may have been less if municipalities issued smaller amounts or if projects were cancelled before bonds were issued. As shown in Table 25, 73.0 percent of bonding authorized by Commerce benefited businesses located in ten counties. Statewide, 26 counties contained at least one project for which industrial revenue bonds were authorized. Appendix 11 lists the companies that benefited from industrial revenue bonds authorized during our review period.

WHEDA uses bonds to assist beginning farmers in purchasing land, livestock, and equipment.

In addition to industrial revenue bonds, WHEDA is authorized by s. 234.66, Wis. Stats., to issue up to \$17.5 million in bonds to raise capital for loans to first-time farmers under its Beginning Farmer Bonds program. WHEDA uses the bond proceeds to finance loans for the purchase of land, livestock, or equipment. From FY 2001-02 through FY 2004-05, WHEDA issued \$770,100 in bonds for seven projects located in Chippewa, Grant, Eau Claire, Lafayette, and Waupaca counties. As of December 30, 2005, WHEDA reported \$8.6 million in outstanding bonds under this program.

Table 25

Industrial Revenue Bonds Authorized
FY 2001-02 through FY 2004-05

Project County	Businesses Assisted	Bonds Authorized	Amount Authorized (in Millions)	Percentage of Total Amount Authorized
Racine	1	3	\$ 27.5	11.5%
Waukesha	8	8	22.5	9.4
Washington	7	7	22.3	9.3
Marathon	5	6	19.7	8.2
Dane	3	3	19.7	8.2
Outagamie	5	5	17.5	7.3
Juneau	2	3	12.7	5.3
Sheboygan	4	4	12.1	5.0
Winnebago	4	4	11.0	4.6
Fond du Lac	3	3	10.1	4.2
Subtotal	42	46	175.0	73.0
Other Counties	22	22	64.6	27.0
Total	64	68	\$239.6	100.0%

Loan Guarantees

WHEDA offers five programs that guarantee principal payments when borrowers default on loans.

WHEDA also administers five economic development programs that guarantee the principal payments on loans made by private financial institutions if borrowers default. Loans guaranteed under these programs are backed either by funds from WHEDA's Wisconsin Development Reserve Fund, which was created by 1991 Wisconsin Act 39 and initially funded with GPR, or by funds reserved from WHEDA's general fund. Three of the programs—the Credit Relief Outreach, Farm Asset Reinvestment Management, and Agribusiness Loan Guarantee programs—are available to farmers or agricultural businesses. The Neighborhood Business Revitalization Guarantee program guarantees loans to developers who are expanding or acquiring commercial property, and the Small Business Development Loan Guarantee program guarantees loans to small businesses for a variety of purposes.

As shown in Table 26, WHEDA guaranteed 1,973 loans worth \$62.7 million from FY 2001-02 through FY 2004-05. During the same period, DOT guaranteed 29 loans worth \$1.7 million to 19 firms under its Mobilization Loan Guarantee program. The DOT program guarantees loans to firms owned by women or members of minority groups that have been awarded contracts for transportation projects.

Table 26

Economic Development Loan Guarantee Programs
FY 2001-02 through FY 2004-05

Program	Number of Loans Guaranteed	Principal Amount Guaranteed
WHEDA Programs:		
Credit Relief Outreach	1,746	\$38,352,300
Small Business Development Loan Guarantee	117	10,608,800
Farm Asset Reinvestment Management	89	5,187,400
Agribusiness Loan Guarantee	6	1,423,100
Neighborhood Business Revitalization	15	7,129,800
Subtotal	1,973	62,701,400
DOT Mobilization Loan Guarantee	29	1,741,600
Total	1,992	\$64,443,000

Investment Board Private Debt Program

Although SWIB provides loans to Wisconsin businesses as part of its investment strategy, we did not include its private debt program in our inventory because that program’s primary purpose is not economic development; instead, SWIB seeks a return on program investments in order to meet its fiduciary responsibilities in managing the State’s trust funds. Nonetheless, these loans represent a significant source of financing for Wisconsin businesses.

SWIB provided \$132.7 million in loans to Wisconsin businesses from FY 2001-02 through FY 2004-05.

From FY 2001-02 through FY 2004-05, SWIB reported that it made 15 loans worth \$132.7 million. These funds can be used to make capital improvements, purchase facilities, and perform other expansion activities. As of December 31, 2005, SWIB reported that the outstanding principal balance of its Wisconsin loan portfolio was \$337.2 million.

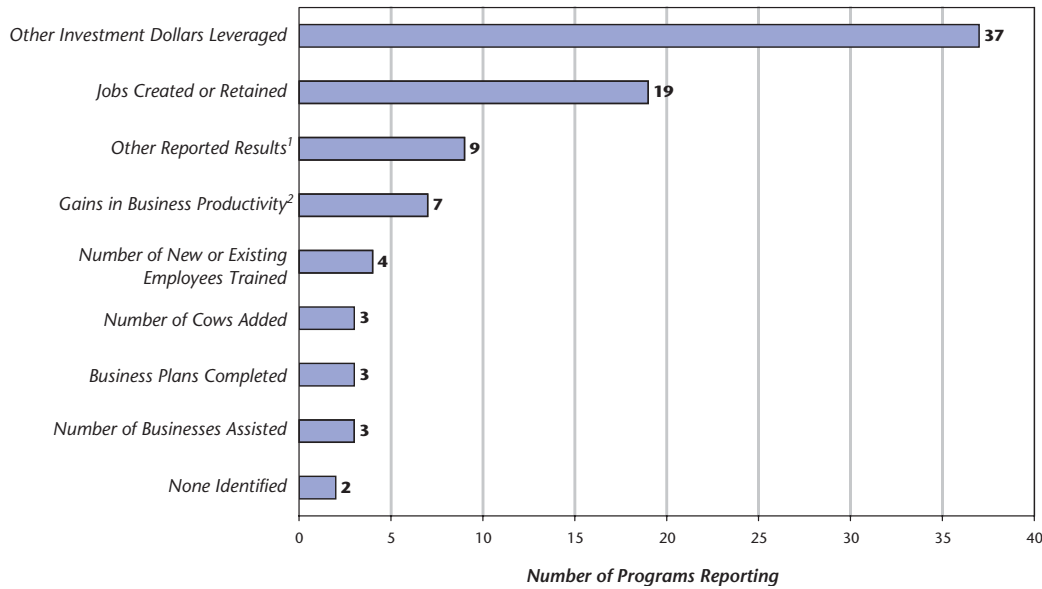
Measuring Effectiveness of Financial Assistance Programs

For some programs, agencies track the amount of private investment leveraged, the number of jobs created, or the number of employees retained.

Because state economic development programs provide different services and are intended to achieve varying goals, no single measure is appropriate for evaluating whether they have effectively accomplished their public purposes. Figure 10 summarizes the measures commonly used by state agencies to report results for programs awarding grants or loans from FY 2003-04 through FY 2004-05. Agencies reported the amount of other financial commitments as a result of state funding, or investment dollars leveraged, for 37 of the programs. The number of jobs expected to be created or retained was reported for 19 programs. For some programs, including several administered by DATCP, measures of business productivity, such as increased milk production, increased sales, or decreased costs, were also reported.

Figure 10

Commonly Reported Program Results



¹ Includes number of contaminated sites investigated, number of buildings demolished, potential business leads generated, number of new markets entered, and number of new products developed.

² Includes annual sales increases, cost reductions, and increased milk production.

Results reported by the agencies responsible for these programs have been included in Appendix 1. It should be noted that these results, which are for the 2003-05 biennium only, were taken directly

from annual reports and other materials prepared by each agency and were not audited. Although most agencies offering financial assistance have implemented some procedures to track project results, the measures they use are generally insufficient for evaluating program effectiveness. We believe additional efforts are needed to measure and report actual project results, so that the effectiveness of state economic development programs can be evaluated.

Improving Performance Measurement

Reports by Commerce include expected rather than actual program outcomes.

We have specific concerns about the accuracy and completeness of the information that is tracked and reported for many of Commerce's programs. Commerce typically requires grant and loan recipients to provide at least annual progress reports. However, many of the projects it funds require several years to complete, so final results may not be available for as many as ten years after funding is first provided. Therefore, reports prepared by Commerce—including its biennial report to the Legislature required under s. 15.04(1)(d), Wis. Stats.—include expected rather than actual program outcomes. For example, they include the number of jobs expected to be created, the number of employees expected to be retained, and anticipated levels of private investment.

Results reported by Commerce's award recipients are not consistently verified.

In addition, Commerce does not consistently verify the information it receives from award recipients against information available from other sources. For example, payroll information and unemployment compensation forms that Commerce requires along with progress reports are not independently verified against information available from the Department of Workforce Development. Further, Commerce does not compile or track the information reported by award recipients in a database that can be used to compare actual results to anticipated project outcomes. Consequently, individual project files must be reviewed to determine whether businesses receiving financial assistance achieved expected results.

For 23 projects, the numbers of jobs created or retained were double-counted.

Furthermore, when economic development projects receive funding from more than one program or agency, expected project results can be double-counted. For example, the number of jobs created or retained by six companies that received multiple awards from Commerce during the period we reviewed was overstated by 775 because Commerce reported the same expected number of jobs created or retained for each award. In addition, Commerce and DOT each claimed credit for creating or retaining at least 1,800 jobs related to 17 projects that received funding from both agencies from FY 2001-02 through FY 2004-05.

We found variations in the amounts Commerce awarded to create or retain jobs and leverage private investment.

Finally, Commerce does not regularly track or report information about the costs of its programs relative to their benefits. Statutes do not limit available funding based on project outcomes, and some variability in costs relative to project benefits can be expected. For example, projects that are expected primarily to leverage additional private investment, but that will create few jobs, can be expected to have higher costs per job than those that are primarily intended to create many new jobs. As shown in Table 27, when we analyzed FY 2003-04 and FY 2004-05 costs for seven Commerce grant and loan programs that have job creation, job retention, or employee training as important goals, we found that award amounts ranged from \$556 to \$22,727 for each expected new job created or employee retained and from \$172 to \$3,472 for each expected employee trained.

Table 27
Variation in Cost of Expected Job Created or Retained
 FY 2003-04 through FY 2004-05

Program	Number of Awards ¹	Amount Awarded per Expected Job Created or Employee Retained		
		Average	Minimum	Maximum
Customized Labor Training ²	55	\$ 1,297	\$ 172	\$ 3,472
CDBG Economic Development	39	3,219	1,450	18,240
CDBG Public Facilities for Economic Development	28	2,417	556	10,000
Minority Business Development Grants and Loans	11	4,066	1,852	17,500
Major Economic Development	6	1,304	788	3,804
Gaming Economic Diversification Grants and Loans	5	12,600	1,200	22,727
Rural Economic Development Grants and Loans	2	1,582	1,333	6,250

¹ Includes only those awards for which expected job creation or retention goals were provided.
² Based on number of employees trained, rather than number of jobs created or employees retained.

As shown in Table 28, each dollar awarded during the same period was projected to leverage from \$0.20 to \$143.00 in additional investments.

Table 28

Variation in Cost of Leveraged Investments
FY 2003-04 through FY 2004-05

Program	Number of Awards	Other Financial Commitments for Each Dollar Awarded		
		Average	Minimum	Maximum
Customized Labor Training	55	\$ 1.40	\$1.00	\$ 6.60
CDBG Economic Development	42	4.60	0.30	60.30
CDGB Public Facilities for Economic Development ¹	28	8.10	0.20	74.70
Minority Business Development Grants and Loans	14	6.80	0.70	26.80
Major Economic Development	9	13.80	1.50	143.00
Gaming Economic Diversification Grants and Loans	21	9.60	0.20	51.00
Rural Economic Development Grants and Loans	2	5.80	4.00	12.80

¹ Excludes one award for which no private investment amount was specified.

Performance measures are most useful when they are quantifiable, easily understood, and directly related to a program's purpose. For example, the number of jobs created or retained may not be the most appropriate measure for economic development programs with a primary purpose other than job creation, such as those that are intended to assist with the start-up of minority or entrepreneurial businesses. When job creation is not the primary goal, more suitable indicators—which are used by some agencies but have not been regularly used by Commerce—include:

- the number of new businesses started and their success rates;
- the number of products or processes that are successfully commercialized;
- the estimated increase in sales or profits for the business receiving assistance; or
- estimated cost savings from increased efficiency.

Additional information about jobs created or retained could be useful in evaluating program effectiveness.

For those programs that are intended to create jobs and retain existing employees, Commerce and other agencies could complement their measures by tracking and reporting additional information, such as the average wages of the jobs created and whether they offer benefits such as health care or paid time off.

Recommendation

We recommend the Department of Commerce improve its procedures for tracking and reporting actual results for individual projects, including tracking the number of new businesses started, start-up business success rates, and the levels of wages and benefits for jobs created and employees retained.

Ongoing Project Monitoring

State agencies are responsible for tracking and reporting the effectiveness of their programs, but businesses, local governments, and other organizations that receive financial assistance must also be held accountable for completing the projects for which funding was provided. Commerce's contracts with award recipients typically stipulate the frequency of required progress reports, which are the agency's primary mechanism for monitoring the success of the projects it funds. For example, loan recipients are required to submit reports annually or semiannually until the loan is repaid, while an individual receiving assistance under early planning grant programs is required to submit a single report 18 months after receiving the grant.

Required progress reports were not submitted on time for one-half of the projects we reviewed.

However, we found that reports were not submitted in a timely manner for 43 of the 86 projects we reviewed from FY 2001-02 through FY 2002-03. Consequently, we were unable to verify that award recipients had achieved their expected results at the time these reports should have been submitted. Although many of these reports were submitted after we completed our review, the absence of timely reporting raises concerns about Commerce's ability to adequately monitor its projects.

In addition, Commerce does not conduct additional follow-up to determine the long-term success of its projects. For example, it does not typically survey individuals receiving early planning grants to determine whether they successfully launched their businesses or whether the businesses were still in operation three or five years after awards were received, and it does not attempt to verify whether jobs that were created or retained as a result of its financial assistance are maintained beyond the required reporting period. Using mass layoff information from the Department of Workforce

Development, we identified two instances in which businesses that had received financial assistance subsequently laid off employees or closed their facilities:

- One company received two CDBG grants totaling \$666,000 in 2001 and 2002 and was expected to create 258 jobs. The company announced that its plant would close in 2005, with the loss of 201 existing jobs.
- One company received a \$22,670 customized labor training grant in 2004 to train 73 employees. In 2006, the company announced that 37 employees would be laid off.

Many of the businesses that receive financial assistance are struggling and unable to obtain capital from traditional sources, and it may be expected that some will cease or reduce operations after receiving an award. Nonetheless, Commerce's contracts typically require the repayment of some or all of the amounts awarded when the recipient fails to meet project criteria. In addition, 2005 Wisconsin Act 25, the 2005-07 Biennial Budget Act, directs Commerce to seek repayment of grants, loans, or tax credits from businesses that move their operations outside of Wisconsin.

The number of instances in which businesses failed to meet their goals and were required to repay their grants or loans is unknown.

Because Commerce does not track such information in a comprehensive manner, we were unable to determine the number of instances in which it required repayment from award recipients that failed to meet their expected goals. Instead, Commerce identified a few instances in which it has recovered funds in the past five years, including:

- one company that repaid its entire \$35,000 customized labor training grant because the project was cancelled;
- one company that returned \$26,000 of its \$260,000 customized labor training grant because it did not train the expected number of employees; and
- one company that returned its entire \$47,000 customized labor training grant because it closed its plant and moved its operations to Canada.

According to Commerce, if a business has made a good-faith effort to meet its obligations but has difficulty doing so because of poor economic conditions or for other reasons, its contract terms may be extended or relaxed. In some instances, as was shown in Table 16, Commerce may decide to forgive a loan's outstanding principal. Further, officials stated that because Commerce provides many of its grants on a reimbursement basis, staff verify that projects have been completed and that anticipated project results have been achieved before disbursing grant funds.

Ongoing monitoring of projects could improve accountability.

Commerce officials noted that additional project monitoring will increase staff workload, and that their staffing levels have decreased over the past two biennia despite increasing responsibilities resulting from new programs. Nonetheless, a streamlined process for ongoing monitoring and enforcement of repayment provisions could help Commerce to ensure that award recipients are accountable for the public funds they receive.

Recommendation

We recommend the Department of Commerce improve its procedures for monitoring the long-term success of the projects it funds.

■ ■ ■ ■

Development Zone Programs ■

Development zones are intended to encourage economic development in specific geographic areas through targeted tax credits to businesses. Every part of Wisconsin was included in at least one type of development zone during the period we reviewed. However, the effectiveness of development zone tax credits awarded and claimed cannot be determined because limited information is available.

Zone Designation and Available Tax Credits

Development zones may be designated for periods ranging from 3 to 20 years.

As shown in Table 29, \$406.6 million in income tax credits have been authorized under the five development zone programs we reviewed. Statutes allow for the designation of as many as 135 development zones under these programs for periods that range from 3 to 20 years. Commerce designates development zones under four of the programs; development opportunity zones are specified in s. 560.795, Wis. Stats. Commerce may award income tax credits—which reduce a business’s or individual’s tax liability and are considered foregone state revenue by statute—to businesses until a zone expires or until all available credits for that zone have been awarded and claimed.

Table 29

Development Zone Programs¹

Program	Total Tax Credits Authorized (In Millions)	Maximum Number of Zones	Year Program Created	Designation Period (In Years)
Community Development Zones	\$ 38.2	22	1988	20
Development Opportunity Zones	29.4	6	1994	3 or 7 ²
Enterprise Development Zones	294.0	98	1995	7
Agricultural Development Zones	5.0	1 ³	2001	10
Technology Zones	40.0	8	2001	10
Total	\$406.6	135		

¹ The Enterprise Zone and Airport Development Zone programs, both of which were created in FY 2005-06, are not included in our analysis because no zones were designated during our review period.

² By statute, three zones were designated for three years and three zones for seven years.

³ Commerce designated one zone with four separate regions.

Businesses can receive tax credits for jobs created, employees retained, environmental remediation, and capital investment.

Businesses located within a development zone may be eligible for income tax credits for completing specific types of activities, as shown in Table 30. Up to \$6,000 may be awarded for each full-time job created or existing employee retained, and up to \$8,000 for each job filled by an individual from a target population, such as W-2 participants, recipients of Supplemental Security Income, dislocated workers, or other disadvantaged workers. Commerce may also award tax credits for up to 50.0 percent of the amount participating businesses spend on environmental remediation. Three programs offer credits for a percentage of business spending on new capital investment, while the Technology Zone program also offers income tax credits for property tax payments and credits for up to 15.0 percent of wages paid to new employees.

To participate in a development zone program, a business either provides Commerce a description of its plans to locate or expand within an existing zone, or it requests a new zone designation at its current or intended location. The business must describe the activities for which it is seeking credits, and Commerce establishes the maximum amount that can be awarded to that business for successful completion of the planned activities. After the business completes its project, Commerce verifies that its goals have been met and authorizes the business to claim the credits against its income taxes.

Table 30

Development Zone Activities Eligible for Tax Credits

Program	Job Creation	Job Retention	Remediation Expenses	Capital Investments	Property Taxes Paid	New Employee Wages
Community Development Zones	■	■	■			
Development Opportunity Zones	■	■	■	■		
Enterprise Development Zones	■	■	■			
Agricultural Development Zones	■	■	■	■		
Technology Zones	■	■	■	■	■	■

Location of Development Zones

Every part of Wisconsin is currently designated as at least one type of development zone.

Some development zones are designated to benefit specific businesses, while others include large portions of municipalities or entire counties. Although these programs are intended to offer targeted tax benefits to specific geographic locations, every part of the state currently is designated as at least one type of zone, and since 1988:

- 23 counties have contained one type of zone;
- 35 counties have contained two types of zones;
- 10 counties have contained three types of zones; and
- 4 counties—Eau Claire, Kenosha, Milwaukee, and Rock—have contained four types of zones.

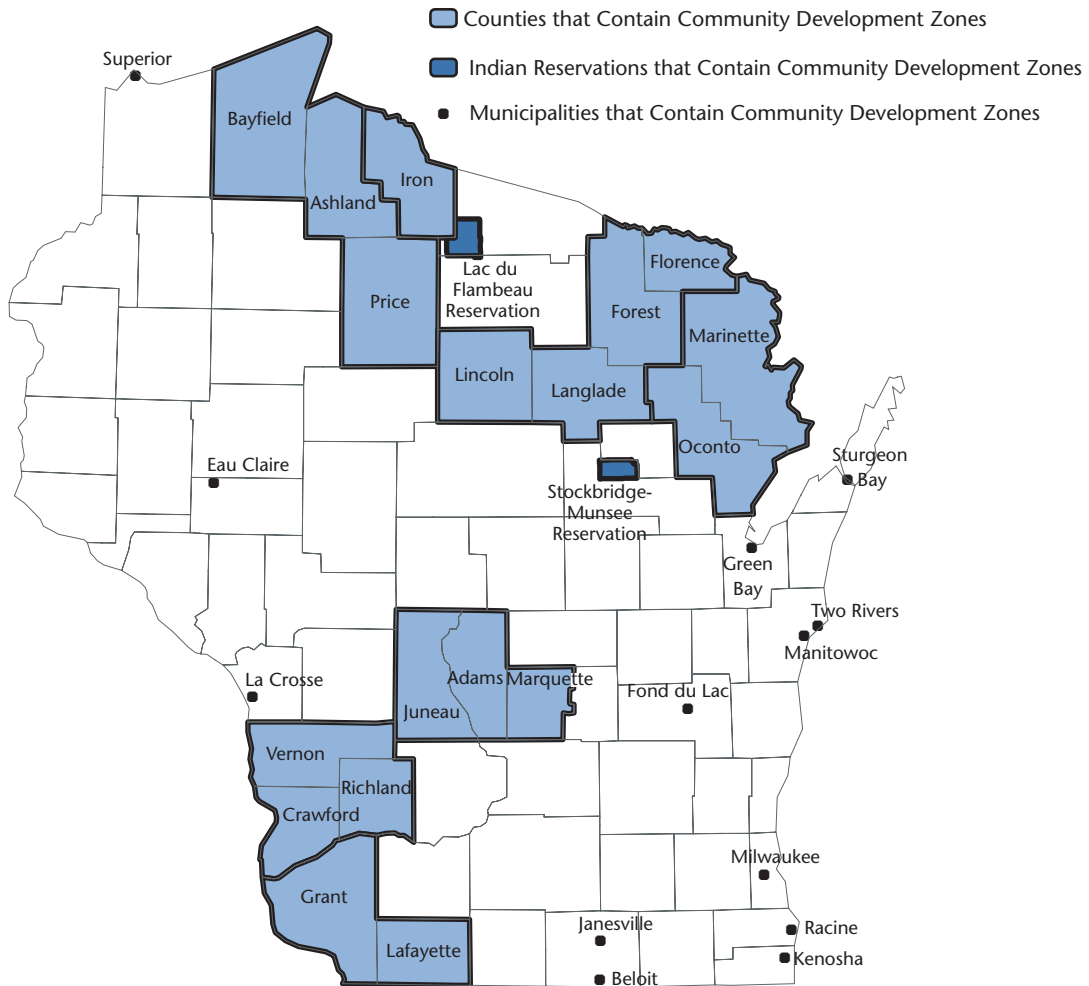
Community Development Zones

Tax credits remain available for all 22 community development zones.

Section 560.71, Wis. Stats., authorizes Commerce to designate up to 22 community development zones in economically distressed areas that have high unemployment, low median household incomes, large percentages of households receiving unemployment insurance payments, or permanently laid-off workers. Designations are based upon nominations made by local governments. As shown in Figure 11, the 22 designated zones include all or portions of 13 municipalities, 7 counties or groups of counties, and 2 Indian reservations.

Figure 11

**Community Development Zones
Through FY 2004-05**



The Legislature has authorized up to \$38.2 million in tax credits for businesses located within these zones. Credits remain available for up to 20 years from the date of zone designation, or until the entire \$38.2 million has been awarded. As of June 30, 2005, credits remained available for all 22 of the community development zones.

Development Opportunity Zones

The Legislature has designated six development opportunity zones.

Section 560.795, Wis. Stats., designates six development opportunity zones. As shown in Figure 12, they include portions of five different municipalities: West Allis, Eau Claire, Kenosha, Milwaukee, and Beloit, which contains two zones. The Legislature authorized Commerce to award up to \$29.4 million in tax credits over the life of these zones. As of June 30, 2005, only the zone in Kenosha and one Beloit zone were active, and credits totaling \$11.7 million were still available in these two zones. Although any business that is located in a development opportunity zone and conducts qualified economic activity under a plan approved by Commerce is entitled to tax credits, all of the credits typically have been awarded to a single business in each zone.

Figure 12

Municipalities with Designated Development Opportunity Zones Through FY 2004-05



Enterprise Development Zones

Section 560.797, Wis. Stats., authorizes Commerce to designate up to 98 enterprise development zones that, like community development zones, are intended to encourage businesses to locate or expand in economically distressed areas. However, Commerce may designate as many as ten zones in non-economically distressed areas if the designations will encourage remediation of contaminated property. Before the passage of 2005 Wisconsin Act 25, Commerce could designate enterprise development zones only for a single business at a particular location. Act 25 increased the number of zones from 79 to 98 and authorized Commerce to establish zone boundaries that include more than one business, such as an entire municipality or a portion of a municipality.

Commerce has designated 62 enterprise development zones as of June 2005.

Commerce is authorized to award up to \$3.0 million in tax credits to businesses in each zone, which could result in as much as \$294.0 million in tax credits if all 98 zones were designated. As of June 30, 2005, Commerce had designated 62 enterprise development zones in 49 municipalities, which are shown in Figure 13. Tax credits remain available in 20 of these zones; the other 42 have either exhausted their allocated credits or reached the ends of their seven-year life spans. Appendix 12 lists the businesses located in areas that have been designated enterprise development zones.

Figure 13

**Municipalities with Designated Enterprise Development Zones
Through FY 2004-05**



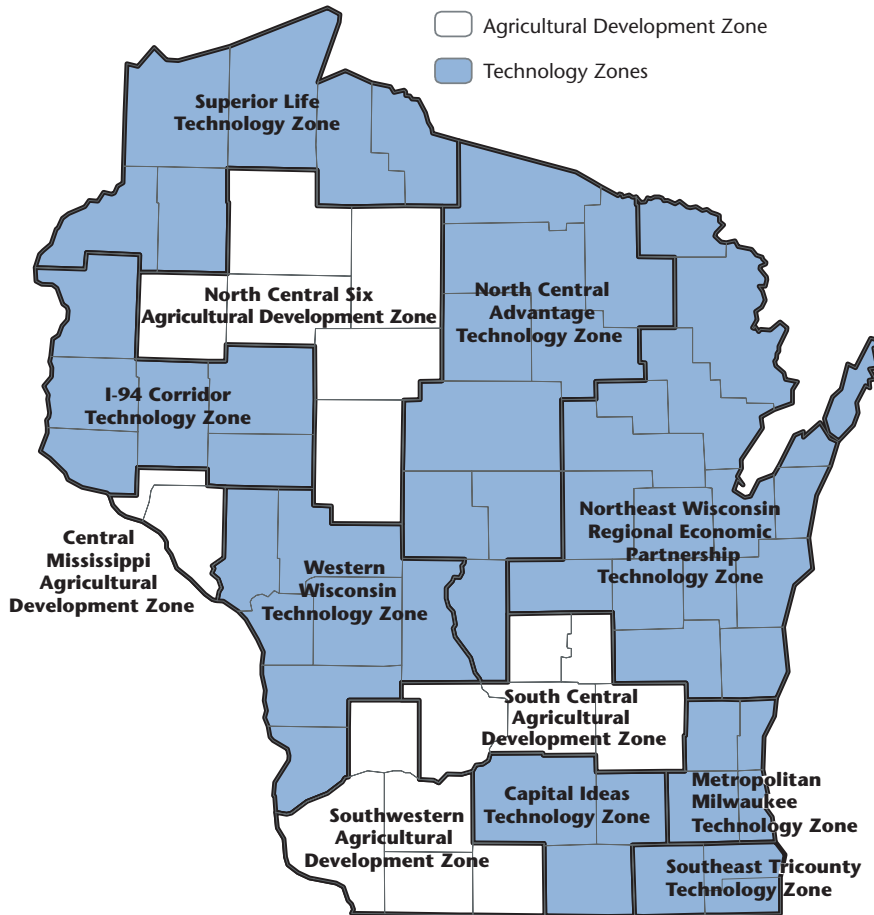
Agricultural Development and Technology Zones

Every Wisconsin county is either an agricultural development zone or a technology zone.

The Agricultural Development Zone and the Technology Zone programs were created by 2001 Wisconsin Act 16, which authorized Commerce to designate as many as eight technology zones and one agricultural development zone. As shown in Figure 14, the eight technology zones include 54 of Wisconsin's 72 counties. The remaining 18 counties are designated as one non-contiguous agricultural development zone with four regions.

Figure 14

**Agricultural Development and Technology Zones
Through FY 2004-05**



Commerce is authorized to award up to \$5.0 million in income tax credits to high-technology businesses that locate or expand in each technology zone, with a limit of \$40.0 million in tax credits over the life of the program. Businesses may be certified by Commerce for three years, with a possible two-year extension. During that time they are eligible to receive tax credits. The definition of high-technology business in s. COMM 107.02(5), Wis. Adm. Code, includes:

- *a person engaged in the activities of research, development, or manufacture of advanced products or materials for use in factory automation, biotechnology, chemicals, computer hardware, computer software,*

defense, energy, environmental, manufacturing equipment, medical, pharmaceuticals, photonics, subassemblies and components, test and measurement, telecommunications, and transportation; or

- *a person that is part of a target cluster and is a knowledge-based business or a business that utilizes advanced technology production processes, systems, or equipment.*

Up to \$5.0 million in tax credits is available over ten years to agricultural businesses certified by Commerce that locate or expand in the agricultural development zone. The definition of agricultural business in s. COMM 118.02(1), Wis. Adm. Code, includes “*all of the activities or operations that are involved in the growth, production, processing, manufacturing, distribution, and wholesale and retail sales of agricultural and food products.*”

Improving Zone Designation Criteria

Criteria for determining whether enterprise development zones are located in economically distressed areas are unclear.

The criteria for determining the geographic boundaries of some types of development zones are not specifically stated in statutes or administrative code. For example, s. 560.797, Wis. Stats., requires that most areas designated as enterprise development zones be economically distressed; however neither statutes nor administrative code specify how the boundaries of economically distressed areas are to be determined, or whether they should include an entire municipality or only a portion of it. Consequently, Commerce can expand the geographic boundaries used to determine whether a zone is located within an economically distressed area, such as when it used indicators of economic distress within the entire Milwaukee metropolitan area when designating one of the enterprise development zones in Waukesha County in 2005.

Furthermore, the criteria for designating some types of zones are inconsistent between statutes and administrative code. Commerce is authorized by s. 560.798, Wis. Stats., to designate one area located within a rural municipality as an agricultural development zone, but it has designated 18 non-contiguous counties as a single zone. To justify this designation, Commerce defined rural municipality in administrative code to include entire counties or portions of counties. However, counties are units of government separate and distinct from rural municipalities, which statutes define as cities, towns, or villages that have populations under 6,000 or that are located in counties with populations of less than 150 per square mile.

Commerce's broad interpretation of statutory language makes the Agricultural Development Zone and Enterprise Development Zone programs available to a wide range of businesses. The agency's interpretation may, however, be inconsistent with legislative intent, and it may limit the effectiveness of programs that are intended to provide targeted tax incentives to businesses in specific geographic areas.

Recommendation

We recommend the Legislature, as it reviews proposals to expand existing development zone programs or to create new programs, consider establishing specific criteria to ensure that zones are designated only in those areas that meet each specific program's intent.

For example, the Legislature may wish to clarify whether the boundaries of a zone should be determined based on the economic characteristics of a portion of a municipality, an entire municipality, or a county.

Analysis of Tax Credits Awarded and Foregone Revenue

Through June 2005, Commerce awarded \$122.6 million of the \$406.6 million in available development zone tax credits.

The Legislature has authorized a total of \$406.6 million in income tax credits for businesses under the five development zone programs included in our inventory. As shown in Table 31, Commerce had awarded \$122.6 million, or 30.2 percent, of available development zone tax credits to 450 businesses as of June 30, 2005.

Table 31

Development Zone Tax Credits Available and Awarded
As of June 2005

Program	Total Credits Available ¹	Number of Businesses Awarded Credits	Credits Awarded to Businesses	Percentage of Credits Awarded
Community Development Zones	\$ 38,155,000	339	\$ 23,333,600	61.2%
Development Opportunity Zones	29,400,000	4	11,498,900	39.1
Enterprise Development Zones	294,000,000	58	84,409,800	28.7
Agricultural Development Zones	5,000,000	12	900,800	18.0
Technology Zones	40,000,000	37	2,435,600	6.1
Total	\$406,555,000	450	\$122,578,700	30.2

¹ Represents the maximum amount of credits available over the life of the zones.

Businesses and individuals claimed \$33.4 million in development zone tax credits from 2001 through 2004.

Development zone credits are non-refundable, meaning they may be claimed only up to the amount of a business's tax liability during a given year. Unclaimed credits may be carried forward for up to 15 years before they expire, but some businesses never claim awarded credits, either because their income tax liability is relatively small or because they cease operations or are sold.

As shown in Table 32, the Department of Revenue reported that businesses and individuals claimed only \$33.4 million in income tax credits from all development zone activities from 2001 through 2004, the most recent year for which data were available. We were unable to obtain more detailed information about the tax credits claimed because DOR, which is the agency responsible for collecting and processing corporate and individual tax forms, does not track the amount of tax credits claimed in each zone. As a result, DOR reports only aggregate information about amounts claimed in all development zones.

Table 32

**Foregone State Revenue from Development Zone Tax Credits
(All Programs)**

Tax Year	Development Zone Credits Claimed
2001	\$ 5,666,600
2002	9,584,400
2003	11,582,400
2004	6,601,500
Total	\$33,434,900

Distribution of Tax Credit Awards

Commerce awarded \$56.3 million in tax credits to businesses from 2001 through 2004.

Because available data did not allow us to analyze the tax credits claimed in each development zone, we instead analyzed the amount awarded by Commerce under each program from 2001 through 2004. As shown in Table 33, tax credits awarded under the Enterprise Development Zone program accounted for \$41.2 million of the \$56.3 million awarded, and the average award under that program was \$957,600 per business.

Table 33

**Development Zone Tax Credits Awarded, by Program
2001 through 2004**

Program	Tax Credits Awarded	Number of Businesses Awarded Credits	Average Credits Awarded per Business
Community Development Zone	\$ 7,279,600	98	\$ 74,300
Development Opportunity Zone	4,700,000	1	4,700,000
Enterprise Development Zone	41,176,300	43	957,600
Agricultural Development Zone	839,800	11	76,300
Technology Zone	2,274,400	35	65,000
Total	\$56,270,100	188	299,300

Businesses in ten counties were awarded 73.0 percent of tax credits during the period we reviewed.

We also examined the amount of tax credits awarded in each county. It should be noted that we relied on the addresses provided by Commerce, which in some cases may represent corporate headquarters rather than project locations. As shown in Table 34, businesses located in ten counties were awarded 73.0 percent of development zone credits from 2001 through 2004, including \$14.9 million awarded to Milwaukee County businesses. Fifty-two Wisconsin counties contained at least one business that was awarded tax credits, while 20 did not have any businesses that were awarded tax credits during this period. Appendix 13 lists the number of businesses awarded tax credits and the amount awarded in each county under the five development zone programs from 2001 through 2004.

Table 34

**Development Zone Tax Credits Awarded, by County
2001 through 2004**

County	Amount Awarded from All Programs	Percentage of State Total
Milwaukee	\$14,905,800	26.5%
Winnebago	6,001,500	10.7
Waukesha	4,648,300	8.3
Sheboygan	3,517,500	6.3
Lincoln	2,616,000	4.6
Racine	2,526,900	4.5
Ozaukee	2,481,000	4.4
Brown	1,769,100	3.1
Dunn	1,296,900	2.3
La Crosse	1,293,800	2.3
Subtotal	41,056,800	73.0
All Other Counties	15,213,300	27.0
Total	\$56,270,100	100.0%

Milwaukee-Area Development Zones

As shown in Table 35, 39.2 percent of the \$56.3 million in development zone tax credits awarded statewide from 2001 through 2004 was awarded to businesses located in the Milwaukee-Waukesha Primary Metropolitan Statistical Area,

which includes Milwaukee, Ozaukee, Washington, and Waukesha counties.

Four Milwaukee-area counties contained 6 active and 13 expired development zones.

At least one development zone from every program except the Agricultural Development Zone program has been designated in this area. As of June 2005, these four counties contained 6 active and 13 expired zones, including:

- 1 active community development zone;
- 2 expired development opportunity zones;
- 4 active and 11 expired enterprise development zones; and
- 1 active technology zone that encompasses the entire region.

Table 35

**Milwaukee-Area Development Zone Tax Credits Awarded
2001 through 2004**

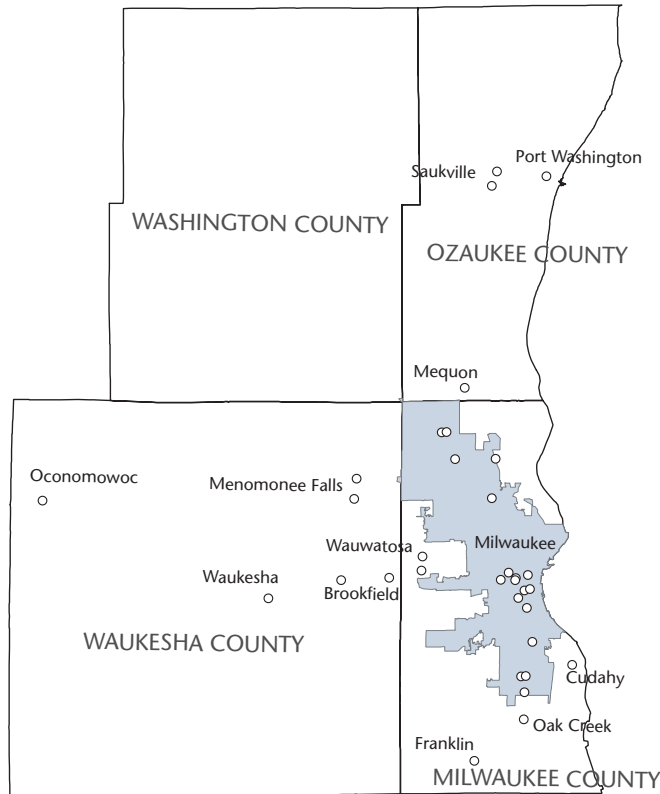
Project County	Number of Businesses Awarded Credits	Amount Awarded from All Programs	Percentage of Total Amount Awarded
Milwaukee	23	\$14,905,800	26.5%
Ozaukee	4	2,481,000	4.4
Washington	0	0	0.0
Waukesha	6	4,648,300	8.3
Subtotal	33	22,035,100	39.2
All Other Counties	155	34,235,000	60.8
Total	188	\$56,270,100	100.0%

Eighteen businesses in the City of Milwaukee were awarded \$10.1 million in tax credits.

Figure 15 shows the locations of the Milwaukee-area businesses awarded tax credits from 2001 through 2004. Eighteen businesses in the City of Milwaukee received \$10.1 million of the \$22.0 million in tax credits awarded to businesses in this region.

Figure 15

**Milwaukee-Area Businesses Awarded Development Zone Tax Credits
2001 through 2004**



Measuring Effectiveness of Development Zone Programs

The effectiveness of Wisconsin's development zone programs is difficult to assess because neither statutes nor Commerce have established criteria by which individual zones can be evaluated. For example, the Enterprise Development Zone program is intended to relieve economic distress, but Commerce does not track indicators such as unemployment rates, poverty rates, or per capita income, which could be used to identify improvements within zones. Further, neither Commerce nor DOR compiles information on the amount of tax credits claimed by businesses and individuals in each zone. The lack of zone-specific information about the costs and benefits derived from these programs raises concerns about the ability of the agencies to verify the appropriate use of development zone tax credits.

Sections 560.745, 560.795, and 560.797, Wis. Stats., respectively, require Commerce to estimate annual foregone tax revenue from credits claimed by businesses and individuals located in community development, development opportunity, and enterprise development zones, but there is no statutory requirement to estimate the credits claimed in technology or agricultural development zones. Similarly, s. 16.425(3), Wis. Stats., requires DOR to submit a report to the Secretary of the Department of Administration every two years describing the foregone revenue and effectiveness of all state tax incentives, including tax credits available in development zones. Neither reporting requirement has been effectively implemented.

While DOR tracks the aggregate amount of foregone revenue from all development zone programs, it does not compile information about tax credits claimed within each zone or by specific businesses. DOR officials noted that tracking tax credits claimed by specific businesses is difficult because credits can be claimed for up to 15 years after the awards are made, and because businesses may use their corporate headquarters' address, rather than the project address, on their tax returns. Further, some types of businesses—such as S-corporations, partnerships, and some limited-liability corporations—claim the tax credits on each owner's individual income tax return, rather than on a single corporate return.

Since the information is not readily available, Commerce does not estimate foregone tax revenue resulting from the development zone programs. Instead, it tracks the amount of credits awarded to a business, which is based on whether the business met its goals for job creation, retention, investment, environmental remediation, or other activities.

Neither Commerce nor DOR compiles information on the amount of tax credits actually claimed by each business in a development zone.

Because neither Commerce nor DOR compiles development zone tax credits claimed by businesses in each zone, we were unable to determine whether specific businesses had claimed all of their available credits or whether certain businesses had claimed more credits than were awarded by Commerce. According to DOR officials, businesses or individuals that inadvertently or intentionally claim more than their allowable credits could be detected only through a tax audit. DOR was unable to provide information demonstrating whether its tax audits have discovered businesses that claimed more than their allowable credits.

Recommendation

We recommend the Department of Commerce and the Department of Revenue report to the Joint Legislative Audit Committee by February 15, 2007, on their efforts to improve procedures for tracking and reporting the amount of tax credits claimed by each business within each development zone.

Other Tax Incentives to Encourage Economic Development ■

Wisconsin offers a variety of tax incentives to reduce barriers to business growth, encourage certain types of business activity, and remain competitive with surrounding states. Our inventory includes three tax credit programs that are intended to increase funding available for new businesses:

- the Certified Capital Companies (CAPCO) program;
- Early Stage Seed Investment Tax Credits; and
- Angel Investment Tax Credits.

Various tax policies are intended to encourage economic development.

We also reviewed selected business tax policies that are an important component of the State's economic development strategy, including the mechanism for apportioning corporate income and franchise taxes, income tax credits available to businesses, sales and use tax exemptions, and property tax exemptions.

Certified Capital Companies (CAPCO) Program

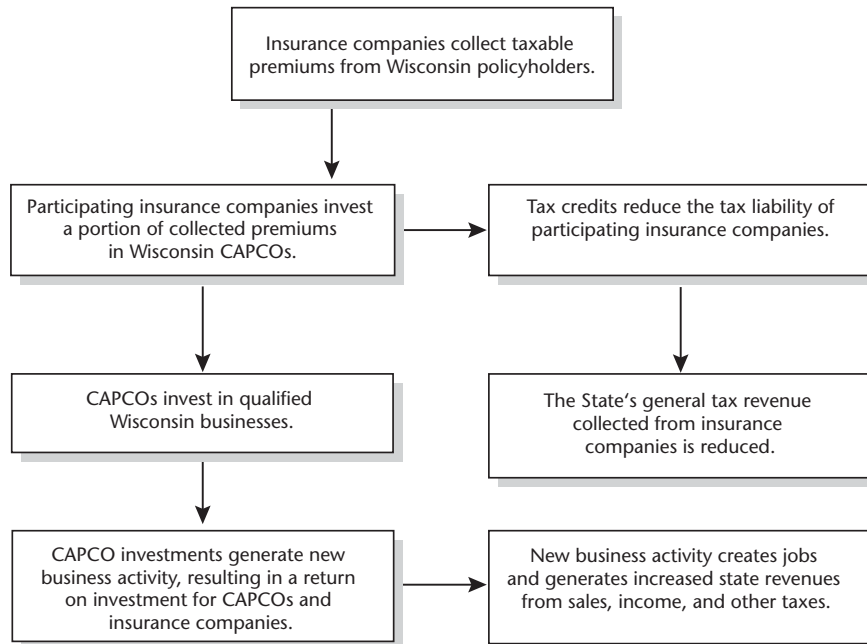
Insurance companies receive tax credits for investing in CAPCOs.

The CAPCO program was created by 1997 Wisconsin Act 215 to encourage venture capital investment in Wisconsin businesses. As shown in Figure 16, it reduces the tax liability of insurance companies—which are taxed based on premiums collected from

Wisconsin policyholders—when they invest in venture capital firms that have been certified by Commerce. In turn, the certified venture capital firms, which are known as CAPCOs, are required to invest a portion of the insurance company funds in Wisconsin businesses that have been qualified by Commerce. The program is intended to generate new tax revenue through increased business activity that will exceed the amount of foregone revenue resulting from the tax credits.

Figure 16

CAPCO Program



CAPCOs are defined as for-profit or nonprofit corporations, partnerships, trusts, or limited liability companies whose primary activity is the investment of cash into qualified businesses. Section 560.33, Wis. Stats., requires that the businesses in which they invest:

- be headquartered and have their principal operations in Wisconsin;

- be in need of venture capital but unable to obtain conventional financing;
- employ no more than 100 individuals;
- have a net income, after federal taxes and excluding carryover losses, of less than \$2.0 million during their two most recent fiscal years;
- have a net worth of less than \$5.0 million; and
- not be primarily engaged in accounting, law, physician services, real estate development, banking, or lending.

Commerce has awarded \$50.0 million in tax credits to insurance companies for investments made in 1999.

In 1999, Commerce certified three CAPCOs—Advantage Capital Wisconsin Partners I, LP; Banc One Stonehenge Capital Fund Wisconsin, LLC; and Wilshire Investors, LLC—and awarded 33 insurance companies a total of \$50.0 million in tax credits, which is the maximum amount authorized by statutes, as a dollar-for-dollar match of their investments in these CAPCOs. Each insurance company may claim up to 10.0 percent of its credits annually for a ten-year period ending in 2008. As shown in Table 36, the insurance companies claimed \$29.0 million of their credits from 1999 through 2004.

Table 36

CAPCO Insurance Premium Tax Credits Claimed

Tax Year	Amount Claimed
1999	\$ 4,816,700
2000	4,833,300
2001	4,833,300
2002	4,807,100
2003	4,789,600
2004	4,951,500
Total	\$29,031,500

Through 2004, the CAPCOs invested \$26.0 million in businesses that reported creating 316 jobs.

CAPCOs are required by s. 560.34, Wis. Stats., to invest at least 50.0 percent of their investment funds from insurance companies in qualified businesses during the program's first five years. As of December 31, 2004, Commerce reported that the three CAPCOs had invested \$26.0 million, or 52.0 percent of the funds provided by the insurance companies, in 19 qualified businesses that reported creating 316 new jobs. The CAPCOs also spent \$35.5 million for management expenses and debt payments. The sum of investments, management expenses, and debt payments exceeds \$50.0 million because statutes allow CAPCOs to use returns from previous investments to reinvest in qualified businesses or to pay management costs.

Concerns have been raised about CAPCO programs in other states.

Neither statutes nor administrative code require additional investments after the first five years, and the program does not limit the amount CAPCOs may spend on management expenses and debt payments. Therefore, as much as 50.0 percent of the funds for which insurance companies received tax credits need not be invested in qualified businesses. Other states have noted similar concerns with their CAPCO programs. For example, a 2003 review found that over the ten-year life of Colorado's CAPCO program, only \$44.4 million of the original \$100.0 million that had been invested in CAPCOs was made available to qualified businesses. Similarly, a 2001 report concluded that although CAPCOs participating in Louisiana's program had raised nearly \$600.0 million from 1983 through 1999, only \$184.0 million had been invested in 112 Louisiana businesses.

Commerce is required under s. 560.38, Wis. Stats., to report to the Legislature every two years on the amount of certified capital investments made by CAPCOs and their estimated number of jobs created. However, it has not submitted a report since 2003, and we were unable to determine how much of the insurance companies' \$50.0 million investment was used to fund the CAPCOs' management expenses, or whether qualified businesses have received additional CAPCO funding since January 2005. Commerce is currently auditing the CAPCO program to determine both the amount invested and management expenses incurred since it began, but agency officials were unsure when this audit will be completed.

Critics of the CAPCO program argue that because credits are provided on a dollar-for-dollar basis, the State incurs all of the investment risk. Not only do insurance companies benefit from a tax reduction, in some cases they may also be guaranteed a return on their investment, regardless of a CAPCO's performance. Those who support the program argue that it generates necessary funding for businesses that have historically lacked access to private venture capital.

Additional investment benchmarks could be established for future CAPCO investments.

If the Legislature decides to renew or expand the CAPCO program, it may wish to establish investment benchmarks beyond five years, to set limits on the amount of insurance company investments that can be used for management expenses, and to seek strategies for increasing the amount of CAPCO funds made available to qualified businesses.

Recommendation

We recommend the Department of Commerce report to the Joint Legislative Audit Committee by February 15, 2007, on the results of its internal audit of the Certified Capital Companies program, including the amount invested in qualified businesses, the amount spent on management and other expenses, and the effectiveness of the program in increasing the availability of investment capital and encouraging economic development.

Early-Stage Investment Credits

2003 Wisconsin Act 255 created two early-stage investment credits beginning in 2005.

The Angel Investment Tax Credit and the Early Stage Seed Investment Tax Credit programs were created by 2003 Wisconsin Act 255, and both began awarding income tax credits in 2005. The credits are available to individual investors, groups of investors, and venture capital companies that have been accredited by Commerce to invest in qualified new business ventures. Qualified new business ventures, which are also certified by Commerce, must:

- be headquartered in Wisconsin;
- employ at least 51.0 percent of their employees in Wisconsin;
- employ fewer than 100 individuals;
- have been in operation in Wisconsin for less than seven consecutive years;
- not have received more than \$1.0 million in investments that previously qualified for tax credits under these programs;
- be engaged in manufacturing, agriculture, processing or assembling products, or conducting research and development of new products or processes; and

- not be engaged in real estate development, insurance, banking, lending, lobbying, political consulting, legal services, accounting, business consulting, medical services, health care consulting, wholesale or retail trade, leisure, hospitality, transportation, or construction.

The angel investment tax credit is available to non-institutional investors, including individuals or groups of individuals who provide start-up financing to qualified businesses that are in their earliest stages of formation and are otherwise unable to secure venture capital. The early-stage seed investment tax credit is available to individuals or businesses that invest in qualified new business ventures through a Commerce-certified venture fund manager.

Commerce awarded \$3.1 million in early-stage tax credits for investments made in 2005.

In 2005, 263 individuals or groups who invested \$15.6 million in 22 qualified businesses were awarded \$3.0 million in angel investment tax credits. Early-stage seed tax credits in the same year totaled \$136,571 and were awarded for investments of \$546,285 in two qualified businesses, which were made through a single venture capital firm.

Table 37 compares main features of both programs. Because they have operated for only a short time, their effects cannot yet be measured. However, Commerce expects investment activity in the Early Stage Seed Investment program to increase in the future as additional venture capital firms become certified.

Table 37

Comparison of Angel Investment and Early Stage Seed Investment Tax Credit Programs

	Angel Investment Credits	Early Stage Seed Investment Credits
Total Credits Available	\$30.0 million over ten years	\$35.0 million over ten years
Total Credits Available Each Year	\$3.0 million	\$3.5 million
Credits Awarded by Commerce in 2005	\$3.0 million	\$136,571
Maximum Investment in Each Qualified New Business Venture	\$500,000 per investor	\$2 million per fund manager
Percentage of Investment Eligible for Tax Credits	12.5 percent in each of two years (25.0 percent total)	25.0 percent in the first year

Other Tax Incentives for Businesses

Foregone revenue resulting from Wisconsin's tax incentives is reported biennially.

Economic development experts generally agree that tax policies can encourage economic development by providing incentives that reduce barriers to business growth and encourage certain types of business activity, but some question the extent to which taxes affect location or expansion decisions. Section 16.425, Wis. Stats., requires DOR to submit a biennial report to the Secretary of the Department of Administration on any tax provision that exempts, in whole or in part, certain persons, income, goods, services, or property from established taxes. The report is to include:

- an estimate of the costs of these tax incentives in terms of lost state revenue;
- the policy purposes for each tax incentive; and
- to the extent possible, the effectiveness of each in achieving the stated policy goals.

Although these general tax policies are not included in our inventory, we reviewed the estimated fiscal effect of selected tax incentives on state revenues, as reported by DOR, and their expected benefits to business.

Corporate Income and Franchise Taxes

In 2005, Wisconsin assessed a corporate income or franchise tax of 7.9 percent on the income of certain businesses classified as C-corporations under state and federal tax laws. As shown in Table 38, these taxes accounted for 5.7 percent of general tax revenue from FY 2000-01 through FY 2004-05. Taxes paid by other types of businesses for which income taxes are assessed on individual owners rather than at the corporate level—such as sole proprietorships, partnerships, and S-corporations—are included under general tax revenue.

Table 38

Corporate Income and Franchise Tax Collections
(In Millions)

Fiscal Year	Corporate Income and Franchise Tax Collections ¹	General Tax Revenue ²	Corporate Income Taxes as Percentage of General Tax Revenue
2000-01	\$ 537.2	\$10,063.4	5.3%
2001-02	503.0	10,020.2	5.0
2002-03	526.5	10,199.7	5.2
2003-04	650.5	10,739.3	6.1
2004-05	764.1	11,396.6	6.7
Total	\$2,981.3	\$52,419.2	5.7

¹ Includes income tax revenue from C-corporations only.

² Includes all revenue collected from income taxes, sales and use taxes, corporate income and franchise taxes, insurance premium fee taxes, and other sources.

Source: Department of Administration Annual Fiscal Reports

Wisconsin will phase in single sales factor apportionment for corporate income taxes by 2008.

Taxes paid by corporations that operate wholly within Wisconsin are based on 100.0 percent of net income. However, only a portion of the income of multi-state corporations is taxable in each state, and the manner in which taxable income is apportioned has been cited as a factor in encouraging economic development and business expansion. From 1974 through 2005, Wisconsin's apportionment formula weighted three factors: income from sales within Wisconsin (50.0 percent), the amount of property located in the state (25.0 percent), and in-state payroll (25.0 percent). Beginning with the 2006 tax year, a new single sales factor apportionment formula took effect under 2003 Wisconsin Act 37. The new formula will reduce and eventually eliminate both the property and payroll factors, so that corporate income tax liability in Wisconsin will be based exclusively on sales within Wisconsin. During a phase-in period, the weight of the sales factor will increase from 60.0 percent in 2006 to 80.0 percent in 2007 before reaching 100.0 percent in 2008.

Proponents have argued that single sales factor apportionment will encourage multi-state corporations with a physical presence in Wisconsin, but the majority of their sales elsewhere, to expand their Wisconsin facilities and payroll. Critics have argued that businesses with significant in-state sales could see increased taxes under the new formula, which may encourage those with relatively small Wisconsin operations to eliminate their physical presence to avoid taxation altogether.

As of January 1, 2006, Minnesota, Iowa, Illinois, and at least seven other states had implemented or were phasing in a single sales factor apportionment formula. Four states—Nevada, South Dakota, Washington, and Wyoming—do not impose a corporate income tax. Using data from corporate tax returns, DOR has estimated that if single sales factor apportionment had been in effect in 1999, Wisconsin corporate income taxes would have increased by \$47.1 million for 4,259 businesses and decreased by \$115.3 million for 2,141 businesses, and the State's general tax revenue would have been reduced by \$68.2 million.

Income Tax Credits for Businesses

Wisconsin offers income tax credits for businesses and individuals to encourage economic development.

Seven income tax credits that are intended to encourage economic development have been available to any Wisconsin business or individual taxpayer conducting an eligible activity, as shown in Table 39. These credits can be claimed without pre-approval by Commerce, and in general they do not require commitments for job creation or investment. Statutes do not limit the number of businesses that may claim these credits in a given year.

Table 39

Business Income Tax Credits FY 2001-02 through FY 2004-05

Tax Credit	Description
Manufacturing Sales and Use Tax ¹	Provides credits for state, county, and stadium district sales and use taxes paid on fuel and electricity used in manufacturing.
Research Expense	Provides credits for 5.0 percent of qualified research expenditures.
Research Facilities	Provides credits for 5.0 percent of qualified expenses related to constructing and equipping new facilities or expanding existing facilities.
Dairy and Livestock Farm Investment	Provides credits for 10.0 percent, up to \$50,000, of the purchase price of qualified property and livestock used in farming.
Farmland Preservation	Provides credits for 10.0 percent, up to \$4,200, of property taxes paid for farmers foregoing development of at least 35 acres of land.
Farmland Tax Relief	Provides credits for up to \$1,500 of property taxes paid on non-improved agricultural land.
Supplement to Federal Historic Rehabilitation	Provides credits for 5.0 percent of expenditures related to rehabilitating certified historic structures that will be used in a trade or business.

¹ Effective January 2006, manufacturing sales and use tax credits were replaced with a sales and use tax exemption for manufacturers under 2003 Wisconsin Act 99.

As shown in Table 40, DOR has reported that from 2001 through 2004, businesses and individuals claimed approximately \$319.5 million in income tax credits through seven programs. The increase of \$23.3 million from 2003 to 2004 is attributable to the dairy and livestock farm investment credit, which began in 2004, as well as to increases in manufacturing sales tax credits and research expense credits that resulted from increased economic activity.

Table 40

**Claimed Business Income Tax Credits
2001 through 2004**

Tax Credit	2001	2002	2003	2004 ¹	Total
Manufacturing Sales and Use Tax	\$30,075,300	\$25,115,800	\$27,823,000	\$38,514,400	\$121,528,500
Research Expense	9,307,700	11,415,800	14,244,300	17,309,200	52,277,000
Research Facilities	1,319,600	301,300	2,512,100	1,184,800	5,317,800
Dairy and Livestock Farm Investment ²	0	0	0	13,184,000	13,184,000
Farmland Preservation	16,283,700	15,816,100	13,914,900	12,933,200	58,947,900
Farmland Tax Relief	13,452,200	23,454,900	12,092,100	11,254,800	60,254,000
Supplement to Federal Historic Rehabilitation	1,844,600	2,416,000	2,137,400	1,629,300	8,027,300
Total	\$72,283,100	\$78,519,900	\$72,723,800	\$96,009,700	\$319,536,500

¹ Estimated.

² The Dairy and Livestock Farm Investment Credit began in 2004.

Source: Wisconsin Department of Revenue

Businesses and individuals claimed \$96.0 million in business-related income tax credits in 2004.

Except for farmland preservation and farmland tax relief credits, these income tax credits are non-refundable, meaning that amounts claimed cannot exceed a business's tax liability. However, unclaimed credits may be carried forward for 15 or 20 years, depending on the program. DOR has reported that in 2004, only \$96.0 million of nearly \$457.0 million in eligible credits were claimed. The remaining \$361.0 million represents potential foregone revenue for the State in future years.

Sales and Use Tax Exemptions

DOR estimates that 16 sales and use tax exemptions resulted in \$342.6 million in foregone state revenue in FY 2003-04.

Wisconsin offers at least 16 different sales and use tax exemptions related to general business or farming. As shown in Table 41, DOR has estimated that foregone state revenue from these exemptions totaled \$342.6 million in FY 2003-04, the most recent year for which data are available. The largest exemption was for manufacturing machinery and equipment and resulted in \$158.6 million in foregone revenue. DOR officials note that it is difficult to accurately estimate the fiscal effect of these exemptions because adequate data are not always available, and many of these estimates are derived from economic models.

Table 41

Estimated Foregone Revenue from Business Sales and Use Tax Exemptions (In Millions)

Exemption	FY 2003-04 Amount
Machinery and Equipment Used in Manufacturing	\$158.6
Farming Personal Property and Supplies	77.0
Vehicles Sold to Common or Contract Carriers	24.2
Tractors and Farm Machinery	20.8
Waste Treatment Facilities and Recycling Equipment	15.0
Electricity Used in Farming	7.0
Motion Picture and Television Film and Advertising Materials	9.6
Fuel Used in Farming	7.0
Farm Livestock Veterinary Services and Medicine	5.6
Milkhouse Supplies	5.3
Rolling Stock Used in Railroad Operations	4.5
Live Game Birds and Clay Pigeons	2.5
Commercial Vessels and Barges	2.5
Semen for Livestock Breeding	2.4
Logging Equipment	0.4
Wood Residue Used as Fuel in a Business Activity	0.2
Total	\$342.6

Source: Wisconsin Department of Revenue

Property Tax Exemptions

Except for a 0.02 percent forestry tax on the assessed value of real and personal property, Wisconsin does not collect a state property tax. However, most real and some personal property is taxed by local governments, school districts, and other taxing districts, based on its assessed value. To encourage businesses to locate in Wisconsin, certain types of personal property are exempt from property taxes, including:

- machinery and equipment used in manufacturing;
- merchants' and manufacturers' inventories;
- pollution abatement equipment; and
- computer equipment, fax machines, and cash registers.

The State reimbursed local governments \$73.5 million for lost property tax revenue in 2004.

DOR has estimated that in 2004, the exemption of \$11.9 billion in manufacturing equipment shifted an estimated \$245.3 million in taxes to other types of real and personal property. DOR also estimated that nearly \$3.1 billion in computer equipment, fax machines, and cash registers was tax-exempt in 2003. Under s. 79.095(4), Wis. Stats., the State is required to compensate local governments for lost tax revenue resulting from the exemption of computers, fax machines, and cash registers, resulting in GPR payments of \$73.4 million in 2003, and \$73.5 million in 2004.

■ ■ ■ ■

Improving Coordination and Accountability ■

No single entity is responsible for ensuring coordination among all of Wisconsin's programs.

To make informed decisions about the extent to which the State should provide financial incentives or direct services to encourage economic development, policymakers need accurate and reliable information about program costs and effectiveness. However agency efforts to measure and report results have been limited, responsibility for administering economic development programs is fragmented, and no single entity is responsible for ensuring that the programs are working toward common policy goals. Accountability could be enhanced by improving coordination, reducing the number of programs with similar purposes, consolidating agency reporting requirements, and disclosing project costs and benefits to the public.

Coordinating State Programs

Coordination of economic development programs is important for ensuring that state resources are targeted effectively, but it is hindered both by the large number programs that provide assistance and by the varying missions and purposes of the agencies administering these programs. Although ss. 560.01 and 560.08, Wis. Stats., designate Commerce as the main agency responsible for economic development and require it to seek cooperation and coordination among state agencies and local governments, Commerce's authority over programs administered by other agencies is limited. Coordination currently occurs through numerous statutorily or administratively created boards, councils, and task forces, or through the Governor's office.

At least 26 councils, boards, task forces, or other bodies are responsible for overseeing economic development programs.

We identified 26 councils, boards, task forces, or other bodies that are responsible for overseeing specific economic development programs or providing advice on various aspects of state economic policy. Twelve were created by statute, 8 were administratively created by state agencies, and 6 were created by the Governor. Twenty of the 26 bodies have permanent, ongoing responsibilities; four were created for limited durations or temporary purposes; and two are not active. Appendix 14 lists each council, board, and task force we identified, along with its affiliated state agency, statutory or other authority, year of inception, purpose, and membership.

Several economic development boards have similar functions.

While such councils, boards, and task forces can provide valuable oversight and advice, the existence of multiple entities with similar or overlapping responsibilities increases administrative complexity and costs. For example, the Wisconsin Development Finance Board, the Minority Business Development Fund Board, and the Rural Economic Development Fund Board, which are all attached to Commerce, are each responsible for approving grants and loans to businesses and local governments. All review similar types of projects; only their sources of project funding and the criteria they consider in making awards are different. To assist each board in selecting projects, Commerce establishes economic development priorities and develops biennial funding plans, but the boards are not required to follow these plans. Further, there is no mechanism to ensure that the awards approved by the boards are achieving the goals identified by the Legislature or Commerce, such as encouraging entrepreneurial development or promoting specific industries or regions. Finally, these boards are responsible for overseeing only a portion of Commerce's financial assistance programs, because awards made with CDBG funds or Gaming revenue do not require any board's approval.

Similarly, advisory bodies attached to either Commerce or DATCP have overlapping responsibility for assisting these agencies with programs that provide assistance to the dairy industry. The Dairy 2020 Council was created in 1993 to advise Commerce and other state agencies on issues affecting the dairy industry in Wisconsin. The Grow Wisconsin Dairy Team, which was created in 2004 and is attached to DATCP, provides technical assistance and administers grants to dairy farmers, producers, processors, and local dairy organizations.

We also identified four councils or boards that provide oversight and advice on programs and issues affecting small businesses, although each is responsible for only a portion of small business-related programs. They are:

- the Wisconsin Small Business Development Center Advisory Council, which is required by federal law and is responsible for overseeing and advising the Wisconsin SBDC network on issues affecting small business;
- the Council on Small Business, Veteran-Owned Business, and Minority Business Opportunities, which advises the Department of Administration and seeks to increase the participation of disadvantaged businesses in the State's procurement process;
- the Small Business Environmental Council, which is required by federal law and assists small businesses in complying with the federal Clean Air Act; and
- the Small Business Regulatory Review Board, which reviews the administrative rules developed by state agencies and makes recommendations to provide more flexibility for small businesses, when possible.

At least three other states have attempted to ensure that their economic development programs are well-coordinated by creating over-arching entities that are specifically charged with coordinating economic development programs across agencies. For example, in 1987, Kansas created Kansas, Inc., a nonpartisan, independent agency that does not provide grants, loans, or technical assistance, but instead is responsible for establishing economic development policy; conducting strategic planning; evaluating policies and programs; and coordinating economic development activities among state agencies, including the Kansas Department of Commerce. Kansas, Inc., is overseen by a 17-member board of directors chaired by the Governor and consisting of legislators, state agency heads, and public members representing labor and industry. A 2001 legislative audit found that Kansas, Inc., had not emerged as the strong coordinator of economic development programs that was envisioned, primarily because of its lack of statutory authority over other agencies, insufficient resources, and a conflict between its role as coordinator and evaluator. Nonetheless, Kansas, Inc., has helped to coordinate that state's programs by developing a comprehensive economic plan, conducting economic research, and identifying and promoting new economic development strategies. In addition, it has reportedly improved efforts to evaluate the effectiveness of Kansas's economic development programs.

Some states attempt to coordinate economic development programs through a single entity.

In 1986, South Carolina formed its Coordinating Council for Economic Development, which consists of the heads of ten state agencies responsible for commerce, tourism, ports, revenue, agriculture, workforce development, and technical colleges. The council's responsibilities include developing and implementing a state economic development strategy, establishing procedures and guidelines for state programs, and reviewing and approving grants and loans awarded through certain programs. Although it can provide recommendations to individual agencies, the South Carolina council's authority is limited because each agency retains administrative control over its own budget and programs.

The Michigan Economic Development Corporation was formed in 1999 through a partnership between state and local governments and local economic development authorities. It is overseen by an executive committee drawn from its 90-member board of directors, which is appointed by the Governor and includes representatives from business, education, and local economic development organizations. The chief executive officer also serves as a member of the Governor's cabinet. Michigan's economic development corporation is funded primarily by state revenues and federal CDBG funds, and it serves as the primary resource for businesses seeking assistance in that state. Its responsibilities include conducting economic development planning, promoting tourism, and providing direct services and financial assistance to businesses.

A common component of other states' strategies is comprehensive planning to ensure programs are coordinated.

One common component of these other states' strategies is an emphasis on comprehensive planning to ensure that programs are implemented in a coordinated manner. The Legislature could consider designating a single entity that would be responsible for coordinating all of Wisconsin's economic development programs, although ss. 560.01 and 560.08, Wis. Stats., already require Commerce to undertake some planning efforts that could serve this purpose. However, as noted, Commerce has limited authority over programs administered by other state agencies.

Some existing activities have improved the coordination of state economic development programs. For example, the Wisconsin Entrepreneur's Network, which was created by 2003 Wisconsin Act 255, coordinates the activities of many of the State's programs for entrepreneurs and small businesses. In addition, the Governor's Economic Growth Council was convened in 2003 to help establish economic priorities and recommend new economic development initiatives. From its work, the Governor's "Grow Wisconsin" plan was developed in 2003 and updated in 2005. This plan identifies eight strategic economic development goals and recommends several new initiatives to improve the competitiveness of Wisconsin's economy. Nevertheless, we believe additional efforts

could help to ensure that planning and coordination efforts are implemented effectively.

Recommendation

We recommend the Legislature, in future reviews of economic development planning and coordination activities, consider encouraging the establishment of:

- *clear and measurable goals to ensure that programs are working toward achieving state policy objectives;*
- *benchmarks to measure progress toward each goal; and*
- *models for consistently evaluating and reporting economic development results among state agencies.*

Consolidating Programs

Wisconsin's economic development programs continue to change as policymakers create new programs and revise older ones to implement additional mechanisms for assisting businesses and encouraging economic development. For example, in the 2005-06 legislative session at least 24 bills related to economic development, including the biennial budget bill, were enacted to create new programs or to modify those already in existence. While all addressed a perceived need, and many were enacted with strong support from legislators and affected communities, over time such changes have resulted in an increasing number of programs, as well as in multiple programs having similar purposes and providing similar types of assistance.

Our report identifies numerous programs that provide similar services, although their eligibility criteria, funding sources, and maximum available awards may differ. As noted:

- 34 programs assist businesses in purchasing fixed assets such as land, buildings, or equipment;
- 33 programs provide funding to businesses and organizations for operating costs, such as supplies, services, and staffing costs;

- 26 programs provide funding or direct services to assist with business planning; and
- 26 programs offer funding or direct services to assist businesses and organizations in marketing their products or promoting their industries, including 7 programs that provide funding for early planning grants.

Commerce, WHEDA, and DATCP all administer programs intended to increase milk production.

In some cases, similar services may be offered because the responsibilities of state agencies overlap. For example, Commerce implemented its Milk Volume Production program as a result of the Dairy 2020 Initiative, which like the Dairy 2020 Council was created in 1993 to enhance the competitiveness and profitability of Wisconsin's dairy industry. The Milk Volume Production program provides financial assistance to help dairy farmers who make capital improvements to their farms in purchasing additional cows. Programs with similar purposes include WHEDA's Farm Asset Reinvestment Management Loan Guarantee program, which provides loan guarantees to assist farmers in purchasing livestock and fixed assets, and six of DATCP's Value Added Dairy Initiative programs, which provide financial assistance intended to increase milk production, improve dairy farm profitability, and assist with developing specialty dairy products.

Similarly, both Commerce's Division of International and Export Development and DATCP's International Agribusiness Center assist businesses with overseas exports by explaining foreign business practices, conducting market research, identifying foreign sales leads and distributors, and resolving trade problems. Commerce also promotes the export of Wisconsin products through its Division of International and Export Development, whose staff assist with trade shows and overseas trade missions that are often led by the Governor. DATCP, which focuses on assisting agricultural businesses, sponsors buyers' missions and assists with recruiting and coordinating international guests attending the World Dairy Expo and the World Beef Expo, which are held annually in Wisconsin. These agencies have formed an interagency trade team to help coordinate their activities and to prepare an annual report on Wisconsin exports.

Similar program services may be offered because economic development resources may not be sufficiently targeted. For example, every part of Wisconsin has been designated as at least one type of development zone under five programs administered by Commerce during the period we reviewed, and two additional programs—Airport Development Zones and Enterprise Zones—were created during the 2005-06 legislative session. Such

circumstances can limit program effectiveness by reducing the likelihood that resources will be expended where they are most needed.

The State's economic development efforts could be made more effective by consolidating similar programs under one statutory provision that clearly defines their purpose, establishes standardized criteria for approving awards, and identifies program priorities.

Recommendation

We recommend the Legislature consider reducing the number of programs by consolidating statutory requirements and standardizing eligibility criteria for economic development programs that have similar purposes or provide similar services.

To assist with determining which programs could be consolidated, the Legislature may wish to use information provided by Commerce as part of the follow-up we recommend in this audit.

Reporting Program Results

***Public reporting
can help to enhance
accountability.***

Publicly reporting the results of economic development programs can help to enhance accountability. Currently, some programs have no specific reporting requirements. For others, statutes require state agencies to make annual or biennial reports, but information about the financial assistance provided to businesses, local governments, and other organizations is not always made available to the Legislature or the public in a useful format.

For example, Commerce is statutorily required to submit 16 reports to the Legislature related to its various economic development programs, including a biennial summary of its activities as required under s. 15.04(1)(d), Wis. Stats. The most recent biennial report, submitted in March 2006 and covering the 2003-05 biennium, contains information about each Commerce program, including the amount of assistance provided and anticipated program results, such as the number of jobs expected to be created or retained. However, it does not address actual program outcomes, nor does it contain information about whether individual projects met their goals. Some of Commerce's other reports, such as the Wisconsin Main Street program report required under s. 560.081(2)(i), Wis. Stats., do provide detail about individual projects that could be used to assess program effectiveness. Appendix 15 lists Commerce's statutorily required reports.

While requiring agencies to report to the Legislature can improve accountability, variation in the type, frequency, and usefulness of information reported is confusing, increases administrative costs, and hinders the ability of policymakers and taxpayers to evaluate whether programs are achieving their goals.

Recommendation

We recommend the Legislature consider consolidating the reporting requirements for state economic development programs.

Commerce could coordinate a single economic development progress report that summarizes the activities of all state agencies.

One option for consolidating reporting requirements is to require that each agency submit an economic development progress report as part of its biennial report to the Legislature. Alternatively, Commerce could coordinate the production of a single biennial economic development report that:

- incorporates information from all state agencies that administer economic development programs and provides detailed information about each program's accomplishments;
- establishes a consistent format for reporting program outcomes and describes actual results compiled from individual projects;
- demonstrates progress in achieving long-term economic development policies and goals; and
- identifies projects and programs that did not meet anticipated goals and makes recommendations for their improvement.

Disclosing Project Costs and Benefits

Illinois requires recipients of state economic development assistance to report annually on their performance.

Currently, state agencies provide limited information to the public about projects receiving state economic development assistance. Other states have implemented measures to inform taxpayers about how state funds are used to assist businesses, local governments, and other organizations. For example, Illinois' 2003 Corporate Accountability for Tax Expenditures Act requires recipients of state economic development assistance—such as tax credits and other types of business subsidies—to report annually on progress toward completing their projects, including whether they have met employment or investment goals. In addition, each Illinois state agency is required to submit an annual report on the number of businesses or organizations receiving assistance and the number of

recipients that have not met their commitments. These reports are made available on a Web site maintained by Illinois' Department of Commerce and Economic Opportunity.

Minnesota uses the Internet to provide information about projects receiving assistance.

Similarly, the Minnesota Business Subsidy Law, enacted in 1999, requires all state agencies and local governments with populations of more than 2,500 that provide financial assistance to businesses or other organizations to submit an annual report to the Minnesota Department of Employment and Economic Development. These reports include information about most types of business subsidies awarded during the year, including the number of awards, the amounts awarded, and the recipients of each award. Individual reports are compiled as a comprehensive, statewide report that identifies which businesses and organizations received assistance, specifies the types and amounts of assistance received, provides comparative data for the previous four years, and summarizes Minnesota's progress toward achieving its economic development goals. This information is made available on the Minnesota Department of Employment and Economic Development's Web site.

Requiring the public disclosure of information about economic development projects that receive state funding could help policymakers and taxpayers both in monitoring the use of public funds provided to businesses, local governments, and other organizations and in verifying that those receiving assistance have met their commitments, such as creating jobs or retaining employees.

Recommendation

We recommend the Legislature consider enacting public disclosure requirements to improve transparency in the use of state funds for economic development projects.

■ ■ ■ ■

Appendix 1

Program Descriptions and Reported Results

This appendix provides a brief description of the 152 economic development programs administered by state agencies from FY 2001-02 through FY 2004-05 and the reported results for each program. We defined state economic development programs as publicly or privately administered programs or activities with the primary purpose of encouraging the establishment and growth of businesses, including creating and retaining jobs, that:

- receive state funding or federal revenue allocated through state appropriations; and
- provide financial assistance, tax credits, or direct services to specific industries, businesses, local governments, or organizations.

The programs are organized alphabetically by the agency that provides funding and by the program group. Definitions of key terms follow.

Wisconsin Statutes cites statutory authority for the program. Unless otherwise noted, all citations refer to the 2003-04 statutes. For programs without a specific statutory authorization, we have cited the chapter authorizing the agency to conduct economic development activities.

Description provides a brief description of the main features of the program.

Reported Results includes a summary of program accomplishments reported by the agency for the 2003-05 biennium. These data are unaudited and were taken directly from sources provided by each agency.

AGRICULTURE, TRADE AND CONSUMER PROTECTION (DATCP)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
1 Agricultural Business Development	General Authority (ch. 93)	Full-time employees promote agricultural business development by providing technical assistance, attending industry meetings, client consultation sessions, and conferences.	966 client contacts; provided assistance with 83 business plans; attended 135 industry meetings or conferences. [1]
Agricultural Development and Diversification			
2 <i>Agricultural Development and Diversification Grants</i>	93.46(2)	Provides grants for demonstration projects, feasibility analyses, and applied research directed toward new or alternative technologies and practices in agriculture. The maximum grant is \$50,000 per year with no required match, but preference is given to projects with matching funds.	\$3.8 million in new capital investment; \$3.7 million in gains in business productivity; 24 new products; 35 new markets; 51 jobs created; 115 jobs retained. [1]
3 <i>Sustainable Agriculture Grants</i>	93.47	Provides grants for demonstration projects, feasibility analyses, and applied research directed toward new products, technologies, and practices that promote the efficient use of farmland and agriculture resources. The maximum grant is \$50,000 per year with no required match, but preference is given to projects with matching funds.	No activity in 2003-05 biennium.
Agricultural Market Development			
4 <i>Alice in Dairyland</i>	93.07(3), 93.40	Contract employee promotes Wisconsin agriculture by providing public relations assistance, developing educational materials, and making speeches and presentations at events.	Participated in over 600 events; 150 television appearances; 300 print interviews; 106 radio appearances; 120 Internet stories. [1]
5 <i>Marketing and Promotion Activities</i>	General Authority (ch. 93)	Full-time employees promote agricultural businesses and market Wisconsin products statewide and nationally by attending industry meetings, providing consultation and technical assistance, and attending conferences.	3,917 client contacts; 35 consultations; 13 trade show exhibits; attended 19 conferences. [1]
6 <i>SavorWisconsin.com</i>	93.44	On-line farmer's market that promotes and highlights Wisconsin agricultural products. The program is open to producers, retailers, processors, and manufacturers of agricultural products.	1,102 businesses listed on the Web site; average 4,300 unique visitors per month. [1]
7 <i>Something Special from Wisconsin</i>	93.44(2)	Marketing campaign to increase sales and recognition of Wisconsin products. The program is open to any Wisconsin company that produces, manufacturers, or processes a product, commodity, or service.	Added 95 new member companies for a total of 288; annual sales increase of 15.3 percent due to participation in the program. [1]

DATCP (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
8 Aquaculture Initiative	93.46(1m)	Provides information and technical assistance to aquaculture businesses, coordinates meetings of the Wisconsin Aquaculture Industry Advisory Council, and assists in the administration of the UW-Stevens Point Northern Aquaculture Demonstration Facility.	Co-sponsored annual conferences with 204 attendees in 2004 and 190 in 2005; mailed 281 aquaculture starter kits in 2005. [1]
Farm Center			
9 <i>Call Center and Consulting Services</i>	93.50, 93.51	Provides personalized consulting and other services to farmers and agribusiness. Services include a toll-free hotline; consulting on financial, legal, and other issues; and mediation for farm-related problems.	Served more than 2,500 clients. [1]
10 <i>Farm Link Beginning Farmer Program</i>	93.52	Network of resources to assist retiring farmers in locating potential buyers for their farms or to assist prospective farmers in locating farms for sale.	Co-sponsored beginning farmer conference and workshops with more than 500 attendees; distributed more than 2,000 farm transfer guides; responded to more than 1,000 information requests. [1]
11 <i>Stray Voltage Program</i>	93.41	Assists farmers in managing electricity issues that affect dairy production by providing on-farm consultation in cooperation with a local electric utility or cooperative. The program is operated in conjunction with the Public Service Commission and is funded by fees paid by electric utilities.	147 initial and follow-up visits to farms. [1]
12 International Agribusiness Center	93.42	Offers technical assistance and other services to assist Wisconsin companies and producers market and export their products. Services include providing information about animal health, labeling, and certifications; sponsoring buyer's missions; hosting international delegations; organizing seminars and conferences; and recruiting international guests for the annual World Dairy Expo and World Beef Expo held in Madison. The program is coordinated with the Department of Commerce through the International Trade Team.	Businesses generated export sales of \$9.2 million through center activities; 5,370 company contacts; 381 export development requests; 188 industry meetings; staff attended 25 trade shows; organized 10 buyer missions; hosted 38 international delegations. [1]
13 Organic Initiative	General Authority (ch. 93)	Reimburses organic producers 75 percent of costs of obtaining organic certification, up to a maximum of \$500. Beginning in 2006, the program will administer the Wisconsin Organic Advisory Council and an interagency implementation team.	Coordinated forum on organic agriculture with 100 participants; made 650 payments to organic producers. [1]

DATCP (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
14 Payments to Ethanol Producers	93.75	Provides direct payments to ethanol producers that produce more than 10 million gallons of ethanol per year, have been operating fewer than 60 months, and purchase Wisconsin-grown grain. Eligible producers receive up to \$0.20 per gallon for a maximum of 15 million gallons. The program is scheduled to sunset on June 30, 2006.	Made direct payments to three ethanol producers. [1]
15 Rural Business Enterprise Loans	93.06(1)(qm)	Provides loans to small or emerging farm businesses located in rural areas to pay for start-up or operating capital. Loans may not be used to produce commodities, finance existing debt, or conduct business planning. The maximum loan is \$25,000 with a required match of 50 percent of the project costs.	New program, results not yet available.
Value Added Dairy Initiative			
16 <i>Commodity Innovation Grants</i>	General Authority (ch. 93)	Provides grants to commodity processors to implement initiatives to add value to products or to improve collaboration between processors and dairy farmers. Grants may be used for working capital, marketing expenses, and professional services. The maximum grant is \$200,000 with a required match of 50 percent of project costs. Grants are awarded through the Grow Wisconsin Dairy Team.	No activity in 2003-05 biennium.
17 <i>Dairy Business Innovation Center</i>	General Authority (ch. 93)	Offers technical assistance to dairy farmers and dairy businesses for product development, processing technology, business planning, financing, plant siting, facility improvements, and market development. The center consists of a network of dairy experts and is administered through a nonprofit organization.	Provided technical assistance to 98 specialty or artisan dairy clients; identified 57 projects to benefit the specialty and artisan dairy industry. [1]
18 <i>Dairy Development Revolving Fund</i>	General Authority (ch. 93)	Provides grants to dairy farmers and dairy businesses introducing new products, entering new markets, or implementing supply chain innovations. Grants can be used for working capital and fixed assets, excluding real estate. The maximum grant is \$35,000 with a required match of 25 percent of project costs. Grants are awarded through the Grow Wisconsin Dairy Team.	New program, results not yet available.

DATCP (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Value Added Dairy Initiative (continued)			
19	<i>Dairy Farm Grazing, Organic Transition, or Farmer Entry Grants</i>	General Authority (ch. 93) Provides grants to dairy farmers implementing intensively managed grazing, organic dairy, or goat or sheep milk production. Grants may be used for planning and management costs. The maximum grant is \$7,500 with a required match of 25 percent of project costs. Grants are awarded through the Grow Wisconsin Dairy Team.	New program, results not yet available.
20	<i>Dairy Farm Modernization Grants</i>	General Authority (ch. 93) Provides grants to dairy farmers engaging in or proposing to engage in dairy farming and that have completed a business plan. Grants may be used for risk, labor, and financial management services, engineering services, or other professional services. The maximum grant is \$7,500 with a required match of 25 percent of project costs. Grants are awarded through the Grow Wisconsin Dairy Team.	New program, results not yet available.
21	<i>Local Dairy Development Grants</i>	General Authority (ch. 93) Provides grants to nonprofit organizations to develop programs for modernizing dairy farming in their service area. Grants may be used for operating expenses related to creating agricultural development zones, implementing new and innovative systems of financing dairy farm modernization, and promoting supply chain efficiencies. The maximum grant is \$25,000 with a required match of 25 percent of project costs. Grants are awarded through the Grow Wisconsin Dairy Team.	New program, results not yet available.
22	<i>Value Added Dairy Initiative Technical Assistance</i>	General Authority (ch. 93) Offers technical assistance in product and market development and business planning to dairy farmers and other dairy businesses to assist with modernization, product diversification, and other initiatives that add value to the State's dairy industry.	Provided technical assistance to 227 dairy farmers; assisted 250 processors; provided outreach and program information to 10,000 dairy farmers. [1]
23	<i>Value Chain Development Grants</i>	General Authority (ch. 93) Provides grants to dairy businesses that are introducing new dairy products, entering new markets, or implementing efficiencies in their supply chain to reduce costs. Grants may be used for working capital, marketing expenses, and professional services. The maximum grant is \$50,000 with a required match of 25 percent of project costs. Grants are awarded through the Grow Wisconsin Dairy Team.	New program, results not yet available.

DEPARTMENT OF COMMERCE

DEPARTMENT OF COMMERCE			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
24	Area Development Managers	560.03	Full-time employees assigned to different regions of the state provide information and technical assistance to businesses, local governments, and economic development organizations, including identifying sources of funding for businesses and economic development projects.	None tracked or reported.
25	Brownfields Grant Program	560.13	Provides grants to businesses, local governments, and nonprofit organizations to clean up contaminated industrial and commercial properties. The maximum grant is \$1.25 million, with a required match of 20 percent of project costs for grants under \$300,000, 35 percent for grants between \$300,000 and \$700,000, and 50 percent for grants over \$700,000. The program is funded by segregated revenues from the Environmental Fund.	735 jobs created; 91 jobs retained. [1]
Business Development Assistance Center				
26	<i>Business Development Assistance Center</i>	Ch. 560 Subchapter III	Offers management and technical assistance to small businesses, furnishes information on government regulations and financing alternatives, maintains a clearinghouse of information on state permits, maintains a business hotline (1-800-HELP BUS), assists with an Internet business Web site, (http://www.wisconsin.gov/state/app/wizard/LoadIntro), and provides on-site and telephone consultation to woman-owned businesses, entrepreneurs, and small businesses.	Received 8,168 calls to hotline; sold 846 entrepreneur guides; distributed 10,000 publications; distributed 2,000 New Entrepreneur Toolkit CDs. [1]
27	<i>Technology Development Assistance</i>	560.91	Offers technical assistance to businesses that manufacture or produce technically sophisticated products or services. Services include organizing life sciences venture conferences, coordinating efforts related to the biotechnology and medical device industries, and serving as a liaison to the federal Small Business Innovation Research and Small Business Technology Transfer programs.	Assisted 12 to 15 entrepreneurs each month. [1]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Business Development Initiative			
28 <i>Management Assistance Grants and Loans</i>	560.20 (1999 Wis. Stats)	Provided grants and loans to persons with disabilities to start or expand a business. Grants could be used for management assistance, working capital, or fixed-asset financing. The maximum grant was \$30,000 with a required match of 25 percent of project costs. Funding for the program was eliminated by 2001 Wis. Act 109.	No activity in 2003-05 biennium.
29 <i>Technical Assistance Grants</i>	560.20 (1999 Wis. Stats)	Provided grants to businesses and nonprofit organizations to create employment opportunities for persons with severe disabilities. Grants could be used for the preparation of feasibility studies, business plans, or engineering studies, appraisals, marketing assistance, and legal, accounting, or managerial services. The maximum grant was \$15,000 with a required match of 25 percent of project costs. Funding for the program was eliminated by 2001 Wis. Act 109.	No activity in 2003-05 biennium.
30 Certified Capital Companies Program	Ch. 560 Subchapter II, 76.635	Provides insurance premium fee credits to insurance companies that invest in a certified capital company. The certified capital company in turn invests in qualified businesses in need of capital. Statutes authorized a maximum of \$50 million in credits for this program.	\$50 million cap reached with investments in 3 certified capital companies; \$26.0 million invested in 19 qualified business ventures from 2000 through 2004. [1]
Community-Based Economic Development			
31 <i>Business Assistance Grants</i>	560.14(2)(a)2	Provides grants to community-based organizations that in turn provide technical or financial assistance to businesses and entrepreneurs for management or business planning services. The maximum grant is \$30,000 with a required match of 25 percent of project costs.	\$382,800 in private investment leveraged. [2]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Community-Based Economic Development (continued)				
32	<i>Business Incubator Grants</i>	560.14(3)(a)	Provides grants to community-based organizations for business incubators. Start-up and expansion grants provide funding for initial costs related to starting, expanding, or rehabilitating an incubator with a maximum grant of \$100,000. Technical assistance grants provide funding for technical assistance related to the start-up of a business incubator, including initial design and feasibility studies, with a maximum grant of \$10,000. Operations grants provide funding for operating costs of an existing business incubator, including personnel and administrative costs, with a maximum grant of \$30,000. Tenant revolving loan fund grants provide funding to capitalize a revolving loan fund that benefits the tenants of a business or technology-based incubator with a maximum grant of \$50,000. All grants require a match of 50 percent of project costs.	\$12.1 million in private investment leveraged. [2]
33	<i>Economic Development Project Grants</i>	560.14(2)(a)3	Provides grants to community-based organizations for economic development projects in their service area. Grants may be used to develop a project plan for an industrial park or infrastructure project, implement a plan that supports a local economic development project, or implement a training program for local economic development professionals. The maximum grant is \$30,000 with a required match of 25 percent of project costs.	\$1.1 million in private investment leveraged. [2]
34	<i>Economic Diversification Community Planning Grants</i>	560.14(2)(a)1	Provides grants to community-based organizations, tribes, or local governments to develop a plan to diversify the local economy, attract new businesses and jobs, and promote economic development. The maximum grant is \$30,000 with a required match of 25 percent of project costs.	\$41,021 in private investment leveraged. [2]
35	<i>Regional Planning Grants</i>	560.14(4)	Provides grants to community-based organizations, working in cooperation with a local unit of government, for regional economic development activities. The maximum grant is \$100,000 with a required match of 25 percent of project costs.	\$1.2 million in private investment leveraged. [2]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Community-Based Economic Development (continued)			
36	<i>Revolving Loan Fund Grants</i>	560.14(3m) Provides grants to community-based organizations to establish a revolving loan fund to assist small businesses within their service areas. The maximum grant is \$50,000 with a required match of 50 percent of project costs.	No activity in 2003-05 biennium.
37	<i>Venture Capital Conference Grants</i>	560.14(4m) Provides grants to community-based organizations or nonprofit organizations for a venture capital conference to assist entrepreneurs or businesses obtain capital for starting or developing a business. The maximum grant is \$75,000 with a required match of 50 percent of project costs.	\$233,000 in private investment leveraged. [2]
38	<i>Wisconsin Women's Business Initiative Corporation</i>	560.037 Provides grants to the Wisconsin Women's Business Initiative Corporation to fund its operating costs. The Wisconsin Women's Business Initiative provides business education and technical assistance, promotes access to capital, and administers a federally funded micro-loan program for women and minority entrepreneurs. The Wisconsin Women's Business Initiative Corporation is funded by state, federal, and private sources.	Offered 350 business education classes to 1,700 clients; provided 2,700 hours of one-on-one counseling in 2004. [1]
39	<i>Youth Entrepreneurship Teaching Grants</i>	560.14 Provides grants to nonprofit organizations for entrepreneurship training for economically disadvantaged or socially at-risk youth. No maximum grant or matching requirements are specified.	\$87,629 in private investment leveraged. [2]
Community Development Block Grant			
40	<i>Blight Elimination and Brownfields Redevelopment</i>	560.045 Provides grants to local governments to assess and remediate contamination on abandoned, underused, or blighted commercial and industrial sites. The maximum grant is \$100,000 for environmental assessments and \$500,000 for remediation projects, with a required match of 25 percent of project costs.	\$4.0 million in private investment leveraged. [2]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
Community Development Block Grant (continued)				
41	Community Development Planning Assistance	560.04	Offers technical assistance to communities and community-based organizations to plan and carry out economic development projects. Services include administering the federal Community Development Block Grant program, identifying contaminated properties, conducting business retention and expansion surveys, and assisting local governments and organizations in managing revolving loan funds.	None tracked or reported.
42	Economic Development Grants and Loans	560.04(2)(j)	Provides funds to local governments that in turn make grants or loans to businesses for working capital. Funds may be used to purchase real estate or equipment, construct facilities, or expand and renovate existing facilities. The maximum grant is \$1.0 million per community, with a cap of \$1.0 million per business in any five-year period. Businesses must provide matching funds equal to 50 percent of project costs. The local government can retain loan repayments to capitalize a revolving loan fund.	3,002 jobs created; 3,306 jobs retained; \$96.7 million in private investment leveraged. [2]
43	Milk Volume Production Loans (CDBG)	560.04(2)(j)	Provides funds to local governments that in turn make loans to dairy farmers who are undertaking capital improvements. Funds may be used to purchase cows. The maximum award is \$500 per cow, up to a total of \$1.0 million per community per year, with no matching amount specified. The local government can retain loan repayments to capitalize a revolving loan fund.	173 jobs created; 7 jobs retained; 12,225 cows added; \$50.2 million in private investment leveraged. [2]
44	Planning Grants	560.04(2)(j)	Provides grants to local governments to develop plans for specific economic development projects, including public utilities improvements. Local governments must demonstrate that the project benefits low and moderate income persons, eliminates slums or blighted areas, or addresses an urgent local need. The maximum award is \$25,000 with a required match of 25 percent of project costs.	\$3.0 million in private investment leveraged. [2]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
Community Development Block Grant (continued)				
45	<i>Public Facilities for Economic Development</i>	560.04(2)(j)	Provides grants to local governments to improve public infrastructure to accommodate new businesses or expansion of existing businesses. Grants may be used for water systems, sewerage systems, and municipal roads. The maximum grant is \$1.0 million per community with no more than \$750,000 benefiting any single business. Businesses must provide matching funds equal to 25 percent of project costs.	1,461 jobs created; 2,093 jobs retained; \$72.0 million in private investment leveraged. [2]
46	Dairy 2020 Initiative	General Authority (ch. 560)	Full-time employee serves as executive director of the Dairy 2020 Initiative and provides technical assistance to individuals, businesses, organizations, and local governments on matters related to the dairy industry. The program is overseen by the 20-member Dairy 2020 Council.	None tracked or reported.
Development Zone Programs				
47	<i>Agricultural Development Zone Program</i>	560.798	Offers tax credits to agricultural businesses that locate or expand in a designated zone. All counties not designated as technology zones are designated as agricultural development zones. Credits are awarded based on the number of full-time jobs created or retained, capital investments made, and environmental remediation expenses incurred. Credits are nonrefundable, but may be carried forward for up to 15 years. A total of \$5.0 million in credits was made available for the program.	501 jobs created; \$27.2 million in capital investments made. [1]
48	<i>Community Development Zone Program</i>	Ch. 560 Subchapter VI	Offers tax credits to businesses that locate or expand in a designated zone. Twenty-two zones are designated in areas that have high unemployment, low household income, a high number of recently laid-off employees, or are otherwise economically disadvantaged. Credits are awarded based on the number of full-time jobs created or retained and environmental remediation expenses incurred. Credits are nonrefundable, but may be carried forward for up to 15 years. A total of \$38.2 million in credits was made available for the program.	963 jobs created; \$115.4 million in capital investments made. [1]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Development Zone Programs (continued)				
49	<i>Development Opportunity Zone Program</i>	560.795	Offers tax credits to businesses that locate or expand in legislatively designated zones. Credits are awarded based on the number of full-time jobs created or retained, capital investments made, and environmental remediation expenses incurred. Credits are nonrefundable, but may be carried forward for up to 15 years. A total of \$29.4 million in credits was made available for the program.	7 jobs created; \$6.2 million in capital investments made. [1]
50	<i>Enterprise Development Zone Program</i>	560.797	Offers tax credits to businesses that locate or expand in a designated zone. Zones are designated in areas that have high unemployment, low household income, a high number of recently laid-off employees, or are otherwise economically disadvantaged. Credits are awarded based on the number of full-time jobs created or retained and environmental remediation expenses incurred. Credits are nonrefundable, but may be carried forward for up to 15 years. A total of \$294.0 million in credits was made available for the program.	1,743 jobs created; \$185.5 million in capital investments made. [1]
51	<i>Technology Zone Program</i>	560.96	Offers tax credits to technology-based businesses that locate or expand in one of eight designated zones. Credits are awarded based on the number of full-time jobs created or retained, capital investments made, and environmental remediation expenses incurred. Credits are nonrefundable, but may be carried forward for up to 15 years. A total of \$40.0 million in credits was made available for the program.	1,894 jobs created; \$283.9 million in capital investments. [1]
Early-Stage Business Investment Programs				
52	<i>Angel Investment Tax Credit Program</i>	560.205(1)	Offers tax credits to accredited investors or investment networks that invest in businesses certified as "qualified new business ventures." Accredited investors are awarded credits equal to 12.5 percent of their investment for two years, up to a total of \$3.0 million in each of 10 years. A total of \$30 million in credits was made available for the program.	\$15.6 million in investments made in 2005. [1]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Early-Stage Business Investment Programs (continued)			
53	560.205(2)	Offers tax credits to investment fund managers who invest in businesses certified as "qualified new business ventures." Investment fund managers are awarded credits equal to 25 percent of their initial investment, up to a total of \$3.5 million in each of 10 years. A total of \$35.0 million in credits was made available for the program.	\$546,285 in investments made in 2005. [1]
54	16.501	Provides grants to Forward Wisconsin, Inc. to pay for operating expenses. Forward Wisconsin is a nonprofit, public-private partnership that is overseen by a board of directors including the Governor, Secretary of Commerce, four legislators, and private citizens. Its mission is to encourage businesses to locate in Wisconsin. Activities include providing one-on-one business counseling, sponsoring market development trips, trade shows, special events, direct mailings, targeted advertising, and managing a site location Web site. Forward Wisconsin is funded by state and private sources.	Conducted 4 marketing missions to Chicago and Minneapolis; held 181 meetings with CEOs; mailed 12,000 letters to potential leads; generated 4,000 Web site hits per month. [1]
Gaming Revenue Funded Programs			
55	560.138(2)	Provides grants to individuals or businesses to develop business plans for projects that will remediate contaminated property or diversify the local economy. No maximum grant is specified, but grants are typically limited to \$15,000 with a required match of 25 percent of project costs.	\$530,808 in private investment leveraged. [2]
56	560.138(2)	Provides grants or loans to businesses to remediate contaminated property or diversify the local economy. Consideration is given to projects that will occur in a rural community, result in significant capital investment, retain or create jobs, or contribute to the local economy. Funds can be used to purchase land, construct new buildings, remodel existing facilities, or purchase equipment. No maximum award amount is specified, but businesses must provide matching funds of 25 percent of project costs. The Department of Tourism must approve any award made for tourism purposes.	151 jobs created; \$36.0 million in private investment leveraged. [2]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Gaming Revenue Funded Programs (continued)			
57	<i>Economic Impact Early Planning Grants</i>	560.137(2)(a)(1) Provides grants to individuals or businesses negatively affected by casino gaming to develop business plans. The maximum grant is \$15,000, but grants are typically limited to \$3,000 unless the project will have a statewide benefit. The business is required to provide matching funds of 25 percent of project costs.	\$3,500 in private investment leveraged. [2]
58	<i>Economic Impact Grants and Loans</i>	560.137(1)(a)(2) Provides grants or loans to businesses negatively affected by casino gaming. Funds can be used to purchase land, construct new buildings, remodel existing facilities, or purchase equipment. The maximum award is \$100,000 with a required match of 25 percent of project costs. The matching requirement may be waived in cases of extreme hardship. The Department of Tourism must approve any award for tourism purposes.	No activity in 2003-05 biennium.
59	<i>Milk Volume Production Loans (Gaming)</i>	560.138 Provides loans to dairy farmers who are undertaking capital improvements. Loans may be used to purchase cows. The maximum award is \$500 per cow, up to a total of \$100,000, with a required match of 25 percent of project costs.	1 job created; 100 cows added; \$235,000 in private investment leveraged. [2]
60	<i>Snow Emergency Loans</i>	560.137 Provided loans to businesses dependent on snow-related tourism in northern Wisconsin that were negatively affected by several consecutive mild winters. Loans could be used for working capital and debt service. The maximum loan was \$20,000, including a grant of \$500 to pay tuition to attend an economic diversification course offered through the UW Small Business Development Centers. Businesses were required to provide matching funds of 50 percent of project costs. The program was discontinued in 2003.	No activity in 2003-05 biennium.

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
61 Industrial Building Construction Loan Fund	560.10	Provides loans to regional and local economic development corporations to enable the construction of industrial buildings that would otherwise not occur. The program was funded through federal grants and was discontinued in 1999.	No activity in 2003-05 biennium.
62 Industrial Revenue Bond Program	66.1103, 560.03(15), 560.032, 560.034	Encourages industrial development through the sale of tax-exempt bonds. Commerce allocates a portion of the State's tax-exempt bonding authority to municipalities that in turn authorize businesses to issue tax-exempt bonds. Proceeds can be used to finance capital investment projects or to purchase land, real estate, or equipment. The business is responsible for debt service on the bonds.	740 jobs created; 1,890 jobs retained with average starting wage of \$13.47 and \$12.54 in 2004 and 2005, respectively. [1]
63 International and Export Assistance	560.03(18), 560.165	Offers technical assistance to small- and medium-sized businesses to increase their international sales. Services include providing one-on-one consultation, promoting Wisconsin products through trade shows, organizing trade missions, identifying sales leads, and introducing Wisconsin exporters to potential buyers. Services are offered through Wisconsin-based specialists who provide information about the business culture of potential markets and maintain a network of business contacts, and through international offices in Canada, Mexico, the Netherlands, Brazil, and China that are staffed with consultants or contractors.	Organized trade missions to China, Japan, Vietnam, Sri Lanka, Brazil, Argentina, and Chile; provided export counseling to 978 companies and organizations; 499 contacts with overseas offices; 58 agent/distributor searches; 12 customer/end-user searches; 4 sales manager searches; 15 market overviews. [1]
64 Mining Economic Development Grants and Loans	560.135	Provided grants and loans to businesses, local governments, and nonprofit organizations to diversify local economies in an area affected by mining. Funds could be used for business start-up or expansion costs, economic diversification planning, and local revolving loan funds. The maximum award was \$200,000 with no matching amount specified. No awards have been made since FY 1998-99.	No activity in 2003-05 biennium.

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
65 Minority Business Assistance	560.01(2)	Offers technical assistance to minority entrepreneurs, minority-owned businesses, and organizations that serve minority populations. Services include providing information about state, federal, and local resources and assisting with marketing, business expansion, financing, and business planning. In addition, the program organizes the Wisconsin Marketplace event, which offers minority-owned businesses the opportunity to promote their goods and services, and provides staffing for the Governor's Committee on Minority Business.	None tracked or reported.
Minority Business Development			
66 <i>Minority Business Development Grants and Loans</i>	560.81	Provides grants and loans to minority-owned businesses to assist with start-up and expansion costs. Funds may be used for operating expenses or to purchase land, pay construction costs, acquire existing businesses, or purchase equipment. The maximum award is \$100,000 with a required match of 25 percent of project costs. The Minority Business Development Board approves grants and loans made under this program.	150 jobs created; 16 jobs retained; \$5.7 million in private investment leveraged. [2]
67 <i>Minority Business Employees Skills Training</i>	560.155	Provides grants to minority-owned businesses with fewer than 25 employees and less than \$2.5 million in gross annual income to train existing and new employees. Grants may be used for tuition and materials directly related to the employee's work requirements, but not wages. The maximum grant is \$10,000, but grants are typically limited to \$1,000 per employee trained, up to \$5,000 per business, with a required match of 20 percent of project costs. The Minority Business Development Board has delegated grant-making authority to the Department of Commerce.	6 employees trained. [1]
68 <i>Minority Business Incubator Grants</i>	560.039	Provides grants to individuals or organizations that operate business incubators for minority-owned businesses. Grants can be used to purchase, build, or rehabilitate a building, but cannot be used for salaries and administrative costs. No maximum grant or matching amount is specified, but statutes limit total grants to no more than \$100,000 per year under this program. The Minority Business Development Board approves grants made under this program.	No activity in 2003-05 biennium.

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Minority Business Development (continued)				
69	<i>Minority Business Revolving Loan Fund Grants</i>	560.83	Provides grants to local economic development corporations to establish, expand, or continue a revolving loan fund that benefits minority-owned businesses or minority group members. The maximum grant is \$200,000 per local economic development corporation per year, with a required match of 50 percent of project costs. The Minority Business Development Board approves grants and loans made under this program.	\$100,000 in private investment leveraged. [2]
70	<i>Minority Early Planning Grants</i>	560.82	Provides grants to minority-owned businesses to develop business plans. The maximum grant is \$15,000, but grants are typically limited to \$3,000 unless the project will have a statewide benefit. The business is required to provide matching funds of 25 percent of project costs. The Minority Business Development Board has delegated grant-making authority to the Department of Commerce.	\$35,500 in private investment leveraged. [2]
71	<i>Minority Entrepreneurial Training Grants</i>	560.82	Provides tuition reimbursement to prospective minority business owners for up to 75 percent of the cost of attending entrepreneurial training classes provided by UW Small Business Development Centers. In FY 2003-04, the Department of Commerce began providing funding directly to the UW Small Business Development Centers for this program.	Business plan completion rate of 71.0 percent in FY 2003-04 and 70.0 percent in FY 2004-05 for all grant recipients. [1]
72	<i>Minority Finance and Education Training Grants</i>	560.837	Provides grants to nonprofit organizations or private financial institutions for the purpose of making loans for working capital, not to exceed \$5,000, or to pay the origination fees or other administrative costs associated with making loans to minority group members and minority-owned businesses. The Minority Business Development Board approves grants under this program.	No activity in 2003-05 biennium.
73	<i>Minority Nonprofit Corporation Incubator Grants</i>	560.038	Provides grants to nonprofit organizations that operate incubator facilities for minority-owned businesses. Grants can be used to purchase, build, or rehabilitate a building. The maximum grant is \$100,000 with no matching requirement specified.	No activity in 2003-05 biennium.

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
74	Minority Business Enterprise Program	84.075, 560.036	Certifies minority-owned businesses that are eligible to receive preference from the Department of Administration in state procurement contracts.	1,026 minority businesses certified as of June 2005.
	Native American Economic Development			
75	<i>Native American Liaison</i>	560.87	Full-time employee serves as liaison to Native American tribes and businesses. Services include providing information about economic development programs targeting Native Americans and marketing economic development programs funded by gaming revenues.	None tracked or reported.
76	<i>Native American Technical Assistance</i>	560.875	Provides grants to the Great Lakes Inter-Tribal Council to provide technical assistance to tribal enterprises and Native American businesses. Services include assisting with start-up and management, business planning, marketing, and securing financing from tribal, state, and federal business assistance programs.	Assists 20 Native American businesses annually. [2]
	Recycling Market Development			
77	<i>Recycling Early Planning Grants</i>	560.031, 560.835 (1999 Wis. Stats.)	Provided grants to businesses, nonprofit organizations, and local governments to conduct feasibility studies or create business plans to assist waste generators market recovered materials, maximize the marketability of recycled materials, support community recycling efforts, maintain or create markets for recycled materials, or assist minority-owned businesses develop products from recycled materials. The maximum grant was \$50,000 with a required match of 25 percent of project costs, but grants were typically limited to \$3,000 unless the project demonstrated a statewide benefit. The program was eliminated by 1997 Wis. Act 27, effective June 30, 2001. However, 2001 Wis. Act 16 allowed grants using repayments from previous loans.	No activity in 2003-05 biennium.
78	<i>Recycling Loans</i>	560.031 (1999 Wis. Stats.)	Provided grants and loans to businesses and nonprofit organizations to market recycled and recovered materials. The maximum award was \$750,000, with a required match of 25 percent of project costs. The program was eliminated by 1997 Wis. Act 27, effective June 30, 2001. However, 2001 Wis. Act 16 allowed grants using repayments from previous loans.	No activity in 2003-05 biennium.

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
Recycling Market Development (continued)				
79	<i>Recycling Technology Assistance Loans</i>	560.031 (1999 Wis. Stats.)	<p>Provided loans to businesses, nonprofit organizations, and local governments to research potentially marketable products or processes. The maximum loan was \$250,000 with a required match of 25 percent of project costs. The program was eliminated by 1997 Wis. Act 27, effective June 30, 2001. However, 2001 Wis. Act 16 allowed grants using repayments from previous loans.</p>	No activity in 2003-05 biennium.
Rural Economic Development				
80	<i>Dairy 2020 Early Planning Grants</i>	560.17(4m)	<p>Provides grants to individuals or businesses to pay costs related to the start-up, modernization, or expansion of a dairy farm or related business. The business must be located in a municipality that has a population of less than 6,000 or in a county with less than 150 people per square mile. Grants can be used to prepare feasibility studies or business plans, to conduct engineering studies or appraisals, or to obtain legal, accounting, or management assistance. The maximum grant is \$3,000 with a required match of 25 percent of project costs. The Rural Economic Development Board has delegated grant-making authority to the Department of Commerce.</p>	\$181,813 in private investment leveraged. [2]
81	<i>Low-Income Loans</i>	560.17(5r)	<p>Provides loans to rural businesses to start-up or expand their operations. The business must be located in a rural municipality that has a population of less than 6,000 or a county with less than 150 people per square mile. In addition, the county in which the business is located must have a median household income below the state median, or the municipality in which the business is located must have a median household income lower than the county median. Loans can be used to purchase land, buildings, or equipment, to pay costs associated with construction or expansion of facilities, or to pay the cost of employee relocations. The maximum loan is \$50,000, with a required match of 25 percent of project costs. The Rural Economic Development Board approves loans under this program.</p>	No activity in 2003-05 biennium.

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Rural Economic Development (continued)			
82	<i>Milk Volume Production Loans (Rural)</i> 560.17(5c)	Provides loans to dairy farmers who are undertaking capital improvements. Loans may be used to purchase cows. The farmer must be located in a rural municipality that has a population of less than 6,000 or in a county with less than 150 people per square mile. The maximum award is \$500 per cow, up to a total of \$100,000, with a required match of 25 percent of project costs. The Rural Economic Development Board approves loans under this program.	18 jobs created; 1,525 cows added; \$6.5 million in private investment leveraged. [2]
83	<i>Rural Business Employees Skills Training</i> 560.155	Provides grants to rural businesses with fewer than 25 employees and less than \$2.5 million in gross annual income to train existing and new employees. The business must be located in a municipality that has a population of less than 6,000 or in a county with less than 150 people per square mile. Grants may be used for tuition and materials directly related to the employee's work requirements, but not wages. The maximum grant is \$10,000, but grants are typically limited to \$1,000 per employee trained, up to \$5,000 per business, with a required match of 20 percent of project costs. The Rural Economic Development Board has delegated grant-making authority to the Department of Commerce.	114 employees trained. [1]
84	<i>Rural Early Planning Grants</i> 560.17(3)	Provides grants to individuals, businesses, or cooperatives to pay costs related to the start-up, modernization, or expansion of a rural business. The business must be located in a rural municipality that has a population of less than 6,000 or in a county with less than 150 people per square mile. Grants can be used to prepare feasibility studies or business plans, to conduct engineering studies or appraisals, or to obtain legal, accounting, or management assistance. The maximum grant is \$15,000, but grants are typically limited to \$3,000 unless the project will have a statewide benefit. The business is required to provide matching funds of 25 percent of project costs. The Rural Economic Development Board has delegated grant-making authority to the Department of Commerce.	\$78,362 in private investment leveraged. [2]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Rural Economic Development (continued)				
85	<i>Rural Economic Development Grants and Loans</i>	560.17(5m)	Provides grants and loans to rural and agricultural businesses for working capital, fixed-asset financing, or employee relocation. The business must be located in a rural municipality that has a population of less than 6,000 or in a county with less than 150 people per square mile. The maximum award is \$100,000 with a required match of 25 percent of project costs. The Rural Economic Development Board approves grants and loans under this program.	\$719,690 in private investment leveraged; 79 jobs created. [2]
86	<i>Rural Entrepreneurial Training Grants</i>	560.17	Provides tuition reimbursement to prospective rural business owners for up to 75 percent of the cost of attending entrepreneurial training classes provided by the UW Small Business Development Centers. The business must be located in a rural municipality that has a population of less than 6,000 or in a county with less than 150 people per square mile. In FY 2003-04, the Department of Commerce began providing funding directly to the UW Small Business Development Centers for this program.	Business plan completion rate of 71.0 percent in FY 2003-04 and 70.0 percent in FY 2004-05 for all grant recipients. [1]
87	Small Business Clean Air Assistance Program	285.79	Offers technical assistance to businesses on air pollution permits, federal and state regulations, and compliance issues through workshops and one-on-one consultations.	1,209 calls from businesses; 26 site visits; 3,742 businesses reached at workshops, seminars, and presentations; 33,072 Web site hits; 37,787 mailings distributed. [1]
88	Small Business Ombudsman	560.03(9)	Full-time employee serves as the contact point for the Small Business Regulatory Review Board and assists businesses with specific questions or complaints about state laws, administrative rules, and permitting requirements. In addition, the ombudsman provides assistance to woman-owned businesses, refers businesses to appropriate state programs, monitors legislation and rules affecting small business, serves as a small business advocate within state government, conducts training, organizes local networks to encourage entrepreneurship, and implements Wisconsin's Regulatory Flexibility Act (1983 Wis. Act 90).	394 calls from businesses; 8 regulatory alerts e-mailed to over 450 subscribers. [1]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
Technology-Based Economic Development				
89	<i>Information Exchange Clearinghouse</i>	560.925	Serves as a repository of technology-based information to increase the competitiveness of Wisconsin businesses, enhance opportunities for joint ventures, and provide effective coordination between the public and private sectors.	No activity in 2003-05 biennium.
90	<i>Manufacturing Assessment Center</i>	560.935	Assisted small- to medium-sized manufacturers in adopting new manufacturing processes and techniques. Beginning in 2002, funding for this activity was eliminated in favor of the Wisconsin Manufacturing Extension Partnership.	No activity in 2003-05 biennium.
91	<i>Seed Capital Fund</i>	560.915	Authorized the Department of Commerce to contract with an investment fund manager to establish a mechanism for providing equity financing to new or expanding technology-based businesses.	No activity in 2003-05 biennium.
Technology Commercialization Programs				
92	<i>Technology Assistance Grants and Loans</i>	560.275(2)(a)	Provides grants and loans to small businesses and entrepreneurs that are seeking early-stage research and development funding from the federal government. Funds may be used for professional services needed to complete the federal application or to accomplish tasks as a condition of receiving third-party early-stage funding. The maximum award is \$15,000 with a required match of 25 percent of project costs.	\$41,815 in private investment leveraged. [2]
93	<i>Technology Bridge Grants and Loans</i>	560.275(2)(c)	Provides grants and loans to small businesses and entrepreneurs that have received early-stage financing from the federal government or private sources for research and development. Funds may be used for professional services and research, management, or operations costs until additional third-party financing is approved. The maximum award is \$100,000 with a required match of 25 percent of project costs.	\$93,000 in private investment leveraged; bridged 2 federal applications. [2]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Technology Commercialization Programs (continued)			
94	<i>Technology Matching Grants and Loans</i>	560.275(2)(b) Provides grants and loans to small businesses and entrepreneurs that have received or will receive a federal grant related to developing a technologically innovative process, product, or service. Funds may be used for professional services necessary to accelerate the commercialization of the product, process, or service. The maximum award is \$250,000 with a required match of 80 percent of project costs.	\$7.9 million in federal funding leveraged. [2]
95	<i>Technology Venture Capital Grants and Loans</i>	560.275(2)(d) Provides grants and loans to small businesses and entrepreneurs to attract early-stage financing from third parties. Funds may be used to pay for costs necessary to secure venture financing. The maximum award is \$250,000, with a required match of 50 percent of project costs.	\$12.8 million in private investment leveraged. [2]
96	<i>Wisconsin Entrepreneur's Network</i>	560.275(2)(e) Provides grants to a statewide network affiliated with the UW Small Business Development Centers that provides assistance to entrepreneurs to facilitate business development. Activities include reviewing and providing advice concerning implementation of business plans, providing referral services for entrepreneurs, and assisting entrepreneurs with patent, trademark, and copyright issues.	New program, results not yet available.
Wisconsin Development Fund			
97	<i>Business Employees Skills Training</i>	560.155 Provides grants to businesses with fewer than 25 employees and less than \$2.5 million in gross annual income to train existing and new employees. Grants may be used for tuition and materials directly related to the employee's work requirements, but not wages. The maximum grant is \$10,000, but grants are typically limited to \$1,000 per employee trained, up to \$5,000 per business, with a required match of 20 percent of project costs. The Development Finance Board has delegated grant-making authority to the Department of Commerce.	209 employees trained. [1]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Wisconsin Development Fund (continued)				
98	<i>Customized Labor Training Grants and Loans</i>	560.63	Provides grants and loans to businesses to train new or existing employees in technology, industrial skills, or manufacturing processes that are new to the business. Eligible costs include trainee wages, training materials, and trainer costs for customized instruction not available through other curricula. No maximum award or matching requirement is specified, but awards are typically limited to no more than 50 percent of the project cost, up to a maximum of \$2,500 per employee trained. The Development Finance Board approves grants and loans under this program.	2,453 employees trained. [2]
99	<i>Employee Ownership Program</i>	560.16	Provides grants to assist employees of a distressed business evaluate the feasibility of purchasing the business and operating it as an employee-owned business. The program is open to a group formed by or on behalf of employees who have experienced or may experience substantial layoffs or plant closings. The program is limited to businesses with 500 or fewer employees and less than \$25 million in annual sales. The maximum grant is \$15,000 with a required match of 25 percent of project costs. The Development Finance Board approves grants and loans under this program.	No activity in 2003-05 biennium.
100	<i>Entrepreneurial Training Grants</i>	560.175	Provides tuition reimbursement to prospective business owners for up to 75 percent of the cost of attending entrepreneurial training classes provided by the UW Small Business Development Centers. In FY 2003-04, the Department of Commerce began providing funding directly to the UW Small Business Development Centers for this program.	Business plan completion rate of 71.0 percent in FY 2003-04 and 70.0 percent in FY 2004-05 for all grant recipients. [1]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
Wisconsin Development Fund (continued)				
101	Major Economic Development Program	560.66	Provides grants and loans to businesses or local governments to finance projects that will leverage private investment or lead to significant job creation or retention. Funds may be used to construct or renovate buildings, acquire existing businesses, or purchase land, buildings, and equipment. No maximum award is specified, but recipients are required to provide matching funds of 25 percent of project costs. The Development Finance Board approves grants and loans under this program.	521 jobs created; 6,659 jobs retained; \$151.3 million in private investment leveraged. [2]
102	Rapid Response Fund	560.147	Provides loans to mitigate possible or actual plant closings. Loans may be used to renovate or improve existing buildings; purchase land, buildings, machinery, and equipment; or construct new buildings. The maximum loan is \$750,000 with a required match of 25 percent of project costs.	No activity in 2003-05 biennium.
103	Revolving Loan Fund Capitalization Program	560.145	Provides grants to individuals, nonprofit organizations, economic development corporations, and local governments to capitalize a revolving loan fund to promote local or regional economic development. The maximum award is \$500,000 with no matching requirement specified.	No activity in 2003-05 biennium.
104	Small Business Innovative Research Grants	560.607(2)	Provides grants to small businesses for the purpose of preparing proposals under the federal Small Business Innovative Research program, which requires ten federal agencies to reserve a portion of their annual research and development budgets for contracts with small businesses. No maximum grant or matching requirements are specified.	No activity in 2003-05 biennium.
105	Technology Development Commercialization Loan	560.62(1)(b)	Provides loans to businesses to commercialize a new product or process. Loans may be used to renovate or improve existing buildings; purchase land, buildings, machinery, and equipment; construct new buildings; or to pay for production, marketing, and sales costs. No maximum loan is specified, but businesses must provide matching funds of 25 percent of project costs. The Development Finance Board approves loans made under this program.	\$1.9 million in private investment leveraged. [2]

COMMERCE (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Wisconsin Development Fund (continued)			
106	<i>Technology Development Fund</i> 560.62(1)(a)	Provides grants and loans to businesses to research and develop new products or to improve existing processes or products. Funds may be used for operating expenses, salaries, professional services, research-related equipment, and supplies. No maximum award is specified, but businesses must provide matching funds of 25 percent of the project cost. The Development Finance Board approves grants and loans under this program.	\$7.6 million in private investment leveraged. [2]
107	<i>Urban Early Planning Grants</i> 560.175	Provides grants to individuals and businesses to develop a business plan. Projects must be located in a county with at least 150 persons per square mile or in a municipality with a population of more than 6,000 people. The maximum grant is \$15,000, but grants are typically limited to \$3,000 unless the project will have a statewide benefit. Businesses are required to provide matching funds of 25 percent of project costs. The Development Finance Board has delegated grant-making authority to the Department of Commerce.	\$210,944 in private investment leveraged. [2]
108	<i>Wisconsin Trade Project</i> 560.167	Provides grants to businesses to participate in international trade shows. Businesses must be located in Wisconsin and have less than \$25 million in annual sales. Grants may be used for entry fees, shipping displays and materials, booth construction, and foreign language translation. The maximum grant is \$5,000 with no matching requirement specified.	Generated estimated sales of \$1.25 million; 451 leads by participating companies in 2004 and 2005. [2]
109	Wisconsin Main Street 560.081, 560.082	Promotes historic preservation and economic development of traditional business districts under federal guidelines established by the National Trust for Historic Preservation. The program provides technical assistance to local governments participating in the program, including hiring and training a downtown program manager, facilitating project work planning, hosting networking and training workshops, conducting on-site visits, and providing architectural planning and design. The program is overseen by the 15-member Council on Main Street Programs.	150 public improvements with \$31.6 million in public funds invested; 671 building rehabilitations with \$25.8 million in private funds invested; 45 new buildings with \$65.3 in private funds invested; 209 buildings sold for \$34.2 million; 83 new housing units; 472 new businesses; 64 business expansions; 2,169 jobs created. [1]

COMMERCE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
110 Wisconsin Manufacturing Extension Partnership	560.25	<p>Provides grants to the Wisconsin Manufacturing Extension Partnership, which is affiliated with a federally designated network that provides technical assistance to manufacturers, including process improvements, worker training, business practices, and information technology. Wisconsin has two centers, the Wisconsin Manufacturing Extension Partnership, located in Madison and administered by the nonprofit Wisconsin Center for Manufacturing and Productivity, and the Northwest Wisconsin Manufacturing Outreach Center, affiliated with UW-Stout. The Northwest Wisconsin Manufacturing Outreach Center serves 33 counties in northwest Wisconsin through seven field offices, while the Wisconsin Manufacturing Extension Partnership serves manufacturers in the remainder of the state through three regional centers and eight field offices. The partnership is supported by federal, state, and private funds.</p>	<p>Assisted 981 small- and medium-sized manufacturers; \$237.0 million in increased or retained sales; \$60.0 million in capital investment; \$36.0 million in cost savings; 3,175 jobs created or retained. [1]</p>
111 Wisconsin Technology Council	560.27	<p>Provides grants to the statutorily created nonprofit Wisconsin Technology Council, which promotes the development of science and technology businesses in Wisconsin. The Wisconsin Technology Council is overseen by a board consisting of state officials and private citizens. Its responsibilities and projects include developing a master plan for promoting technology-based businesses in Wisconsin, administering the Wisconsin Innovation Network, supporting the Wisconsin Entrepreneurs' Conference, promoting the Wisconsin Life Sciences and Venture Conference, organizing the annual Governor's business plan contest, and administering the Wisconsin Angel Network. The Wisconsin Technology Council is funded by state and private sources and reports annually to the Legislature and the Governor.</p>	<p>Increased the number of angel investor networks from 6 to 11 by December 2005; expanded the Wisconsin Innovation Network from 1 to 5 chapters; received more than 530 entries for the Governor's Business Plan contest; 60 percent of Governor's business plan finalists attracted start-up financing. [1]</p>

DEPARTMENT OF NATURAL RESOURCES

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
112 Brownfield Site Assessment Grant Program	292.75	Provides grants to local governments to assess and remediate contaminated industrial and commercial properties. Eligible projects include abandoned, idle, or underused facilities that are unlikely to be redeveloped because of actual or perceived contamination. Grants may be used for environmental assessments, underground tank removal, and demolition. The maximum grant is \$100,000, with a required match of 20 percent of project costs.	At 82 locations, performed 205 environmental site assessments and investigations; demolished 126 buildings and structures; and removed 161 storage tanks and abandoned containers. [2]
113 Dry Cleaner Environmental Response Fund Program	292.65	Provides grants to investigate and remediate contamination from dry cleaning solvents at current and former dry cleaning facilities and to prepare these sites for future redevelopment. The maximum grant is \$500,000, and facility owners or operators must pay a deductible ranging from \$10,000 to \$26,000 plus 10 percent of reimbursable costs depending on the size of the grant. The program is overseen by the six-member Dry Cleaner Environmental Response Council.	Assisted 33 dry cleaner sites. [1]
114 Sustainable Urban Development Zone Program	292.77 (2001 Wis. Stats.)	Provided grants to remediate and redevelop contaminated properties at sites designated by the Legislature, including sites in the cities of Milwaukee, Green Bay, La Crosse, Oshkosh, Beloit, Prairie du Chien, and Platteville. The program was eliminated by 2003 Wis. Act 33.	Performed environmental cleanup actions in 6 project cities. [1]

DEPARTMENT OF TOURISM

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
115 Co-op Advertising	General Authority (ch. 41)	Offers discounted advertising rates to businesses and nonprofit organizations by purchasing bulk advertising in newspapers, magazines, television, radio, and other outlets.	None tracked or reported.
116 Co-op Direct Marketing	General Authority (ch. 41)	Makes available prequalified leads to businesses and nonprofit organizations.	None tracked or reported.

TOURISM (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
117 Joint Effort Marketing Grants	41.17	Provides grants to local governments and nonprofit organizations to promote tourism in Wisconsin, including destination marketing, events, and sales promotions. Grants can be used to pay costs related to the production and placement of advertising, direct mail campaigns, booth space and equipment, public relations campaigns and advertising agency fees. The maximum grant is \$10,000 per municipality served by the project, up to a total of \$40,000 per project. The required matching amount increases from 25 percent of project costs in the first year to 75 percent of project costs in the third and final year.	None tracked or reported.
118 Tourism Development Specialists	41.11(3)(d)	Offers technical assistance to nonprofit organizations and local governments, including tourism planning, marketing, and development assistance.	None tracked or reported.
119 Travel and Sport Show Partnership Program	General Authority (ch. 41)	Offers affordable shared booth space at travel and sports shows to nonprofit organizations and local governments.	None tracked or reported.

DEPARTMENT OF TRANSPORTATION (DOT)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Disadvantaged Business Enterprise Programs			
120 Disadvantaged Business Enterprise Assistance	84.072, 84.075	Provides technical assistance to disadvantaged business enterprises to assist them in competing for state and federal transportation procurement contracts. Disadvantaged business enterprises include small businesses that are at least 51 percent owned and controlled by persons who are African American, Native American, Hispanic, Asian-Pacific, Asian-Indian American, women, and individuals found to be disadvantaged as defined by the federal government. Services include disadvantaged business enterprise certification, business capacity building, legal assistance, financial management consulting, business succession planning, mentor-protégé arrangements, and on-the-job training.	11.7 percent of federal dollars for Wisconsin projects went to disadvantaged firms in federal FY 2003-04. [1]

DOT (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Disadvantaged Business Enterprise Programs (continued)			
121 Mobilization Loan Guarantee	82.25	Provides loan guarantees to disadvantaged business enterprises to assist them in competing for state and federal transportation procurement contracts. Disadvantaged business enterprises include small businesses that are at least 51 percent owned and controlled by persons who are African American, Native American, Hispanic, Asian-Pacific, Asian-Indian American, women, and individuals found to be disadvantaged as defined by the federal government. The guaranteed loans are intended to provide disadvantaged businesses with working capital to purchase capital equipment, insurance, and other services. The maximum guarantee is \$250,000 in any 6-month period, and the loan cannot exceed 50 percent of project costs.	No defaulted loans in 2003 and 2004. [1]
122 Transportation Economic Assistance	84.185	Provides grants and loans to local governments, businesses, and consortiums for transportation projects, including road, rail, and harbor improvements that enhance access to economic development projects. Projects must have a local government sponsor. The maximum award is \$5,000 for each new job resulting directly from the improvement up to \$1.0 million, with a required match of 50 percent of project costs.	1,753 jobs created. [2]

UW-EXTENSION

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Small Business Development Centers			
123 Small Business Development Centers	General Authority (ch. 36)	Offers technical assistance to small businesses and entrepreneurs through a network of 13 centers located on each UW System four-year campus, including 3 specialty centers. Services include no-cost counseling, business planning assistance, and fee-based training sessions for prospective and existing small businesses. The Small Business Development Centers are funded by state and federal sources.	Provided assistance to 4,470 clients and 6,892 AnswerLine callers; conducted 41,241 hours of counseling; held 1,099 training programs with 17,147 attendees; estimated aggregate sales impact of \$12.3 million with 302 new jobs created, and 155 jobs retained in 2003; \$1.4 million in financing obtained by entrepreneurial training class participants. [1]

UW-EXTENSION (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Small Business Development Centers (continued)			
124	<i>Center for Advanced Technology and Innovation (CATI)</i>	General Authority (ch. 36) Regional technology transfer and commercialization initiative founded by nine academic, workforce development, and economic development agencies in Racine and Kenosha counties, including UW-Parkside and Gateway Technical College, that seeks to license underutilized patents and launch new businesses. The center is funded by state, federal, and private sources, including donations of intellectual property from industry.	40 companies received technical assistance; 7 license agreements, 3 joint venture agreements, and 1 patent agreement were secured; and 2 new companies were launched from CATI-owned technology. [1]
125	<i>Center for Innovation and Development</i>	General Authority (ch. 36) Offers product development services to manufacturers, inventors, and entrepreneurs and provides access to campus staff, laboratories, and instructional programs. Services include technical assistance in product engineering and design, seminars, and on-site assistance. The center is located at UW-Stout and is funded by federal, state, and private sources.	36 clients received assistance. [1]
126	<i>Wisconsin Innovation Service Center</i>	General Authority (ch. 36) Offers technical assistance to businesses to improve profitability. The center specializes in new product development and market assessments for innovative manufacturers, technology businesses, and independent inventors. Special research projects are conducted for both public and private organizations. The center is located at UW-Whitewater and is funded by federal and state sources.	156 clients received assistance. [1]
Cooperative Extension			
127	<i>Agriculture and Natural Resources Extension</i>	General Authority (ch. 36) Offers technical assistance to farmers and local governments statewide through county and campus-based full-time employees. Services include farm business management and marketing, dairy farm modernization, and increasing the profitability of commodity production through value-added educational programming.	410,634 client contacts made in 2004 and 2005. [1]
128	<i>Center for Community Economic Development</i>	General Authority (ch. 36) Offers information and assistance to individuals and local governments and develops materials used by Cooperative Extension to support work with local communities and organizations. Program areas include the Business District Market Analysis Toolbox, the Tourism Business Development Toolbox, the Northern EDGE, and Let's Talk Business. The center is located on the UW-Madison campus.	Responded to approximately 5,050 requests for information in 2003 and 2004; received over 50,000 Web site hits in 2003 and 2004. [1]

UW-EXTENSION (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Cooperative Extension (continued)			
129 <i>Community, Natural Resource, and Economic Development</i>	General Authority (ch. 36)	Offers technical assistance to businesses and local governments through county and campus-based full-time employees. Services include evaluating economic trends; identifying strategies to promote job and income growth; studying local retail, labor, and capital markets; assessing preparedness; networking; and serving as an intermediary between employers, educational institutions, local government, and other economic development organizations.	226,600 client contacts made in 2004 and 2005. [1]

UW-GREEN BAY

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
130 Paper Industry Resource Center	General Authority (ch. 36)	Offers technical assistance and information to the paper industry, including paper companies, converters, suppliers, and consultants. The center assists businesses in identifying and applying new technologies to their operations and in locating resources for assistance.	None tracked or reported.

UW-MADISON

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
131 Family Business Center	General Authority (ch. 36)	Provides education and technical assistance through the UW-Madison School of Business to family-owned businesses to help them maintain profitability and impart control to the next generation.	62 family business members as of June 2005; 30 percent membership growth each year; added larger and more 4th and 5th generation businesses in recent years. [1]
132 Office of Corporate Relations	General Authority (ch. 36)	Serves as the initial point of contact to assist businesses in identifying university resources, providing information to UW-Madison staff on starting a business, and identifying technology licensing opportunities.	94 presentations to companies and groups; 519 requests for information or assistance; 1,179 company contacts. [1]

UW-MADISON *(continued)*

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
133 Trade Show Travel Grant Program	General Authority (ch. 36)	Provides grants through the UW-Madison Center for International Business Education and Research to encourage Wisconsin businesses to seek out new international markets. Grants may be used for airfare and lodging expenses incurred at an approved trade show. The maximum grant is \$2,000 with no matching requirement specified.	None tracked or reported.
134 University Research Park	General Authority (ch. 36)	A nonprofit organization staffed by state employees that develops and leases land to companies interested in maintaining close contact with the university community. The research park assists start-up companies through its technology incubator, the Madison Gas and Electric Innovation Center. Revenues are returned to UW-Madison for employee salaries and administrative costs.	105 tenant companies as of June 2005. [1]

UW-OSHKOSH

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
135 Center for Community Partnerships	General Authority (ch. 36)	Serves as a point of contact to improve access to UW-Oshkosh resources, and offers faculty and staff alternative research and learning opportunities. Services include professional education, applied research, consulting services, and internship placement for nonprofit organizations, businesses, educational institutions, and government agencies.	36,000 hours of professional education and customized solutions counseling hours provided. [1]
136 Wisconsin Family Business Forum	General Authority (ch. 36)	Offers technical assistance to family businesses, including education, networking, and research.	39 family business members as of June 2005. [1]

UW-PLATTEVILLE

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
137 Coordinator of Corporate Relations	General Authority (ch. 36)	Full-time employee responsible for corporate fundraising, facilitating new business formation, planning partnerships, and overseeing Rural Business Enhancement Center grants. The position was eliminated in FY 2004-05.	None tracked or reported.

UW-PLATTEVILLE (continued)

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
138 Platteville Business Incubator, Inc.	General Authority (ch. 36)	Assists entrepreneurs and start-up businesses by offering facilities with reduced overhead costs, access to revolving loans, and professional business assistance. The incubator is managed by a nonprofit organization formed to promote business start-ups in the Platteville area, and it is supported by an 0.5 LTE position and grants from the federal Department of Agriculture rural development program.	None tracked or reported.
139 Rural Business Enhancement Center	General Authority (ch. 36)	Offers technical assistance to businesses and entrepreneurs with business and technical analysis, concept development, project management, and general business management. In addition, the center provides grants to businesses for new initiatives in industries of strategic importance to the region.	Six businesses received grants for planning and market research. [1]

UW-STOUT

Program	Wis. Statutes	Description	2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Stout Technology Transfer Institute			
140 <i>Economic Development Administration University Center</i>	General Authority (ch. 36)	Offers technical assistance to small- and medium-sized businesses in distressed communities, including the implementation and operation of quality systems to improve economic competitiveness. Services include outreach to businesses, peer relationship building, education, and coaching. The center is funded by federal and state sources.	56 individuals trained; 29 individuals attended satellite seminars; and 26 individuals viewed Economic Development Today national telecasts during FY 2005. [1]
141 <i>Northwest Wisconsin Manufacturing Outreach Center</i>	560.25	Offers technical assistance to manufacturers, including strategic planning, implementation of efficient manufacturing practices, productivity improvement, and quality system implementation. Services include on-site operations assessments, seminars, technical assistance, workforce development, and referrals. The center serves 33 counties in northwestern Wisconsin and is a partnership between UW-Stout, UW-Extension, the Wisconsin Technical College System, and the Wisconsin Manufacturing Extension Partnership.	44 public seminars attended by 918 participants; 376 technical assistance activities offered to 177 businesses; 291 jobs created and retained; and over \$43 million in savings generated. [1]

UW-STOUT (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Stout Technology Transfer Institute (continued)			
142	<i>Stout Advanced Management Assistance Center</i>	General Authority (ch. 36) Offers technical assistance to businesses, including manufacturers and the health care industry, to improve competitiveness. Services include training and assistance with business practices, educational seminars, on-site technical assistance, and implementation of advanced management practices.	None tracked or reported.
143	<i>Stout Technology and Manufacturing Incubator</i>	General Authority (ch. 36) Assists entrepreneurs and start-up businesses by offering facilities with reduced overhead costs, professional business assistance, and access to campus faculty, staff, and students. The incubator is funded by federal and state sources.	9 of 14 graduated businesses active as of December 2005. [1]

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY (WHEDA)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
144	Beginning Farmer Bonds	234.66 Provides proceeds from the sale of tax-exempt bonds to beginning farmers to purchase agricultural assets at below-market interest rates. Individuals must have a net worth less than or equal to \$250,000, must engage in farming as a primary occupation, must not be a corporation, and must have adequate training and education in the type of farming for which the loan will be used. The maximum bond amount is \$250,000, with no matching requirements specified. The program is funded by up to a total of \$17.5 million in tax-exempt bonds.	None tracked or reported.
Dividends for Wisconsin			
145	<i>Linked Deposit Loan Subsidy</i>	234.165 Provides interest subsidies to woman- and minority-owned businesses on loans made by private financial institutions. Businesses must demonstrate a financial need for the subsidy, employ 25 or fewer full-time employees, have gross sales of less than \$500,000, and be at least 50 percent owned and controlled by a woman or ethnic minority group member. Loans may be used to purchase or improve land, buildings, machinery, and equipment. The program is funded by unencumbered General Fund reserves.	175 jobs created or retained. [1]

WHEDA (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected	
Program	Wis. Statutes	Description		
Dividends for Wisconsin (continued)				
146	<i>Other Dividends for Wisconsin Activities</i>	234.165	Unencumbered General Fund reserves are allocated for various economic development activities through the "Dividends for Wisconsin" plan, which is approved by the Governor and the Joint Committee on Finance. Activities in the 2003-05 biennium included implementation of the federal New Market Tax Credits program, a minority business initiative, an initiative to assist small businesses affected by disasters, and the formation of a community development venture capital fund.	None tracked or reported.
147	Neighborhood Business Revitalization Guarantee	234.165	Provides loan guarantees to businesses and developers for the expansion or acquisition of small businesses or commercial real estate. The business or real estate must be located in a community with a population greater than 35,000. The maximum guarantee is 75 percent of the loan amount, up to \$750,000 for fixed assets and inventory or \$200,000, for working capital. The program is funded by unencumbered General Fund reserves.	307 jobs created or retained. [1]
Wisconsin Development Reserve Fund				
148	<i>Agribusiness Loan Guarantee</i>	234.907	Provides loan guarantees to businesses located in municipalities with populations of 50,000 or less to develop new methods for processing or marketing raw agricultural commodities. Loans can be used for working capital, inventory, marketing expenses, or to purchase buildings or equipment. The maximum guarantee is 80 percent of the loan amount, up to \$600,000. The program is funded by the Wisconsin Development Reserve Fund.	28 jobs created or retained. [1]
149	<i>Credit Relief Outreach Program Loan Guarantee</i>	234.90	Provides loan guarantees to farmers to purchase services or consumables necessary to produce an agricultural commodity. Loans may be used to purchase fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed, or other services or consumable goods. The maximum guarantee is 90 percent of loans less than \$50,000 and 80 percent of loans greater than \$50,000, up to a maximum of \$60,000. The program is funded by the Wisconsin Development Reserve Fund.	None tracked or reported.

WHEDA (continued)

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
Wisconsin Development Reserve Fund (continued)			
150	Farm Asset Reinvestment Management Loan Guarantee 234.91	Provides loan guarantees to farmers to expand or modernize existing farming operations. Loans can be used to purchase machinery, equipment, facilities, land, and livestock or to finance improvements to farm facilities. The maximum guarantee is the lesser of 25 percent of the loan, the farmer's net worth, \$200,000 if no other state or federal assistance is being utilized, or \$100,000 when any other state or federal credit assistance is being utilized. The program is funded by the Wisconsin Development Reserve Fund.	None tracked or reported.
151	Small Business Development Loan Guarantee 234.83	Provides loan guarantees to small businesses for the start-up of a small business in a vacant storefront in a municipality with a population of less than 12,000, the start-up of a day care, or the expansion or acquisition of a business. Loans can be used for direct and related expenses, including the purchase or improvement of land, buildings, machinery, equipment, or inventory. The maximum guarantee is 80 percent of the loan up to \$200,000 for loans for fixed assets or 80 percent of the loan up to \$80,000 for loans for working capital. A specialized contractor's loan guarantee provides a guarantee of up to \$200,000 to businesses awarded contracts from state, local, or federal governments. The program is funded by the Wisconsin Development Reserve Fund.	330 jobs created or retained. [1]

WISCONSIN TECHNICAL COLLEGE SYSTEM

			2003-05 Biennium Reported Results [1] = Actual [2] = Expected
Program	Wis. Statutes	Description	
152	Advanced Manufacturing Solutions 38.27(1)(g)	A statewide partnership designed to stimulate the attraction, growth, and development of manufacturing and to promote manufacturing careers in Wisconsin. Network contacts in four regions of the state assist manufacturers in increasing productivity and competitiveness through networking, improving technology skills, and process assessments.	Conducted 5 focus groups with 56 manufacturers; developed Web site with a manufacturing resource directory. [1]

Comparison of State Economic Development Programs

This appendix compares the 152 economic development programs administered by state agencies from FY 2001-02 through FY 2004-05. We defined state economic development programs as publicly or privately administered programs or activities with the primary purpose of encouraging the establishment and growth of businesses, including creating and retaining jobs, that:

- receive state funding or federal revenue allocated through state appropriations; and
- provide financial assistance, tax credits, or direct services to specific industries, businesses, local governments, individuals, or organizations.

The programs are organized alphabetically by the agency that provides funding and by the program group, and are categorized based on the type of assistance offered, the types of entities eligible to participate, and the purposes of each program. Definitions of key terms follow.

Start Year identifies the year the program was created by the Legislature or the first year of program operations if the program was not created directly through legislation.

2003-05 Estimated Expenditures represents the estimated total expenditures of state funds for the 2003-05 biennium (FY 2003-04 through FY 2004-05) as reported by the agency responsible for the program, including both program and administrative costs. In most instances, expenditure information was available only for a group of programs funded through a common source, rather than for each individual program.

Source identifies the sources of state funding for the program, which may include a combination of general purpose revenue (GPR), program revenue (PR), segregated revenue (SEG), or federal revenue (FED).

Type of Assistance identifies the primary type of assistance provided by the program, which is either direct services or one or more types of financial assistance.

- *Direct Services*—includes providing information, technical assistance, regulatory assistance, technology transfer, networking, coordination, or other nonfinancial services.
- *Financial Assistance*—includes all forms of cash payments and financial incentives, which can be one or more of the following types:
 - loans, which require repayment of the principal amount borrowed, with or without interest;
 - grants, which are either directly allocated or awarded competitively and do not require repayment; and
 - other financial assistance, including tax credits, bonding authority, or loan guarantees.

Eligible Recipients identifies the types of entities eligible for assistance from the program.

- *Businesses and Individuals*—includes individuals and for-profit business organizations such as sole proprietorships, partnerships, corporations, and cooperatives.
- *Local Governments*—includes local units of government such as municipalities and counties.
- *Nonprofit and Other Organizations*—includes not-for-profit organizations, community-based organizations, and economic development corporations.

Program Emphasis identifies areas of emphasis or eligibility restrictions for each program.

- *Small Business*—indicates whether the program is restricted to small businesses. The definition of small business varies for each program, depending on statutory or other requirements.
- *Minority-Owned Business*—indicates whether the program is restricted to minority-owned businesses or sets aside a portion of its funding for minority-owned businesses.
- *Agricultural Business*—indicates whether the program primarily assists agricultural businesses or farmers.
- *Technology Business*—indicates whether the program primarily assists technology-based businesses, such as information technology, biotechnology, or nanotechnology.
- *Early-Stage Business*—indicates whether the program assists primarily start-up companies and entrepreneurs.

Program Purpose identifies the primary purpose or purposes for the assistance provided by each program. Note that a program may have more than one purpose.

- *Fixed Assets*—purchasing land, buildings, equipment, or other depreciable assets
- *Operations Costs*—general operations costs, such as start-up costs, supplies and services, or payroll
- *Equity Investment*—purchasing equity in existing businesses or promoting investment in start-up and early-stage businesses
- *Business Planning*—developing business plans
- *Marketing and Promotion*—promoting products, services, events, regions, or industries, or developing new markets
- *Technical Assistance*—providing information and advice related to business start-up, operations, management, technology transfer, or regulatory compliance
- *Community Development*—promoting local or regional economic growth, including community planning and infrastructure projects related to business expansion
- *Other Purpose*—assistance for other purposes, including capitalizing revolving loan funds, assisting with the start-up or operation of a business incubator, brownfields remediation and redevelopment, new product research and development, employee training, minority-owned business certification, and business recruitment

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION (DATCP)

				Types of Assistance				Eligible Recipients		
Program	Start Year	2003-05 Estimated Expenditures	Source	Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
1	Agricultural Business Development	Unknown	\$238,300	GPR	✓			✓		
	Agricultural Development and Diversification		817,400	GPR						
2	<i>Agricultural Development and Diversification Grants</i>	1989			✓			✓	✓	✓
3	<i>Sustainable Agriculture Grants</i>	1993			✓			✓		✓
	Agricultural Market Development									
4	<i>Alice in Dairyland</i>	1948	238,900	GPR	✓				✓	✓
5	<i>Marketing and Promotion Activities</i>	Unknown	387,300	GPR	✓			✓		✓
6	<i>SavorWisconsin.com</i>	2003	163,000	GPR	✓			✓		
7	<i>Something Special from Wisconsin</i>	1983	183,400	GPR, PR	✓			✓		
8	Aquaculture Initiative	1989	58,100	GPR	✓			✓		
	Farm Center									
9	<i>Call Center and Consulting Services</i>	1987	131,800	FED, GPR	✓			✓		
10	<i>Farm Link Beginning Farmer Program</i>	1997	132,100	GPR, PR	✓			✓		
11	<i>Stray Voltage Program</i>	1987	841,900	PR	✓			✓		
12	International Agribusiness Center	1985	467,300	FED, GPR, PR	✓			✓		
13	Organic Initiative	2003	351,600	FED, GPR		✓		✓		
14	Payments to Ethanol Producers	2002	3,800,000	PR		✓		✓		
15	Rural Business Enterprise Loans	2003	133,200	FED, GPR			✓	✓		
	Value Added Dairy Initiative		1,538,600	FED, GPR						
16	<i>Commodity Innovation Grants</i>	2004			✓			✓		
17	<i>Dairy Business Innovation Center</i>	2004			✓			✓		
18	<i>Dairy Development Revolving Fund</i>	2004				✓		✓		
19	<i>Dairy Farm Grazing, Organic Transition, or Farmer Entry Grants</i>	2004			✓			✓		
20	<i>Dairy Farm Modernization Grants</i>	2004			✓			✓		
21	<i>Local Dairy Development Grants</i>	2004			✓					✓
22	<i>Value Added Dairy Technical Assistance</i>	2004			✓			✓		✓
23	<i>Value Chain Development Grants</i>	2004			✓			✓		

DEPARTMENT OF COMMERCE

				Types of Assistance				Eligible Recipients		
Program	Start Year	2003-05 Estimated Expenditures	Source	Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
24	Area Development Managers	1985	\$ 1,287,000	FED, GPR	✓			✓	✓	✓
25	Brownfields Grant Program	1997	13,758,000	SEG		✓		✓	✓	✓
	Business Development Assistance Center		802,600	GPR						
26	<i>Business Development Assistance Center</i>	1983			✓			✓		
27	<i>Technology Development Assistance</i>	1990			✓			✓		

DATCP (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
		✓						✓	✓	✓		
✓		✓			✓	✓						Research and Development
		✓			✓	✓						Research and Development
		✓							✓			
		✓							✓	✓		
		✓							✓			
									✓	✓		
		✓								✓		
		✓								✓		
		✓							✓	✓		
		✓										
		✓				✓						
✓		✓		✓	✓	✓						
		✓				✓			✓	✓		
		✓		✓				✓	✓	✓		
		✓		✓	✓	✓			✓	✓		
✓		✓		✓				✓		✓		
		✓				✓				✓		
		✓				✓				✓	✓	
		✓								✓		
		✓		✓		✓			✓	✓		

COMMERCE (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
									✓	✓		
												Environmental Remediation
										✓		
			✓	✓						✓		

COMMERCE (continued)

				Types of Assistance				Eligible Recipients		
Program	Start Year	2003-05 Estimated Expenditures	Source	Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
Business Development Initiative		\$ 0	GPR, PR							
28	<i>Management Assistance Grants and Loans</i>	1989			✓	✓		✓		✓
29	<i>Technical Assistance Grants</i>	1989			✓			✓		✓
Certified Capital Companies Program		4,100	PR				✓	✓		
Community-Based Economic Development		1,257,500	GPR							
31	<i>Business Assistance Grants</i>	1990			✓			✓		✓
32	<i>Business Incubator Grants</i>	1990			✓					✓
33	<i>Economic Development Project Grants</i>	1990			✓					✓
34	<i>Economic Diversification Community Planning Grants</i>	1993			✓				✓	✓
35	<i>Regional Planning Grants</i>	1995			✓				✓	✓
36	<i>Revolving Loan Fund Grants</i>	1998			✓					✓
37	<i>Venture Capital Conference Grants</i>	1997			✓					✓
38	<i>Wisconsin Women's Business Initiative Corp.</i>	1987		✓				✓		
39	<i>Youth Entrepreneurship Teaching Grants</i>	1997			✓					✓
Community Development Block Grant		45,396,000	FED							
40	<i>Blight Elimination and Brownfields Redevelopment</i>	1981			✓				✓	
41	<i>Community Development Planning Assistance</i>	1981		✓					✓	✓
42	<i>Economic Development Grants and Loans</i>	1981			✓	✓			✓	
43	<i>Milk Volume Production Loans (CDBG)</i>	2002				✓			✓	
44	<i>Planning Grants</i>	1981			✓				✓	
45	<i>Public Facilities for Economic Development</i>	1981			✓				✓	
46	Dairy 2020 Initiative	1993	136,700	GPR	✓			✓	✓	✓
Development Zone Programs		1,440,400	GPR							
47	<i>Agricultural Development Zone Program</i>	2001					✓	✓		
48	<i>Community Development Zone Program</i>	1988					✓	✓		
49	<i>Development Opportunity Zone Program</i>	1994					✓	✓		
50	<i>Enterprise Development Zone Program</i>	1995					✓	✓		
51	<i>Technology Zone Program</i>	2001					✓	✓		
Early-Stage Business Investment Programs		0	GPR							
52	<i>Angel Investment Tax Credit Program</i>	2004					✓	✓		
53	<i>Early Stage Seed Investment Tax Credit Program</i>	2004					✓	✓		
54	Forward Wisconsin, Inc.	1984	678,100	GPR	✓			✓		
Gaming Revenue Funded Programs		3,689,300	PR							
55	<i>Economic Diversification Early Planning Grants</i>	2000			✓			✓		
56	<i>Economic Diversification Grants and Loans</i>	2000			✓	✓		✓		
57	<i>Economic Impact Early Planning Grants</i>	2000			✓			✓		
58	<i>Economic Impact Grants and Loans</i>	2000			✓	✓		✓		
59	<i>Milk Volume Production Loans (Gaming)</i>	2001				✓		✓		
60	<i>Snow Emergency Loans</i>	2003				✓		✓		

COMMERCE (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
✓					✓					✓		
								✓		✓		
				✓			✓					
✓				✓				✓		✓		
✓			✓	✓		✓						Incubator
											✓	
											✓	
											✓	
✓												Revolving Loan Fund
				✓			✓					
✓	✓			✓						✓		
				✓						✓		
												Environmental Remediation
										✓	✓	
					✓							
		✓			✓							
											✓	
											✓	
		✓								✓		
					✓	✓						Environmental Remediation
					✓	✓					✓	Environmental Remediation
					✓	✓						Environmental Remediation
					✓	✓						Environmental Remediation
			✓		✓	✓						Environmental Remediation
✓			✓	✓			✓					
✓			✓	✓			✓					
									✓			Business Recruitment
				✓				✓				
					✓	✓						Environmental Remediation
				✓				✓				
					✓							
		✓			✓							
						✓		✓				

COMMERCE (continued)

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
61 Industrial Building Construction Loan Fund	1977	\$ 0	SEG			✓				✓
62 Industrial Revenue Bond Program	1973	268,600	PR				✓	✓		
63 International and Export Assistance	Unknown	2,292,100	GPR, PR	✓				✓		
64 Mining Economic Development Grants and Loans	1997	0	PR, SEG		✓	✓		✓	✓	✓
65 Minority Business Assistance	1989	159,000	GPR	✓				✓		✓
Minority Business Development		868,000	GPR, PR							
66 <i>Minority Business Development Grants and Loans</i>	1989				✓	✓		✓		✓
67 <i>Minority Business Employees Skills Training</i>	2000				✓			✓		✓
68 <i>Minority Business Incubator Grants</i>	1991				✓			✓		✓
69 <i>Minority Business Revolving Loan Fund Grants</i>	1989				✓					✓
70 <i>Minority Early Planning Grants</i>	1991				✓			✓		✓
71 <i>Minority Entrepreneurial Training Grants</i>	2000				✓			✓		✓
72 <i>Minority Finance and Education Training Grants</i>	1997				✓			✓		✓
73 <i>Minority Nonprofit Corporation Incubator Grants</i>	1991				✓					✓
74 Minority Business Enterprise Program	1983	246,100	GPR, PR	✓				✓		
Native American Economic Development										
75 <i>Native American Liaison</i>	1991	270,200	PR	✓				✓	✓	✓
76 <i>Native American Technical Assistance</i>	1991	150,400	PR	✓				✓		✓
Recycling Market Development		531,400	PR							
77 <i>Recycling Early Planning Grants</i>	1993				✓			✓		
78 <i>Recycling Loans</i>	1993					✓		✓	✓	
79 <i>Recycling Technology Assistance Loans</i>	1993					✓		✓	✓	✓
Rural Economic Development		1,140,600	GPR, PR							
80 <i>Dairy 2020 Early Planning Grants</i>	1996				✓			✓		
81 <i>Low-Income Loans</i>	1993					✓		✓		
82 <i>Milk Volume Production Loans (Rural)</i>	2001					✓		✓		
83 <i>Rural Business Employees Skills Training</i>	2000				✓			✓		
84 <i>Rural Early Planning Grants</i>	1989				✓			✓		
85 <i>Rural Economic Development Grants and Loans</i>	1993				✓	✓		✓		
86 <i>Rural Entrepreneurial Training Grants</i>	2000				✓			✓		
87 Small Business Clean Air Assistance Program	1991	438,400	PR	✓				✓		
88 Small Business Ombudsman	1979	162,700	GPR, PR	✓				✓		
Technology Based Economic Development		0	GPR							
89 <i>Information Exchange/Clearinghouse</i>	1989			✓				✓	✓	✓
90 <i>Manufacturing Assessment Center</i>	1990			✓				✓		
91 <i>Seed Capital Fund</i>	1990				✓			✓		

COMMERCE (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
					✓							
					✓							
									✓	✓		
					✓	✓		✓		✓		Revolving Loan Fund
	✓									✓		
	✓				✓	✓						
✓	✓											Employee Training
✓	✓			✓								Incubator
	✓											Revolving Loan Fund
✓	✓			✓				✓				
✓	✓			✓				✓				
	✓					✓				✓		
✓	✓			✓								Incubator
	✓									✓		Certification
	✓									✓		
	✓							✓		✓		
✓	✓			✓				✓				
									✓			
												Research and Development
✓		✓		✓				✓				
✓					✓	✓						
✓		✓			✓							Employee Training
✓				✓				✓				
✓					✓	✓		✓				
✓				✓				✓				
✓										✓		
✓										✓		
			✓							✓		
										✓		
			✓	✓			✓					

COMMERCE (continued)

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
Technology Commercialization Programs		\$ 490,000	GPR							
92 <i>Technology Assistance Grants and Loans</i>	2004				✓	✓		✓		
93 <i>Technology Bridge Grants and Loans</i>	2004				✓	✓		✓		
94 <i>Technology Matching Grants and Loans</i>	2004				✓	✓		✓		
95 <i>Technology Venture Fund Grants and Loans</i>	2004				✓	✓		✓		
96 <i>Wisconsin Entrepreneur's Network</i>	2004			✓				✓		✓
Wisconsin Development Fund		17,175,600	GPR, PR							
97 <i>Business Employees Skills Training</i>	2000				✓			✓		
98 <i>Customized Labor Training Grants and Loans</i>	1983				✓	✓		✓		
99 <i>Employee Ownership Program</i>	1987				✓			✓		
100 <i>Entrepreneurial Training Grants</i>	2000				✓			✓		
101 <i>Major Economic Development Program</i>	1987				✓	✓		✓	✓	
102 <i>Rapid Response Fund</i>	1997					✓		✓	✓	✓
103 <i>Revolving Loan Fund Capitalization Program</i>	1997				✓				✓	✓
104 <i>Small Business Innovative Research Grants</i>	1999				✓			✓		
105 <i>Technology Development Commercialization Loan</i>	1994					✓		✓		
106 <i>Technology Development Fund</i>	1983				✓	✓		✓		
107 <i>Urban Early Planning Grants</i>	1999				✓			✓		
108 <i>Wisconsin Trade Project</i>	1995				✓			✓		
109 Wisconsin Main Street	1987	943,000	FED, GPR, PR	✓				✓	✓	
110 Wisconsin Manufacturing Extension Partnership	1996	1,592,200	GPR	✓				✓		
111 Wisconsin Technology Council	2000	529,800	GPR	✓				✓		

DEPARTMENT OF NATURAL RESOURCES (DNR)

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
112 Brownfield Site Assessment Grant Program	1999	\$2,255,000	FED, SEG		✓				✓	
113 Dry Cleaner Environmental Response Fund Program	1997	2,601,700	SEG		✓			✓		
114 Sustainable Urban Development Zone Program	1999	35,000	FED		✓				✓	

COMMERCE (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
✓			✓	✓				✓		✓		
✓			✓	✓		✓						
✓			✓	✓		✓						
✓			✓	✓	✓	✓	✓					
				✓						✓		
✓												Employee Training
												Employee Training
								✓		✓		
✓				✓				✓				
					✓							
					✓							
												Revolving Loan Fund
✓			✓			✓				✓		
			✓		✓							
			✓			✓						Research and Development
✓				✓				✓				
									✓			
								✓	✓	✓	✓	
										✓		
			✓	✓			✓	✓	✓	✓		

DNR (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
												Environmental Remediation
												Environmental Remediation
												Environmental Remediation

DEPARTMENT OF TOURISM

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
115 Co-op Advertising	1989	\$ 625,000	GPR, PR	✓				✓		
116 Co-op Direct Marketing	1993	7,600	PR	✓				✓	✓	✓
117 Joint Effort Marketing Grants	1975	2,463,300	GPR, PR		✓					✓
118 Tourism Development Specialists	Unknown	343,400	GPR	✓					✓	✓
119 Travel and Sport Show Partnership Program	2004	51,800	PR	✓					✓	✓

DEPARTMENT OF TRANSPORTATION (DOT)

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
Disadvantaged Business Enterprise Programs		\$4,553,900	FED, SEG							
120 <i>Disadvantaged Business Enterprise Assistance</i>	1983			✓				✓		
121 <i>Mobilization Loan Guarantee</i>	1988						✓	✓		
122 Transportation Economic Assistance	1987	8,085,500	SEG		✓	✓		✓	✓	

UW-EXTENSION

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
Small Business Development Centers	1979	\$8,586,000	FED, GPR, PR							
123 <i>Small Business Development Centers</i>				✓				✓		
124 <i>Center for Advanced Technology and Innovation (CATI)</i>	2001			✓				✓		
125 <i>Center for Innovation and Development</i>	1978			✓				✓		
126 <i>Wisconsin Innovation Service Center</i>	1980			✓				✓		
Cooperative Extension		7,789,000	FED, GPR							
127 <i>Agriculture and Natural Resources Extension</i>	Unknown			✓					✓	✓
128 <i>Center for Community Economic Development</i>	Unknown			✓				✓	✓	✓
129 <i>Community, Natural Resource, and Economic Development</i>	Unknown			✓				✓	✓	✓

UW-GREEN BAY

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
130 Paper Industry Resource Center	2004	\$106,000	FED	✓				✓		

TOURISM (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
									✓			
									✓			
									✓			
									✓	✓	✓	
									✓			

DOT (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
✓	✓									✓		Certification
✓	✓				✓	✓						
											✓	

UW-EXTENSION (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
✓				✓				✓		✓		Employee Training
✓			✓	✓						✓		
✓			✓	✓						✓		Research and Development
✓			✓	✓					✓	✓		Research and Development
		✓								✓	✓	
										✓	✓	
										✓	✓	

UW-GREEN BAY (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
										✓		

UW-MADISON

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
131 Family Business Center	1997	\$ 376,000	PR	✓				✓		
132 Office of Corporate Relations	2003	1,472,400	FED, GPR, PR	✓				✓		
133 Trade Show Travel Grant Program	2004	8,000	FED, GPR		✓			✓		
134 University Research Park	1984	1,610,600	PR	✓				✓		

UW-OSHKOSH

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
135 Center for Community Partnerships	1998	\$1,464,000	GPR, PR	✓				✓	✓	✓
136 Wisconsin Family Business Forum	1995	220,900	PR	✓				✓		

UW-PLATTEVILLE

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
137 Coordinator of Corporate Relations	2000	\$195,600	FED, GPR	✓				✓		
138 Platteville Business Incubator, Inc.	1998	29,400	GPR	✓				✓		
139 Rural Business Enhancement Center	2004	70,000	FED		✓			✓		

UW-STOUT

Program	Start Year	2003-05 Estimated Expenditures	Source	Types of Assistance				Eligible Recipients		
				Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
Stout Technology Transfer Institute		\$2,335,700	FED, GPR, PR							
140 <i>Economic Development Administration University Center</i>	1992			✓				✓		
141 <i>Northwest Wisconsin Manufacturing Outreach Center</i>	1994			✓				✓		
142 <i>Stout Advanced Management Assistance Center</i>	2002			✓				✓		
143 <i>Stout Technology and Manufacturing Incubator</i>	1982			✓				✓		

UW-MADISON (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
										✓		
										✓		
									✓			
✓				✓								Incubator

UW-OSHKOSH (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
										✓		
										✓		

UW-PLATTEVILLE (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
										✓		
✓			✓	✓						✓		Incubator
		✓	✓							✓		Research and Development

UW-STOUT (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
										✓		
										✓		
										✓		
✓			✓	✓						✓		Incubator

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY (WHEDA)

				Types of Assistance				Eligible Recipients		
Program	Start Year	2003-05 Estimated Expenditures	Source	Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
144	Beginning Farmer Bonds	1994	\$ 27,300	General Fund			✓	✓		
	Dividends for Wisconsin									
145	<i>Linked Deposit Loan Subsidy</i>	1985	19,500	Unencumbered Reserves		✓		✓		
146	<i>Other Dividends for Wisconsin Activities</i>	2003	239,800	Unencumbered Reserves	✓			✓		
147	Neighborhood Business Revitalization Guarantee	2003	188,400	Unencumbered Reserves			✓	✓		
	Wisconsin Development Reserve Fund		1,151,500	Wisconsin Development Reserve Fund						
148	<i>Agribusiness Loan Guarantee</i>	1990					✓	✓		
149	<i>Credit Relief Outreach Program Guarantee</i>	1985					✓	✓		
150	<i>Farm Asset Reinvestment Management Guarantee</i>	1996					✓	✓		
151	<i>Small Business Development Loan Guarantee</i>	1997					✓	✓		

WISCONSIN TECHNICAL COLLEGE SYSTEM (WTCS)

				Types of Assistance				Eligible Recipients		
Program	Start Year	2003-05 Estimated Expenditures	Source	Direct Services	Grants	Loans	Other	Businesses and Individuals	Local Govt.	Nonprofits and Other Organizations
152	Advanced Manufacturing Solutions	2003	\$686,600	GPR	✓			✓		

WHEDA (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
✓		✓			✓							
✓	✓				✓							
	✓									✓		
✓					✓	✓						
		✓			✓	✓			✓			
		✓				✓						
		✓			✓							
✓					✓	✓						

WTCS (continued)

Program Emphasis					Program Purpose							
Small Business	Minority-Owned Business	Agricultural Business	Technology Business	Early-Stage Business	Fixed Assets	Operations Costs	Equity Investment	Business Planning	Marketing and Promotion	Technical Assistance	Community Development	Other Purpose
									✓	✓		

Programs Created After June 30, 2005

At least 24 economic development–related bills, including the biennial budget bill, were signed into law during the 2005-06 legislative session. Many of the new acts modify existing programs or tax incentives; others create new programs. In addition, state agencies initiated several new programs under their existing authorities. The following programs were created after June 30, 2005, and were therefore not included in our inventory because they were not active during the period we reviewed.

Aerospace Authority

The Wisconsin Aerospace Authority was created by 2005 Wisconsin Act 335 to establish a spaceport in the City of Sheboygan; promote the aerospace industry in Wisconsin; provide aerospace services; coordinate with federal, state, and local government units; secure funding for spaceports and aerospace-related activities in Wisconsin; and serve as an information clearinghouse. The authority is governed by a nine-member board consisting of six members appointed by the Governor, one member of the Senate, one member of the Assembly, and the director of the Wisconsin Space Grant Consortium. The authority can raise funds for the development of spaceport projects by issuing private activity bonds, which are not obligations of the State. For projects that receive federal aid, the State may pay up to 50 percent of project costs in excess of federal funds received; for projects that do not receive federal aid, the State may pay up to 80 percent of project costs. State funding for such projects is derived from segregated appropriations under ch. 20.395 (2)(mq), (mv), and (mx), Wis. Stats. The authority is required to submit an annual report on its activities, expenditures, and financial condition to the Governor and the chief clerk of each house in the Legislature.

Airport Development Zones

This program was created by 2005 Wisconsin Act 487, which authorizes Commerce to designate airport development zones in municipalities that intend to construct or expand an airport. Zone designations are effective for up to seven years, with a maximum of \$3 million in credits available over the life of each zone. When designating zones, Commerce must consider indicators of economic distress, such as poverty and unemployment levels; the prospects for new investment and economic development likely to result from the airport project; the number of full-time jobs likely to be created; and the competitive effect of the designation on other businesses in the area. Areas that are already designated as enterprise zones, development opportunity zones, or enterprise development zones may not also be designated as airport development zones. Businesses located within airport development zones are eligible for tax credits based on capital investments, jobs created, and environmental remediation expenses. In addition, Act 487 authorizes WHEDA to provide these businesses with loans to finance construction or expansion of an airport, including financing activities to increase the number of flights to and from the airport. WHEDA is authorized to issue up to \$200.0 million in bonds to finance such loans.

Biobased Industry Opportunity Grants

The program was created by 2005 Wisconsin Act 25 and is administered by DATCP. It provides research and development grants of up to \$300,000 to businesses and other organizations that are planning or implementing technologies for using agricultural products or agricultural waste to produce biochemicals or energy. Grant recipients are required to provide matching funds of at least 50 percent of project costs. Up to \$150,000 of the maximum grant amount may be used for planning, and the remaining \$150,000 for implementation. Eligible expenses include wages, consultant services, equipment, and other operations costs. The Legislature provided \$1.0 million for this program in FY 2005-06 under an existing appropriation, s. 20.115(7)(r), Wis. Stats., which also provides funding for DATCP's Agricultural Development and Diversification program.

Enterprise Zones

This program was created by 2005 Wisconsin Act 361, which authorizes Commerce to designate ten enterprise zones that are 50 acres or less in size. A gubernatorial veto changed the name of this program from "Rural Enterprise Development Zones" to "Enterprise Zones." When designating zones, Commerce must consider indicators of economic distress, such as household income, average wages, housing values, population decline, job losses, and rate of business development. Zone designations are effective for up to 12 years. Businesses that locate or expand within a zone may claim refundable income tax credits based on wages paid and employee training costs. Because these credits are refundable, businesses whose tax credits exceed their tax liability in a given year will receive checks from the State for the difference. Act 361 does not limit the credits that are available in a given year. No credits may be awarded before July 1, 2007.

Film Production Tax Credits

Under 2005 Wisconsin Act 483, Commerce may certify film production companies to claim income and franchise tax credits for costs associated with producing films in Wisconsin. These include credits equal to:

- 25 percent of salary and wages paid to employees, up to \$25,000 per employee;
- 25 percent of production expenses, including costs related to set construction, photography, renting and leasing equipment, and other expenditures determined by Commerce;
- an amount equal to the sales and use taxes paid on the purchase of personal property or services used for production; and
- 15 percent of the costs of depreciable personal property and real estate acquisition, construction or remodeling costs that are related to film production and incurred during the first three years in which a company does business in the state.

Except for the production expenses credit, which is refundable, all of these credits are nonrefundable and may be carried forward for 15 years. No credits may be claimed before December 31, 2007.

Internet Equipment Credit and Exemption

Under 2005 Wisconsin Act 479, Commerce may certify businesses and others to claim an exemption from paying sales and use taxes on the purchase of equipment that will increase the availability of high-speed Internet connections in Wisconsin. In addition, those claiming the exemption may become eligible for a nonrefundable income tax credit equal to the amount of the certified exemption. The credit may be claimed for two years, beginning after the year in which the exemption is claimed. The certification period begins December 31, 2006, and ends July 1, 2007, and eligible businesses are required to invest in high-speed Internet equipment by July 1, 2009. Commerce can allocate up to \$7.5 million in total exemptions and credits among all eligible businesses, but no exemptions or credits may be claimed before July 1, 2007.

Inventors and Entrepreneurs Club Grants

The program was created in FY 2005-06 by Commerce and the Wisconsin Entrepreneurs' Network. It is administered by Commerce and provides up to \$1,000 to local economic development organizations, municipalities, nonprofit organizations, educational institutions, chambers of commerce, or existing inventor and entrepreneur clubs to fund start-up costs associated with establishing a club. A cash or in-kind match of at least 25 percent of project costs is required. Eligible expenses include meeting room rental fees, Web page development fees, advertising fees, and other operations costs. Funding is provided under s. 20.143(1)(dk), Wis. Stats., which also funds the Wisconsin Entrepreneurs' Network.

Ready for Reuse Revolving Loan Fund

In 2004, the Wisconsin Brownfields Coalition, which consists of representatives from regional planning commissions, the Department of Administration, Commerce, and DNR, received a federal grant to initiate this program. The program may provide up to \$1.5 million in grants and \$2.5 million in loans to local governments and tribal authorities for remediating contaminated property in economically distressed neighborhoods with unemployment or poverty rates above state averages. Projects that enhance waterfronts, promote sustainable development, result in green space or public use, and balance both urban and rural needs are given priority. Recipients are required to match 20.0 percent of project costs. The maximum grant is \$200,000; there is no maximum amount for loans. DNR expects to fund the cleanup of 12 to 20 contaminated properties over the program's five-year life.

Ready, Set, Go! Grants

The program was created in FY 2005-06 by the Department of Tourism. It provides grants of up to \$20,000 to nonprofit organizations, municipalities, and counties seeking to attract competitive sporting events to their communities. Recipients are required to provide matching funds of 50 percent of project costs. Eligible expenses include contract bidding fees, sanctioning costs, and other operating costs associated with bringing competitive events to Wisconsin communities. Funding is provided under s. 20.380(1)(w), Wis. Stats., which makes segregated revenue from the Transportation Fund available for tourism marketing.

Woman-Owned Business Certification

This program was created by 2005 Wisconsin Act 358. It requires Commerce to certify businesses that are at least 51 percent owned, controlled, and actively managed by women and to make a list of such businesses available on the Internet. However, it does not create preferences in governmental procurement for these businesses.

Workforce Advancement Training Grants

The program was created by 2005 Wisconsin Act 25 and is administered by WTCS. Individual technical college districts, in conjunction with established, for-profit businesses operating in Wisconsin, can apply for grants of up to \$150,000 to upgrade employee skills, with a broader objective of supporting regional workforce and economic development efforts. Either the participating technical college or the business is required to match 25 percent of project costs. Eligible expenses include instructional materials and software, staffing costs, and travel. Grants cannot be used for marketing or indirect costs. The Legislature provided \$2.0 million under a new appropriation, s. 20.292(eh), Wis. Stats., for the 2005-07 biennium.

Appendix 4

Entitlement Communities and Community Development Block Grant Allocations

Entitlement Community	Federal Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Appleton	\$ 732,000	\$ 737,000	\$ 723,000	\$ 684,300
Beloit	863,000	816,000	813,000	773,500
Eau Claire	919,000	788,000	771,000	730,200
Fond du Lac	0	0	670,000	640,500
Green Bay	1,244,000	1,090,000	1,128,000	1,077,800
Janesville	684,000	665,000	651,000	616,700
Kenosha	1,399,000	1,316,000	1,287,000	1,220,300
La Crosse	1,320,000	1,201,000	1,204,000	1,144,900
Madison	2,554,000	2,454,000	2,398,000	2,271,300
Milwaukee	22,596,000	20,954,000	20,716,000	19,617,200
Neenah	265,000	246,000	253,000	238,600
Oshkosh	1,040,000	987,000	979,000	937,700
Racine	2,663,000	2,397,000	2,388,000	2,265,300
Sheboygan	1,257,000	1,233,000	1,251,000	1,189,200
Superior	1,139,000	1,057,000	1,042,000	983,800
Waukesha	0	527,000	516,000	488,500
Wausau	857,000	836,000	843,000	803,700
Wauwatosa	1,369,000	1,440,000	1,431,000	1,357,600
West Allis	1,625,000	1,669,000	1,661,000	1,576,500
Dane County	1,211,000	1,258,000	1,317,000	1,258,600
Milwaukee County	1,767,000	1,993,000	1,956,000	1,860,000
Waukesha County	1,661,000	1,146,000	1,257,000	1,190,200
Subtotal	47,165,000	44,810,000	45,255,000	42,926,400
Department of Commerce	34,021,000	33,170,000	33,079,100	31,491,100
Total	\$81,186,000	\$77,980,000	\$78,334,100	\$74,417,500

Appendix 5

**Inactive or Outdated Economic
Development Programs**
FY 2001-02 through FY 2004-05

Program Number	Program	Responsible Agency
Repealed Programs		
28	Business Development Initiative Management Assistance Grants and Loans	Commerce
29	Business Development Initiative Technical Assistance Grants	Commerce
60	Snow Emergency Grants and Loans	Commerce
77	Recycling Early Planning Grants	Commerce
78	Recycling Loans	Commerce
79	Recycling Technology Assistance Loans	Commerce
Unfunded Programs		
61	Industrial Building Construction Loan Fund	Commerce
64	Mining Economic Development Grants and Loans	Commerce
89	Technology-Based Economic Development—Information Exchange Clearinghouse	Commerce
90	Technology-Based Economic Development—Manufacturing Assessment Center	Commerce
91	Technology-Based Economic Development—Seed Capital Fund	Commerce
Inactive Programs¹		
3	Sustainable Agriculture Grants	DATCP
16	Value-Added Dairy Initiative Commodity Innovation Grants	DATCP
36	Community-Based Economic Development Revolving Loan Fund Grants	Commerce
58	Gaming Economic Impact Grants and Loans	Commerce
68	Minority Business Incubator Grants	Commerce
72	Minority Finance and Education Training Grants	Commerce
73	Minority Nonprofit Corporation Incubator Grants	Commerce
81	Rural Economic Development Low-Income Loans	Commerce
99	Employee Ownership Program	Commerce
102	Rapid Response Fund	Commerce
103	Revolving Loan Fund Capitalization Program	Commerce
104	Small Business Innovative Research Grant	Commerce

¹ Funding was available to these programs, but they did not provide services in the 2003-05 biennium.

Appendix 6

Legislative Awards
FY 2001-02 through FY 2004-05

Award Recipient	Project Municipality ¹	County	Statutory or Other Authorization	Amount Awarded
TechStar Foundation, Inc.	Milwaukee	Milwaukee	2001 Act 16, s. 9101(10)(a)11	\$1,500,000
City of Kenosha	Kenosha	Kenosha	2001 Act 16, s. 9110(9c)	1,000,000
Oneida Tribe of Indians of Wisconsin	Oneida	Brown	560.137(3m) Wis. Stats.	1,000,000
Oneida Small Business, Inc.	Oneida	Brown	560.136(3m) Wis. Stats.	1,000,000
Dane County	–	Dane	93.29 Wis. Stats.	912,600
City of Milwaukee	Milwaukee	Milwaukee	560.139(1)(a) Wis. Stats.	900,000
Milwaukee Economic Development Corporation	Milwaukee	Milwaukee	560.139(1)(c) Wis. Stats.	750,000
Chippewa Valley Technical College	Eau Claire	Eau Claire	2001 Act 16, s. 9110(11zx)	500,000
City of Green Bay	Green Bay	Brown	2002 Act 16, s. 9110(2k)	500,000
Center for Advanced Technology and Innovation, Inc.	Sturtevant	Racine	2001 Act 16, s. 438(m)	400,000
Urban Hope Corporation	Green Bay	Brown	560.06 Wis. Stats.	400,000
City of Amery	Amery	Polk	2001 Act 16, s. 9110(9e)	386,600
Menomonee Valley Partners, Inc.	Milwaukee	Milwaukee	560.139(1)(c) Wis. Stats.	375,000
United Community Center, Inc.	Milwaukee	Milwaukee	2001 Act 16, ss. 9110(2g) and 9110(7g)	320,000
City of Fond du Lac	Fond du Lac	Fond du Lac	292.77 (2001 Wis. Stats.)	250,000
Business Material Exchange of Wisconsin	Beloit	Rock	560.031(4) (1999 Wis. Stats.)	200,000
Wisconsin Minority Business Opportunity Committee	Milwaukee	Milwaukee	2003 Act 33, s. 9109(2q)	200,000
Northwest Regional Planning Commission	Spooner	Washburn	560.139 (2)(a) Wis. Stats.	150,000
Potosi Brewery Foundation, Inc.	Potosi	Grant	2001 Act 16, s. 9110(11pk)	150,000
Wisconsin Business Innovation Corporation	Spooner	Washburn	560.139(2) Wis. Stats.	150,000
City of Platteville	Platteville	Grant	292.77 (2001 Wis. Stats.)	150,000
City of Beloit	Beloit	Rock	2001 Act 16, s. 9110(9d)	100,000
WasteCap Wisconsin, Inc.	Milwaukee	Milwaukee	1999 Act 9, s. 9110(7v)	100,000
Total				\$11,394,200

¹ Based on the postal address, which may not be the municipality where the project occurred.

Appendix 7

Grants and Loans Awarded, by Program

FY 2001-02 through FY 2004-05

Program Number	Program	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded
Department of Agriculture, Trade and Consumer Protection					
2	Agricultural Development and Diversification Grants	90	\$1,708,800	\$ 0	\$ 1,708,800
13	Organic Initiative	739	246,500	0	246,500
14	Payments to Ethanol Producers	8	6,745,000	0	6,745,000
15	Rural Business Enterprise Loans	3	0	75,000	75,000
Value Added Dairy Initiative:					
18	Dairy Development Revolving Fund	2	0	60,000	60,000
19	Dairy Farm Grazing, Organic Transition, or Farmer Entry Grants	7	29,100	0	29,100
20	Dairy Farm Modernization Grants	106	451,500	0	451,500
21	Local Dairy Development Grants	5	100,700	0	100,700
23	Value Chain Development Grants	21	331,100	0	331,100
Subtotal, Value Added Dairy Initiative		141	912,400	60,000	972,400
DATCP Subtotal		981	9,612,700	135,000	9,747,700
Department of Commerce					
25	Brownfields Grant Program	47	19,367,700	0	19,367,700
Business Development Initiative:					
28	Management Assistance Grants and Loans	11	32,100	30,000	62,100
29	Technical Assistance Grants	12	9,100	0	9,100
Subtotal, Business Development Initiative		23	41,200	30,000	71,200
Community-Based Economic Development:					
31	Business Assistance Grants	12	225,000	0	225,000
32	Business Incubator Grants	46	1,114,100	0	1,114,100
33	Economic Development Project Grants	10	191,500	0	191,500
34	Economic Diversification Community Planning Grants	6	78,000	0	78,000
35	Regional Planning Grants	14	463,100	0	463,100
36	Revolving Loan Fund Grants	1	38,000	0	38,000
37	Venture Capital Conference	6	282,500	0	282,500
39	Youth Entrepreneurship Teaching Grants	7	152,500	0	152,500
Subtotal, Community-Based Economic Development		102	2,544,700	0	2,544,700

Program Number	Program	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded
Commerce (continued)					
Community Development Block Grant:					
40	Blight Elimination and Brownfields Redevelopment	10	\$ 3,159,000	\$ 0	\$ 3,159,000
42	Economic Development Grants and Loans	73	6,232,400	24,219,200	30,451,600
43	Milk Volume Production Loans (CDBG)	66	3,000	9,036,600	9,039,600
44	Planning Grants	51	1,223,700	0	1,223,700
45	Public Facilities for Economic Development	45	13,914,000	0	13,914,000
Subtotal, Community Development Block Grant		245	24,532,100	33,255,800	57,787,900
Gaming Revenue Funded Programs:					
55	Economic Diversification Early Planning Grants	11	77,500	0	77,500
56	Economic Diversification Grants and Loans	34	2,660,200	2,199,200	4,859,400
57	Economic Impact Early Planning Grants	12	35,100	0	35,100
58	Economic Impact Grants and Loans	2	0	63,000	63,000
59	Milk Volume Production Loans (Gaming)	2	0	80,000	80,000
60	Snow Emergency Loans	29	28,000	508,600	536,600
Subtotal, Gaming Revenue		90	2,800,800	2,850,800	5,651,600
Minority Business Development:					
66	Minority Business Development Grants and Loans	25	0	1,305,400	1,305,400
67	Minority Business Employees' Skills Training	3	15,000	0	15,000
69	Minority Business Revolving Loan Fund Grants	1	100,000	0	100,000
70	Minority Early Planning Grants	98	298,400	0	298,400
71	Minority Entrepreneurial Training Grants	221	179,100	0	179,100
Subtotal, Minority Business Development		348	592,500	1,305,400	1,897,900
Recycling Market Development:					
77	Recycling Early Planning Grants	5	12,600	0	12,600
78	Recycling Loans	2	0	840,000	840,000
Subtotal, Recycling Market Development		7	12,600	840,000	852,600
Rural Economic Development:					
80	Dairy 2020 Early Planning Grants	213	628,400	0	628,400
82	Milk Volume Production Loans (Rural)	22	0	1,075,000	1,075,000
83	Rural Business Employees' Skills Training	27	131,500	0	131,500
84	Rural Early Planning Grants	107	340,500	0	340,500
85	Rural Economic Development Grants and Loans	10	25,000	470,000	495,000
86	Rural Entrepreneurial Training Grants	441	360,100	0	360,100
Subtotal, Rural Economic Development		820	1,485,500	1,545,000	3,030,500

Program Number	Program	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded
Commerce (continued)					
Technology Commercialization Programs:					
92	Technology Assistance Grants and Loans	9	\$ 101,900	\$ 0	\$ 101,900
93	Technology Bridge Grants and Loans	2	73,000	0	73,000
94	Technology Matching Grants and Loans	3	350,000	0	350,000
95	Technology Venture Fund Grants and Loans	8	0	1,575,000	1,575,000
Subtotal, Technology Commercialization		22	524,900	1,575,000	2,099,900
Wisconsin Development Fund:					
97	Business Employees' Skills Training	48	199,500	0	199,500
98	Customized Labor Training Grants and Loans	142	10,504,200	0	10,504,200
100	Entrepreneurial Training Grants	844	801,600	0	801,600
101	Major Economic Development Program	19	9,738,800	6,670,000	16,408,800
105	Technology Development Commercialization Loan	11	0	2,191,200	2,191,200
106	Technology Development Fund	13	642,000	2,358,000	3,000,000
107	Urban Early Planning Grants	159	468,100	0	468,100
108	Wisconsin Trade Project	51	252,300	0	252,300
Subtotal, Wisconsin Development Fund		1,287	22,606,500	11,219,200	33,825,700
Commerce Subtotal		2,991	74,508,500	52,621,200	127,129,700
Department of Natural Resources					
112	Brownfield Site Assessment Grant Program	196	6,760,800	0	6,760,800
113	Dry Cleaner Environmental Response Fund Program	82	3,911,200	0	3,911,200
DNR Subtotal		278	10,672,000	0	10,672,000
Department of Tourism					
117	Joint Effort Marketing Grants	258	5,183,300	0	5,183,300
Tourism Subtotal		258	5,183,300	0	5,183,300
Department of Transportation					
122	Transportation Economic Assistance	42	13,466,600	0	13,466,600
DOT Subtotal		42	13,466,600	0	13,466,600

Program Number	Program	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded
UW System					
133	UW-Madison Trade Show Travel Grants	2	\$ 4,000	\$ 0	\$ 4,000
139	UW-Platteville Rural Business Enhancement Center	6	70,000	0	70,000
UW System Subtotal		8	74,000	0	74,000
Wisconsin Housing and Economic Development Authority					
145	Linked Deposit Loan Subsidy	62	0	3,251,000	3,251,000
WHEDA Subtotal		62	0	3,251,000	3,251,000
Total		4,620	\$113,517,100	\$56,007,200	\$169,524,300

Appendix 8

Grants and Loans Awarded, by Project County

FY 2001-02 through FY 2004-05

County	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded	Population ¹	Amount Awarded per Capita	Per Capita Rank	Unemployment Rate (2003)	Per Capita Income (2003)	Poverty Rate (2003)	Number of Economic Distress Criteria Met ²
Adams	8	\$ 106,100	\$ 25,000	\$ 131,100	21,200	\$ 6.18	65	5.5%	\$22,804	11.0%	2
Ashland	28	398,700	0	398,800	16,900	23.60	40	7.1	23,204	12.0	3
Barron	18	442,000	642,500	1,084,500	46,800	23.17	42	6.0	24,922	9.2	3
Bayfield	26	177,800	269,700	447,500	15,700	28.50	32	6.4	22,660	9.6	3
Brown	96	3,873,600	1,858,900	5,732,400	240,400	23.85	39	5.2	32,076	8.1	0
Buffalo	5	39,300	50,400	89,600	14,100	6.35	64	5.1	29,083	7.9	1
Burnett	16	97,300	311,100	408,400	16,500	24.75	37	5.3	22,796	9.3	2
Calumet	38	924,400	621,400	1,545,800	45,100	34.27	25	4.8	31,880	4.8	0
Chippewa	62	4,009,800	594,000	4,603,800	60,400	76.22	3	6.3	25,999	9.0	3
Clark	32	1,471,100	45,000	1,516,100	34,500	43.94	15	6.1	22,227	10.1	3
Columbia	25	1,871,600	536,000	2,407,600	54,900	43.85	16	5.5	30,846	6.2	0
Crawford	15	1,062,600	148,900	1,211,500	17,500	69.23	6	6.2	22,628	10.1	3
Dane	339	10,545,600	7,177,000	17,722,600	458,300	38.67	20	3.6	36,455	7.9	0
Dodge	42	1,894,700	778,000	2,672,700	88,700	30.13	31	5.9	26,048	6.7	2
Door	70	726,700	183,200	909,900	29,300	31.05	29	7.3	30,657	7.1	2
Douglas	43	220,700	81,600	302,300	43,900	6.89	62	6.1	23,568	11.3	3
Dunn	44	1,495,500	1,361,000	2,856,500	42,200	67.69	7	5.0	22,885	9.4	2
Eau Claire	52	1,192,900	445,000	1,637,900	97,100	16.87	53	4.7	27,469	9.6	2
Florence	4	83,100	0	83,100	5,200	15.98	54	6.3	24,146	8.4	2
Fond du Lac	60	885,400	2,458,400	3,343,800	100,200	33.37	27	5.3	29,951	6.9	1
Forest	7	133,200	61,300	194,500	10,200	19.07	47	7.0	21,975	10.0	3
Grant	40	776,800	526,900	1,303,700	50,600	25.76	36	5.1	24,116	9.5	2
Green	34	3,317,300	958,000	4,275,300	35,600	120.09	1	5.3	28,542	6.7	1

County	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded	Population ¹	Amount Awarded per Capita	Per Capita Rank	Unemployment Rate (2003)	Per Capita Income (2003)	Poverty Rate (2003)	Number of Economic Distress Criteria Met ²
Green Lake	11	\$ 281,300	\$ 56,400	\$ 337,600	19,400	\$17.40	50	6.8%	\$26,962	7.8%	2
Iowa	18	69,400	40,000	109,400	23,800	4.60	68	4.3	27,308	7.1	1
Iron	9	98,100	20,500	118,600	6,900	17.19	52	9.2	22,912	9.6	3
Jackson	10	104,800	0	104,800	19,800	5.29	67	5.8	26,084	9.5	3
Jefferson	60	819,800	562,000	1,381,800	79,200	17.45	49	5.0	29,330	5.7	1
Juneau	16	395,400	750,200	1,145,500	26,700	42.90	17	7.2	22,382	9.6	3
Kenosha	88	2,118,000	622,000	2,740,000	158,200	17.32	51	6.2	29,117	8.8	2
Kewaunee	39	460,800	1,318,400	1,779,200	21,100	84.32	2	5.8	25,536	5.6	2
La Crosse	74	3,099,100	1,935,200	5,034,300	110,100	45.72	13	4.5	28,284	9.7	2
Lafayette	23	96,000	282,500	378,500	16,300	23.22	41	5.0	21,983	8.6	1
Langlade	26	427,100	756,000	1,183,100	21,400	55.29	10	7.3	23,739	10.2	3
Lincoln	28	805,700	234,200	1,039,900	30,400	34.21	26	6.4	24,725	7.2	2
Manitowoc	56	1,471,500	4,410,500	5,882,000	84,500	69.61	5	6.9	27,807	7.0	2
Marathon	172	3,650,300	1,161,400	4,811,700	131,300	36.65	22	4.9	29,992	7.2	1
Marinette	28	1,898,200	1,088,800	2,987,000	44,500	67.12	8	7.2	25,448	8.9	2
Marquette	3	31,900	0	32,000	15,100	2.12	71	8.1	22,590	8.4	2
Menominee	3	7,500	0	7,500	4,600	1.63	72	10.8	18,449	19.3	3
Milwaukee	551	21,195,000	4,789,400	25,984,500	939,000	27.67	33	7.1	31,419	16.2	2
Monroe	18	82,700	56,000	138,700	43,000	3.23	70	5.0	23,467	10.2	2
Oconto	26	292,900	627,300	920,200	38,200	24.09	38	6.9	24,842	7.0	2
Oneida	24	409,400	161,400	570,800	38,100	14.98	55	6.8	28,646	8.1	2
Outagamie	111	1,471,400	583,500	2,054,900	170,700	12.04	58	5.6	30,952	5.6	1
Ozaukee	74	541,200	153,200	694,400	85,800	8.09	60	4.6	47,527	3.6	0
Pepin	7	39,900	302,000	341,900	7,600	44.99	14	4.8	24,407	8.1	1
Pierce	33	200,300	306,300	506,600	39,300	12.89	57	4.5	27,963	6.4	1
Polk	27	520,400	914,900	1,435,300	44,600	32.18	28	6.8	24,201	7.2	2
Portage	69	1,530,900	613,200	2,144,100	69,400	30.89	30	5.1	27,464	8.4	1
Price	10	348,000	0	348,000	16,000	21.75	44	5.5	24,361	9.0	2

County	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded	Population ¹	Amount Awarded per Capita	Per Capita Rank	Unemployment Rate (2003)	Per Capita Income (2003)	Poverty Rate (2003)	Number of Economic Distress Criteria Met ²
Racine	152	\$ 2,537,800	\$2,518,000	\$ 5,055,800	193,100	\$26.18	35	7.0%	\$31,271	9.3%	2
Richland	12	1,055,400	0	1,055,400	18,100	58.31	9	4.6	23,829	9.6	2
Rock	114	11,588,400	306,000	11,894,400	157,000	75.76	4	6.2	28,256	8.3	2
Rusk	7	82,000	18,500	100,500	15,500	6.48	63	6.4	20,461	11.0	3
St. Croix	51	1,599,300	1,037,500	2,636,800	75,700	34.83	24	5.7	31,091	4.2	1
Sauk	36	516,600	772,000	1,288,600	59,300	21.73	45	4.7	28,780	7.6	1
Sawyer	20	136,200	220,100	356,300	17,100	20.84	46	6.8	23,921	11.2	3
Shawano	26	506,500	966,500	1,473,000	42,000	35.07	23	5.6	23,941	8.2	2
Sheboygan	42	1,206,300	3,423,300	4,629,700	116,100	39.88	19	5.1	31,251	6.6	0
Taylor	11	383,700	456,000	839,700	19,900	42.20	18	5.7	23,020	8.8	2
Trempealeau	23	273,700	121,000	394,700	28,000	14.10	56	5.7	25,242	7.9	2
Vernon	30	927,200	668,000	1,595,200	29,200	54.63	12	5.2	20,950	10.9	2
Vilas	18	63,800	425,700	489,500	22,200	22.05	43	6.7	25,664	8.0	2
Walworth	53	1,670,400	100,000	1,770,400	98,300	18.01	48	4.8	27,626	8.0	1
Washburn	14	160,500	20,500	181,000	17,000	10.65	59	7.1	22,794	9.7	3
Washington	69	482,900	0	482,900	125,900	3.84	69	5.2	35,196	4.6	0
Waukesha	123	2,104,200	810,000	2,914,200	377,200	7.73	61	4.8	41,551	4.1	0
Waupaca	37	1,024,800	937,000	1,961,800	53,400	36.74	21	5.6	26,863	7.4	2
Waushara	13	85,600	50,000	135,600	24,900	5.45	66	6.3	21,762	9.6	3
Winnebago	149	3,403,100	1,102,200	4,505,300	163,200	27.61	34	5.3	30,359	7.5	1
Wood	73	3,036,300	1,176,300	4,212,600	76,600	54.99	11	5.9	30,401	7.8	2
Subtotal	3,791	111,057,900	56,007,200	167,065,100	5,580,000	-	-	-	-	-	-
No County Specified ³	829	2,459,200	-	2,459,200	-	-	-	-	-	-	-
Total	4,620	\$113,517,100	\$56,007,200	\$169,524,300	5,580,000	30.38	-	5.6	30,685	9.0	-

¹ Department of Administration estimate for 2005.

² Criteria include: (1) unemployment rates greater than or equal to the 2003 statewide average of 5.6 percent; (2) poverty rates greater than or equal to the 2003 statewide average of 9.0 percent; and (3) per capita personal income less than or equal to the 2003 statewide average of \$30,685.

³ Includes awards for which no county is indicated or for projects that benefit multiple counties.

Appendix 9

**Grants and Loans Awarded in the Milwaukee-Waukesha
Primary Metropolitan Statistical Area**
FY 2001-02 through FY 2004-05

Project Municipality ¹	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded	Percentage of State Total
Milwaukee County					
Brown Deer	3	\$ 61,800	\$ 0	\$ 61,800	<0.1%
Cudahy	6	490,400	66,200	556,700	0.3
Fox Point	4	7,300	0	7,300	<0.1
Franklin	10	61,900	0	61,900	<0.1
Glendale	11	1,136,300	506,000	1,642,300	1.0
Greendale	3	17,200	0	17,200	<0.1
Greenfield	5	32,600	0	32,600	<0.1
Hales Corners	3	4,400	0	4,400	<0.1
Milwaukee	420	12,508,000	3,667,200	16,175,100	9.5
Oak Creek	14	4,059,100	250,000	4,309,100	2.5
Pewaukee	1	600	0	600	<0.1
Shorewood	5	5,700	0	5,700	<0.1
South Milwaukee	2	30,000	300,000	330,000	0.2
Wauwatosa	21	308,000	0	308,000	0.2
West Allis	28	2,242,800	0	2,242,800	1.3
West Milwaukee	1	30,000	0	30,000	<0.1
Whitefish Bay	8	5,400	0	5,400	<0.1
Unspecified	6	193,500	0	193,500	0.1
Subtotal	551	21,195,000	4,789,400	25,984,400	15.3
Ozaukee County					
Belgium	1	\$8,500	0	\$8,500	<0.1
Cedarburg	17	84,800	42,000	126,800	0.1
Fredonia	7	35,400	0	35,400	<0.1
Grafton	16	105,800	15,000	120,800	0.1
Mequon	10	100,200	0	100,200	0.1
Port Washington	12	83,700	96,200	179,900	0.1
Saukville	5	9,100	0	9,100	<0.1
Thiensville	5	83,700	0	83,700	<0.1
Fredonia	1	30,000	0	30,000	<0.1
Subtotal	74	541,200	153,200	694,400	0.4

Project Municipality ¹	Number of Awards	Amount in Grants	Amount in Loans	Total Awarded	Percentage of State Total
Washington County					
Allenton	1	\$ 3,000	\$ 0	\$ 3,000	<0.1
Cedarburg	1	1,100	0	1,100	<0.1
Colgate	1	800	0	800	<0.1
Germantown	8	65,900	0	65,900	<0.1
Hartford	10	124,300	0	124,300	0.1
Hubertus	2	1,900	0	1,900	<0.1
Jackson	3	4,900	0	4,900	<0.1
Kewaskum	5	4,500	0	4,500	<0.1
Richfield	1	10,000	0	10,000	<0.1
Slinger	5	4,400	0	4,400	<0.1
West Bend	32	262,200	0	262,200	0.2
Subtotal	69	483,000	0	483,000	0.3
Waukesha County					
Big Bend	2	1,900	0	1,900	<0.1
Brookfield	20	421,000	160,000	581,000	0.3
Butler	2	19,400	0	19,400	<0.1
Delafield	2	7,300	0	7,300	<0.1
Dousman	1	800	0	800	<0.1
Eagle	2	1,900	0	1,900	<0.1
Elm Grove	2	6,800	0	6,800	<0.1
Hartland	4	6,800	0	6,800	<0.1
Menomonee Falls	11	42,700	400,000	442,700	0.3
Mukwonago	2	1,900	0	1,900	<0.1
Muskego	4	15,800	0	15,800	<0.1
New Berlin	11	121,300	0	121,300	0.2
Oconomowoc	12	707,900	0	707,900	0.3
Pewaukee	15	86,300	0	86,300	0.1
Sussex	6	45,200	0	45,200	<0.1
Wales	1	1,100	0	1,100	<0.1
Waukesha	26	616,200	250,000	866,200	0.5
Subtotal	123	2,104,300	810,000	2,914,300	1.7
Subtotal, Milwaukee Area	817	24,323,500	5,752,600	30,076,100	17.7
All Other Counties or Unspecified²	3,803	89,193,600	50,254,600	139,448,200	82.3
Total	4,620	\$113,517,100	\$56,007,200	\$169,524,300	100.0%

¹ Based on the postal address, which may not be the municipality where the project occurred.

² Includes awards for which no county is indicated or for projects that benefit multiple counties.

Appendix 10

**Businesses, Local Governments, and Organizations
Awarded \$500,000 or More in Grants, Loans, and Development Zone Tax Credits
FY 2001-02 through FY 2004-05**

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
General Motors Corporation	Janesville	Rock	3	\$8,118,800	\$ 0	\$ 0	\$8,118,800
BOSTCO, LLC	Milwaukee	Milwaukee	2	0	1,250,000	4,700,000	5,950,000
Midwest Express Holdings, Inc.	Oak Creek	Milwaukee	1	4,012,000	0	0	4,012,000
Bombardier Motor Corporation of America	Sturtevant	Racine	3	500,000	1,500,000	1,500,000	3,500,000
Kohl's Department Stores, Inc.	Menomonee Falls	Waukesha	2	0	400,000	3,000,000	3,400,000
Harley-Davidson Motor Company Operations, Inc.	Tomahawk	Lincoln	3	711,200	0	2,616,000	3,327,200
Ace Ethanol, LLC	Stanley	Chippewa	6	3,066,100	0	0	3,066,100
ACUITY, A Mutual Insurance Company	Sheboygan	Sheboygan	2	0	1,006,000	2,045,000	3,051,000
Aldrich Chemical Company, Inc.	Milwaukee	Milwaukee	1	0	0	3,000,000	3,000,000
Oshkosh Truck Corporation	Oshkosh	Winnebago	1	0	0	3,000,000	3,000,000
Badger State Ethanol, LLC	Monroe	Green	4	2,961,500	0	0	2,961,500
Patrick Cudahy, Inc.	Cudahy	Milwaukee	1	0	0	2,535,000	2,535,000
Shipbuilders of Wisconsin, Inc.	Manitowoc	Manitowoc	2	0	2,112,000	0	2,112,000
Cellular Dynamics International, Inc.	Madison	Dane	4	1,000,000	1,000,000	0	2,000,000

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
IDS Property Casualty Insurance Company	De Pere	Brown	1	\$ 0	\$ 0	\$ 1,685,000	\$ 1,685,000
Harley-Davidson Motor Company Group, Inc.	Franklin	Milwaukee	1	0	0	1,600,000	1,600,000
Koenig and Vits, Inc.	Manitowoc	Manitowoc	1	0	1,506,000	0	1,506,000
Wal-Mart Stores East, LP	Beaver Dam	Dodge	2	1,500,000	0	0	1,500,000
Cabela's, Inc.	Prairie du Chien	Crawford	3	625,000	0	753,000	1,378,000
Utica Energy, LLC	Oshkosh	Winnebago	2	1,266,700	0	0	1,266,700
TNT Logistics North America, Inc.	Menomonie	Dunn	3	750,000	500,000	0	1,250,000
Covance Laboratories, Inc.	Madison	Dane	2	1,192,300	0	0	1,192,300
General Motors Corporation	Hudson	St. Croix	2	1,150,000	0	0	1,150,000
Andersen Corporation	Menomonie	Dunn	1	0	0	1,125,000	1,125,000
Gardner Trucking & Cold Storage, Inc.	Pittsville	Wood	3	1,110,000	0	0	1,110,000
Allen-Bradley Company	Mequon	Ozaukee	1	0	0	1,082,500	1,082,500
Pitney Bowes	Neenah	Winnebago	1	0	0	1,056,000	1,056,000
City of Milwaukee Dept. of City Development	Milwaukee	Milwaukee	2	1,040,000	0	0	1,040,000
Stoughton Trailers, Inc.	Brodhead	Green	1	0	0	1,026,500	1,026,500
GE Medical Information Technologies, Inc.	Milwaukee	Milwaukee	1	0	1,020,000	0	1,020,000
Norlight Telecommunications, Inc.	Brookfield	Waukesha	2	19,400	0	997,500	1,016,900
City of West Allis	West Allis	Milwaukee	2	1,010,000	0	0	1,010,000

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
Muth Company, LLC	Sheboygan	Sheboygan	1	\$ 0	\$ 1,006,000	\$ 0	\$ 1,006,000
Permacel, a subsidiary of Nitto Denko Corporation	Pleasant Prairie	Kenosha	2	500,000	506,000	0	1,006,000
Epic Systems Corp.	Verona	Dane	1	1,000,000	0	0	1,000,000
City of Kenosha	Kenosha	Kenosha	1	1,000,000	0	0	1,000,000
The Trane Company, a division of American Standard Inc.	La Crosse	La Crosse	2	500,000	500,000	0	1,000,000
Wisconsin Physician's Service Insurance Corporation	Wausau	Marathon	1	1,000,000	0	0	1,000,000
Deere and Company	Horicon	Dodge	1	0	0	986,700	986,700
Simplicity Manufacturing, Inc.	Port Washington	Ozaukee	1	0	0	940,700	940,700
Village of Ashwaubenon	Ashwaubenon	Brown	1	900,000	0	0	900,000
City of Sun Prairie	Sun Prairie	Dane	1	900,000	0	0	900,000
USL Land, LLC	Milwaukee	Milwaukee	1	900,000	0	0	900,000
The Antigo Cheese Company	Antigo	Langlade	2	0	756,000	104,000	860,000
Ashley Furniture Industries	Arcadia	Trempealeau	1	0	0	857,500	857,500
City of Richland Center	Richland Center	Richland	2	850,000	0	0	850,000
City of Eau Claire	Eau Claire	Eau Claire	1	829,300	0	0	829,300
Eggers Industries, Inc.	Two Rivers	Manitowoc	2	750,000	0	75,000	825,000
3M Company	Menomonie	Dunn	4	140,000	509,000	171,900	820,900

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
City Brewing Company, LLC	La Crosse	La Crosse	1	\$ 0	\$ 0	800,000	\$ 800,000
Seneca Foods Corporation	Cambria	Columbia	3	770,000	0	0	770,000
Seagrave Fire Apparatus, LLC	Clintonville	Waupaca	2	760,000	0	0	760,000
Northern Component Solutions, LLC	New London	Waupaca	1	0	756,000	0	756,000
Wisconsin Physicians Service Insurance Corporation	Madison	Dane	1	756,000	0	0	756,000
4imprint, Inc.	Oshkosh	Winnebago	1	0	0	750,000	750,000
Abbyland Pork Pack, Inc.	Curtiss	Clark	1	750,000	0	0	750,000
Bishop's Creek Community Development Corporation	Milwaukee	Milwaukee	1	750,000	0	0	750,000
Gundersen Clinic, Ltd.	LaCrosse	La Crosse	1	750,000	0	0	750,000
Historic Third Ward Association, Inc.	Milwaukee	Milwaukee	1	750,000	0	0	750,000
Lands' End, Inc.	Stevens Point	Portage	1	0	0	750,000	750,000
Lands' End, Inc.	Dodgeville	Iowa	1	0	0	750,000	750,000
Rockline Industries, Inc.	Sheboygan	Sheboygan	2	38,600	0	710,000	748,600
DeCrane Aircraft Seating Company, Inc.	Peshtigo	Marinette	2	225,000	506,000	0	731,000
Ardisam, Inc.	Cumberland	Barron	2	300,000	406,000	0	706,000
Select Trusses and Lumber, Inc.	West Salem	La Crosse	2	703,500	0	0	703,500
Sargento Foods, Inc.	Plymouth	Sheboygan	1	0	0	700,000	700,000
Stora Enso North America Corp.	Wisconsin Rapids	Wood	5	675,000	0	0	675,000

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
Redevelopment Authority Of Milwaukee	Milwaukee	Milwaukee	24	\$ 666,300	\$ 0	\$ 0	\$ 666,300
Badger Paper Mills, Inc.	Peshigo	Marinette	2	500,000	166,000	0	666,000
Lake Breeze Dairy, LLC	Malone	Fond du Lac	2	7,500	656,000	0	663,500
Karl Schmidt Unisia, Inc.	Marinette	Marinette	2	300,000	0	362,700	662,700
City of Delavan	Delavan	Walworth	1	625,000	0	0	625,000
Quintessence Biosciences, Inc.	Madison	Dane	6	25,000	600,000	0	625,000
Water Tower Industrial Properties West, LLC	Beloit	Rock	1	625,000	0	0	625,000
Village of Waunakee	Waunakee	Dane	1	625,000	0	0	625,000
Runzheimer International, Ltd.	Waterford	Racine	1	0	0	612,500	612,500
Emerald Dairy II, LLC	Emerald	St. Croix	1	0	606,000	0	606,000
Lake Shore, Inc., subsidiary of Oldenburg Group	Glendale	Milwaukee	2	100,000	506,000	0	606,000
Harley-Davidson Motor Company Group, Inc.	Wauwatosa	Milwaukee	1	0	0	600,000	600,000
Techstar Holdings, Inc./TS Early Ventures, LLC	Milwaukee	Milwaukee	1	600,000	0	0	600,000
Roundy's, Inc.	Oconomowoc	Waukesha	1	590,000	0	0	590,000
Pointe Precision, LLC	Plover	Portage	1	587,500	0	0	587,500
Jensar Corporation	Milwaukee	Milwaukee	1	575,000	0	0	575,000
Blenker Companies, Inc.	Amherst	Portage	4	570,800	0	0	570,800
City of West Allis	West Allis	Milwaukee	10	561,500	0	0	561,500

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
SkipperLiner Industries, Inc.	La Crosse	La Crosse	1	\$ 0	\$ 556,000	\$ 0	\$ 556,000
Coating Excellence International, LLC	Wrightstown	Brown	3	551,800	0	0	551,800
Jefferson Block, LLC	Milwaukee	Milwaukee	1	550,000	0	0	550,000
ProCertus BioPharm, Inc.	Madison	Dane	3	50,000	500,000	0	550,000
City of Racine	Racine	Racine	1	550,000	0	0	550,000
Alcoa Aluminum Deutschland, Inc. (d/b/a Reynolds Wheels International)	Beloit	Rock	2	547,000	0	0	547,000
Kaytee Products, Inc.	Chilton	Calumet	2	546,000	0	0	546,000
Strong Capital Management, Inc.	Menomonee Falls	Waukesha	1	0	0	510,000	510,000
Chemtool, Inc.	Elkhorn	Walworth	1	506,000	0	0	506,000
Dairy Dreams, LLC	Casco	Kewaunee	1	0	506,000	0	506,000
Georgia-Pacific Corporation	Green Bay	Brown	1	0	506,000	0	506,000
Hi-Liter Graphics, LLC	Burlington	Racine	1	0	506,000	0	506,000
Invincible Metal Furniture Company	Manitowoc	Manitowoc	1	0	506,000	0	506,000
Lear Midwest Automotive, LP	Janesville	Rock	2	200,000	306,000	0	506,000
Nestle Purina PetCare Company	Jefferson	Jefferson	2	100,000	406,000	0	506,000
Orchid Monroe, LLC	Monroe	Green	1	0	506,000	0	506,000
Orion Energy Systems, Ltd. and Great Lakes Energy Technologies, LLC	Plymouth	Sheboygan	1	0	506,000	0	506,000
Ralph Hamel Forest Products, Inc.	Vesper	Wood	1	0	506,000	0	506,000

Award Recipient	Municipality ¹	County	Number of Awards	Amount in Grants	Amount in Loans	Amount in Tax Credits ²	Total Awarded
SNE Enterprises, Inc.	Mosinee	Marathon	1	\$ 0	\$ 506,000	\$ 0	\$ 506,000
Alliance Laundry Holdings, LLC	Ripon	Fond du Lac	1	0	0	500,000	500,000
City of Fort Atkinson	Fort Atkinson	Jefferson	1	500,000	0	0	500,000
City of Glendale	Glendale	Milwaukee	1	500,000	0	0	500,000
City of Neenah	Neenah	Winnebago	1	500,000	0	0	500,000
SBP I, LLC	Milwaukee	Milwaukee	1	500,000	0	0	500,000
Subtotal			214	59,089,800	23,589,000	41,902,500	124,581,300
All Other Awards			4,594	54,427,300	32,418,200	14,367,600	101,213,100
Total			4,808	\$113,517,100	\$56,007,200	\$56,270,100	\$225,794,400

¹ Based on the postal address, which may not be the municipality where the project occurred.

² Includes development zone tax credits awarded by Commerce for tax years 2001 through 2004.

Appendix 11

Industrial Revenue Bonds Authorized
FY 2001-02 through FY 2004-05

County	Business	Project Municipality	Number of Bonds Authorized	Amount Authorized
Brown	Daffinson, Inc.	City of Green Bay	1	\$ 530,000
	Forte Composites, Inc.	City of Green Bay	1	565,000
	Lord's Dental Studio, Inc.	City of Green Bay	1	4,100,000
Chippewa	W.S. Darley and Co.	City of Chippewa Falls	1	2,935,000
Dane	Epicentre Technologies Corporation	City of Madison	1	8,465,000
	Latitude Corporation	City of Verona	1	5,500,000
	Minitube of America, Inc.	City of Verona	1	5,685,000
Dodge	Karavan Trailers, Inc.	City of Fox Lake	1	2,750,000
Fond du Lac	Baker Cheese Factory, Inc.	Village of St. Cloud	1	4,500,000
	Tobin Machining, Inc.	City of Fond du Lac	1	3,500,000
	Tom's Quality Millwork, Inc.	Village of Campbellsport	1	2,100,000
Forest	Rhineland Door and Millwork, Inc.	City of Crandon	1	226,000
Grant	Dick's Supermarket, Inc.	City of Platteville	1	4,420,000
Green	L.S.I. Inc.	Town of New Glarus	1	4,250,000
Juneau	Agrifarms, LLC	City of New Lisbon	2	10,000,000
	Leer Limited Partnership	City of New Lisbon	1	2,700,000
Kenosha	Kenosha Metal Products, Inc.	Village of Pleasant Prairie	1	1,000,000
La Crosse	Select Trusses and Lumber Inc.	Village of West Salem	1	4,200,000
Manitowoc	Riverside Foods, Inc.	City of Two Rivers	1	3,500,000
Marathon	Apogee Enterprises, Inc.	City of Wausau	1	1,000,000
	Maratech International, Ltd.	City of Wausau	1	5,000,000
	Menzner Lumber and Supply Company	Village of Marathon City	1	3,000,000
	Wausau Container Corporation	City of Wausau	1	1,700,000
	Welcome Dairy, Inc.	City of Colby	2	9,000,000

County	Business	Project Municipality	Number of Bonds Authorized	Amount Authorized
Milwaukee	Crown Prince, Inc.	City of Franklin	1	\$ 2,235,000
	Fred Usinger, Inc.	City of Milwaukee	1	6,700,000
Outagamie	Great Northern Corporation	City of Appleton	1	3,000,000
	International Paper Company	City of Kaukauna	1	7,000,000
	Pensar Electronic Solutions, LLC	City of Appleton	1	3,000,000
	Performance Pallet Corp.	City of Seymour	1	2,245,000
	Surface Mount Technology Corporation	Town of Grand Chute	1	2,300,000
Ozaukee	Calibre, Inc.	Town of Grafton	1	4,000,000
	SPI Lighting, Inc.	City of Mequon	1	2,600,000
Polk	Bishop Fixture and Millwork, Inc.	Town of Balsam Lake	1	1,200,000
Racine	Republic Services Of WI, LLC	City of Racine	3	27,500,000
Sauk	Cellox, LLC	City of Reedsburg	1	2,000,000
Sheboygan	Alaark Manufacturing Corp.	City of Sheboygan	1	2,000,000
	Dutchland Plastics Corp.	Village of Oostburg	1	2,900,000
	Padanaplast U.S.A., Inc.	City of Sheboygan	1	3,200,000
	Subco Foods, Inc.	City of Sheboygan	1	4,000,000
Walworth	Professional Power Products, Inc.	Town of Darien	1	4,000,000
	Quality Panels	Village of Genoa City	1	3,500,000
Washington	Badger Tire and Wheel, Inc.	Village of Slinger	1	3,000,000
	Cambridge Major Laboratories, Inc.	Village of Germantown	1	6,000,000
	Conflex Packaging, Inc.	City of Milwaukee	1	1,750,000
	Cost of Wisconsin, Inc./Refractory Service, Inc.	Village of Germantown	1	3,500,000
	Daco Precision, Inc.	City of West Bend	1	2,500,000
	Glenn Hepfner, Inc.	City of Hartford	1	4,200,000
	Rytec Corporation	Town of Jackson	1	1,350,000

County	Business	Project Municipality	Number of Bonds Authorized	Amount Authorized
Waukesha	Badger Color Concentrates/Madey Enterprises	City of Muskego	1	\$ 2,300,000
	Bruno Independent Living Aids, Inc.	City of Oconomowoc	1	5,400,000
	Create-a-Pack Foods, Inc.	City of Oconomowoc	1	3,200,000
	Delzer Lithograph Company	City of Waukesha	1	1,045,000
	Engineered Products and Service, Inc.	Village of Menomonee Falls	1	2,250,000
	Gunner Press and Finishing LLC	City of Waukesha	1	2,900,000
	MERO Structures, Inc.	Village of Menomonee Falls	1	2,400,000
	Weldall Mfg., Inc.	City of Waukesha	1	3,000,000
Waupaca	Cubic Fabrication, Inc.	City of Waupaca	1	1,287,500
	The World Class Manufacturing Group, Inc.	City of Weyauwega	1	4,060,000
Winnebago	Don Evans, Inc. (d/b/a EVCO Plastics)	City of Oshkosh	1	5,000,000
	Graphic Composition, Inc.	City of Menasha	1	2,500,000
	S-I, Inc.	City of Oshkosh	1	1,700,000
	Sadoff and Rudoy Industries, LLP	City of Oshkosh	1	1,750,000
Wood	Wick Building Systems, Inc.	City of Marshfield	1	4,525,000
Total			68	\$239,623,500

Appendix 12

Businesses in Enterprise Development Zones
Through June 2005

Business	Municipality ¹	County	Date of Designation
4imprint, Inc.	Oshkosh	Winnebago	11/03/2000
Aarrowcast, Inc.	Shawano	Shawano	07/04/1996
ACUITY, A Mutual Insurance Company ²	Sheboygan	Sheboygan	01/01/2003
ACUITY, A Mutual Insurance Company ²	Sheboygan	Sheboygan	01/01/2003
Aldrich Chemical Company, Inc.	Milwaukee	Milwaukee	10/01/2003
Allen-Bradley Company	Mequon	Ozaukee	01/22/1998
Alliance Laundry Holdings, LLC	Ripon	Fond du Lac	10/06/1997
Alliant Techsystems, Inc.	Janesville	Rock	11/10/1996
Andersen Corporation	Menomonie	Dunn	09/01/1999
Ashley Furniture Industries	Arcadia	Trempealeau	04/01/2002
Award Hardwood Floors, LLP	Wausau	Marathon	08/01/1997
Bombardier Motor Corporation of America	Sturtevant	Racine	04/05/2001
Cabela's Wholesale, Inc.	Prairie du Chien	Crawford	08/29/1996
Case Corporation	Racine	Racine	05/01/1997
Cera-Mite Corporation	Oconto Falls	Oconto	11/01/1995
Charlton Group, Inc.	Madison	Dane	08/01/1999
Charter Steel	Saukville	Ozaukee	03/21/1997
City Brewing Company, LLC	La Crosse	La Crosse	12/01/2000
Case New Holland Global N.V.	Racine	Racine	10/26/2000
DaimlerChrysler Corp. - Kenosha Engine	Kenosha	Kenosha	04/01/1996
Deere and Company	Horicon	Dodge	09/25/2001
EBY-BROWN Company, LLC	Eau Claire	Eau Claire	11/11/1999
U.S. Bancorp (formerly Firststar Bank)	Oshkosh	Winnebago	06/12/2001
The Fonda Group, Inc.	Oshkosh	Winnebago	07/07/1998
Harley-Davidson Motor Company Group, Inc.	Franklin	Milwaukee	04/01/1996
Harley-Davidson Motor Company Group, Inc.	Wauwatosa	Milwaukee	09/27/1996
Harley-Davidson Motor Company Group, Inc.	Tomahawk	Lincoln	05/04/2001
HyPro, Inc.	Platteville	Grant	04/28/1997
IDS Property Casualty Insurance Company	De Pere	Brown	02/15/1999
J. L. French Corporation	Sheboygan	Sheboygan	02/01/1997
Johnson Controls, Inc.	Milwaukee	Milwaukee	01/14/1998
Johnson Matthey Semiconductor Packages, Inc.	Chippewa Falls	Chippewa	07/11/1996
K.I. (formerly Krueger International)	Bonduel	Shawano	11/17/1997
K.I. (formerly Krueger International)	Green Bay	Brown	01/10/1997

Business	Municipality ¹	County	Date of Designation
Karl Schmidt Unisia, Inc.	Marinette	Marinette	01/12/1996
KCS International	Oconto	Oconto	06/18/1997
Kohler Company	Saukville	Ozaukee	07/18/2002
Kohl's Department Stores, Inc.	Menomonee Falls	Waukesha	03/08/2001
Kohl's Department Stores, Inc.	Menomonee Falls	Waukesha	01/01/2005
Kolbe Vinyl Windows	Manawa	Waupaca	08/14/1997
Lands' End, Inc.	Stevens Point	Portage	01/28/2000
Lands' End, Inc.	Dodgeville	Iowa	10/18/1996
Leeson Electric Corporation	Neillsville	Clark	12/11/1995
The Manitowoc Company	Manitowoc	Manitowoc	03/01/2000
Norlight Telecommunications, Inc.	Brookfield	Waukesha	01/15/2002
Oshkosh Truck Corporation	Oshkosh	Winnebago	06/01/2000
Parker Hannifin Corporation	Chetek	Barron	06/01/1997
Patrick Cudahy Inc.	Cudahy	Milwaukee	05/11/2001
Pitney Bowes	Neenah	Winnebago	06/28/1999
Quad/Graphics, Inc.	New Berlin	Waukesha	08/14/1995
Renaissance Learning, Inc.	Wisconsin Rapids	Wood	02/16/1996
Rockline Industries, Inc.	Sheboygan	Sheboygan	12/18/2000
Runzheimer International, Ltd.	Waterford	Racine	08/30/2000
Sargento Foods, Inc.	Plymouth	Sheboygan	04/01/2000
Simplicity Manufacturing, Inc.	Port Washington	Ozaukee	03/31/1998
Stoughton Trailers, Inc.	Brodhead	Green	02/28/2000
Strong Capital Management, Inc.	Menomonee Falls	Waukesha	12/18/1995
USF Holland, Inc.	Milwaukee	Milwaukee	08/01/2001
W. L. Gore and Associates, Inc.	Eau Claire	Eau Claire	09/19/1995
Wausaukee Composites, Inc.	Wausaukee	Marinette	04/30/1998
Weather Shield Manufacturing, Inc.	Ladysmith	Rusk	10/25/1996
Whitmire Distribution Corporation	Hudson	St. Croix	05/16/1997

¹ Based on the address where tax credits were awarded, which may be the location of a corporate headquarters rather than the project location.

² Commerce designated two enterprise development zones for ACUITY in Sheboygan on January 1, 2003, one with \$3 million in credits for retaining jobs and the other with \$3 million in credits for creating jobs.

Appendix 13

Development Zone Tax Credits Awarded, by County
2001 through 2004

Project County ¹	Number of Businesses Awarded Tax Credits	Amount of Credits Awarded from All Programs	Percentage of Total Amount Awarded
Adams	2	\$ 148,000	0.3%
Ashland	3	174,500	0.3
Barron	1	250,000	0.4
Bayfield	0	0	0.0
Brown	3	1,769,100	3.1
Buffalo	1	30,000	0.1
Burnett	0	0	0.0
Calumet	0	0	0.0
Chippewa	3	225,000	0.4
Clark	1	237,500	0.4
Columbia	3	170,500	0.3
Crawford	3	840,500	1.5
Dane	6	629,900	1.1
Dodge	2	1,056,700	1.9
Door	2	88,000	0.2
Douglas	3	124,500	0.2
Dunn	2	1,296,900	2.3
Eau Claire	7	268,100	0.5
Florence	1	6,300	0.0
Fond du Lac	12	821,600	1.5
Forest	1	62,500	0.1
Grant	8	488,900	0.9
Green	2	1,164,000	2.1
Green Lake	0	0	0.0
Iowa	1	750,000	1.3
Iron	3	84,500	0.2
Jackson	0	0	0.0
Jefferson	3	128,300	0.2
Juneau	5	550,200	1.0
Kenosha	0	0	0.0
Kewaunee	0	0	0.0
La Crosse	6	1,293,800	2.3
Lafayette	2	47,000	0.1
Langlade	2	113,900	0.2
Lincoln	1	2,616,000	4.6
Manitowoc	6	356,300	0.6

Project County ¹	Number of Businesses Awarded Tax Credits	Amount of Credits Awarded from All Programs	Percentage of Total Amount Awarded
Marathon	2	\$ 354,700	0.6%
Marinette	5	732,200	1.3
Marquette	0	0	0.0
Menominee	0	0	0.0
Milwaukee	23	14,905,800	26.5
Monroe	1	62,500	0.1
Oconto	4	287,000	0.5
Oneida	0	0	0.0
Outagamie	2	187,500	0.3
Ozaukee	4	2,481,000	4.4
Pepin	0	0	0.0
Pierce	0	0	0.0
Polk	0	0	0.0
Portage	2	900,000	1.6
Price	3	502,000	0.9
Racine	6	2,526,900	4.5
Richland	3	336,500	0.6
Rock	10	828,800	1.5
Rusk	0	0	0.0
St. Croix	1	319,500	0.6
Sauk	1	4,800	0.0
Sawyer	0	0	0.0
Shawano	0	0	0.0
Sheboygan	4	3,517,500	6.3
Taylor	1	72,000	0.1
Trempealeau	1	857,500	1.5
Vernon	0	0	0.0
Vilas	0	0	0.0
Walworth	2	200,000	0.4
Washburn	1	18,800	0.0
Washington	0	0	0.0
Waukesha	6	4,648,300	8.3
Waupaca	3	265,600	0.5
Waushara	0	0	0.0
Winnebago	5	6,001,500	10.7
Wood	3	467,200	0.8
Total	188	\$56,270,100	100.0%

¹ Based on the address where tax credits were awarded, which may be the location of a corporate headquarters rather than the project location.

Appendix 14

**Economic Development Councils, Committees, Boards, Task Forces
and Other Advisory or Coordinating Bodies**

June 30, 2005

Entity	Affiliated Agency	Statutory or Other Authority	Inception Year	Purpose	Member Composition	Type
Advanced Manufacturing Solutions Steering Team	WTCS	Administratively created	2003	To provide advice and input on Advanced Manufacturing Solutions program.	WTCS deans, staff, and economic development representatives.	Permanent
Brownfields Study Group	DNR	Administratively created	1998	To make recommendations on financial assistance programs related to brownfields.	Representatives from state agencies, local governments, and private citizens.	Permanent
Consortium on Biobased Industry	DATCP	Executive Order 101	2005	To recommend short-term and long-term policy and commercialization strategies to promote the industry.	Up to 20 individuals representing the biobased product and bioenergy industries.	Limited Term
Council on Main Street Programs	Commerce	560.082 and 15.157(7)	1987	To advise Commerce on selection of communities to participate in the Wisconsin Main Street program.	Secretary of Commerce, director of the State Historical Society, and 13 members representing various local organizations.	Permanent
Council on Small Business, Veteran-Owned Business and Minority Business Opportunities	Department of Administration	15.107(2) and 16.755	1977	To advise the Department of Administration on the participation of its constituent groups in state purchasing decisions.	13 members appointed by the secretary of the Department of Administration representing Commerce, small businesses owned by disabled persons, minorities, veterans, and consumer interests.	Permanent
Council on Workforce Investment	Department of Workforce Development	Executive Order 88 and 29 U.S. Code Section 2821	2004	To advise the Governor on creating quality jobs and a skilled workforce.	Members include the Governor, one member of the assembly, one member of the senate, representatives of business that are appointed by the Governor, chief elected officials in counties and cities, and representatives from related organizations.	Permanent

Entity	Affiliated Agency	Statutory or Other Authority	Inception Year	Purpose	Member Composition	Type
Dairy 2020 Council	Commerce	Administratively created	1993	To provide advice and recommendations to position Wisconsin's dairy industry for long-term viability.	20 members appointed by the Governor, including twelve dairy producers, six industry representatives, two legislators, and six state and local government representatives.	Permanent
Forward Wisconsin Board of Directors	Commerce	Private nonprofit corporation	1985	To advise Forward Wisconsin, Inc., in promoting and marketing the state's industries and attracting and retaining businesses.	Governor, secretary of Commerce, four legislators, and private citizens.	Permanent
Governor's Economic Growth Council	None	Press release	2003	To review information collected from 12 statewide roundtables, and to set priorities and make recommendations for implementing economic growth initiatives.	30 members representing business, technology development, economics, and other related areas.	Limited Term
Governor's Task Force on Energy Efficiency and Renewables	Public Service Commission	Executive Order 25	2003	To report to the Governor on policy options and business initiatives to restore the state's leadership status in energy efficiency and renewables.	Energy sector leaders appointed by the Governor.	Limited Term
Governor's Council for the Dry Cleaner Environmental Response Fund	DNR	15.347 and 292.65(13)	1997	To advise DNR on managing the Dry Cleaner Environmental Response program.	6 members, including dry cleaner operators and remediation specialists.	Permanent
Grow Wisconsin Dairy Team	DATCP	Administratively created	2004	To review grant applications under the Value Added Dairy Initiative and make funding recommendations to DATCP.	Representatives from DATCP, Commerce, UW Center for Dairy Profitability, and related organizations.	Permanent
Grow Wisconsin Farmers' Working Group	DATCP	Administratively created	2003	To coordinate resources to assist farmer entry and farm transfer.	Representatives from over 20 state agencies and other organizations.	Permanent
Minority Business Development Fund Board	Commerce	15.155(3)	1991	To approve grants and loans made by Commerce to minority businesses.	5 members appointed by the Governor, including the secretary of Commerce and 4 public members.	Permanent

Entity	Affiliated Agency	Statutory or Other Authority	Inception Year	Purpose	Member Composition	Type
Organic Task Force	DATCP	Press release	2004	To review the status of organic agriculture in the state and develop priorities and an action plan for the industry.	12 industry leaders serving at the pleasure of the Governor.	Limited Term
Rural Economic Development Fund Board	Commerce	15.155(4)	1989	To approve grants and loans made by Commerce to rural businesses.	9 members, including the secretaries of Commerce and DATCP, 4 legislators, and 3 public members appointed by the Governor representing small business and rural cooperatives.	Permanent
Small Business Environmental Council	Commerce	560.11 and 15.157(10)	1991	To advise DNR concerning the effectiveness of the small business air pollution technical assistance program.	9 members, including 3 members of the general public, 1 member appointed by the president of the Senate, 1 member appointed by the speaker of the Assembly, 1 member appointed by the minority leader of the Senate, 1 member appointed by the minority leader of the Assembly, 1 member appointed by the secretary of DNR, and 1 member appointed by the secretary of Commerce.	Permanent
Small Business Regulatory Review Board	Commerce	15.155(5)	2003	To advocate for small businesses on regulatory issues.	16 members, including representatives from DATCP, Department of Administration, Commerce, Department of Health and Family Services, DNR, Department of Regulation and Licensing, DOR, and the Department of Workforce Development, which are appointed by each departments' secretary, 6 representatives of small businesses, and the chairpersons of one Senate and one Assembly committee concerned with small businesses.	Permanent
Technology Advisory Committee	Commerce	560.93(1)	N/A	To advise Commerce on technology development programs and to monitor potential federal and private sector funding opportunities.	Council was never implemented.	Inactive

Entity	Affiliated Agency	Statutory or Other Authority	Inception Year	Purpose	Member Composition	Type
Volume Cap Allocation Council	Commerce	COMM 113, Wis. Adm. Code	1987	To advise Commerce on allocation of the State's unified volume cap and to assist in evaluating the effectiveness of Industrial Revenue Bonds.	7 members, including the secretary of Commerce, the executive director of WHEDA, and up to five additional members appointed by the secretary of Commerce.	Inactive
Wisconsin Aquaculture Industry Advisory Council	DATCP	Administratively created	1998	To advise DATCP, DNR, UW System, and other state agencies on aquaculture issues to enhance its development in the State.	Members appointed by DATCP that represent aquaculture industry professionals.	Permanent
Wisconsin Biogas Development Group	DATCP	Administratively created	2001	To explore the commercialization of biogas as a form of energy, and to coordinate farm biogas activities.	Members include agency officials and private citizens from various areas related to biogas development.	Permanent
Wisconsin Development Finance Board	Commerce	15.155(1)	1983	To approve grants and loans made by Commerce to businesses.	9 members, including the secretaries of Commerce and Workforce Development, the director of WTCS, and six members appointed by the Governor representing various business interests.	Permanent
Wisconsin International Trade Council	Commerce	Executive Order 301	1996	To develop an international trade development plan, and to develop educational programs on international trade.	Up to 35 members with specialized knowledge in international trade.	Permanent
Wisconsin Small Business Development Center Advisory Council	UW Extension	13 CFR 130.360	1979	To provide advice to UW Extension on the administration of its Small Business Development Centers.	15 to 25 members appointed by the director of the Wisconsin SBDC program.	Permanent
Wisconsin Technology Council Board of Directors	Commerce	560.27(2)(a)	1999	To oversee and advise the Wisconsin Technology Council.	Members include the secretary of Commerce, the president of the UW System, the director of WTCS Board, the president of Wisconsin Association of Independent Colleges and Universities, and at least 11 other members representing business and government.	Permanent

Appendix 15

Reports Required of the Department of Commerce

Report Title or Subject	Statutory Requirement	Required Recipient(s)	Frequency
Department of Commerce Biennial Report	15.04(1)(d)	Legislature	October 15 in odd-numbered years
Industrial Revenue Bonds	560.03(15)	Legislature	Annually
Business Trends Survey	560.03(26)	None specified	Annually
Forward Wisconsin	560.07(9)	Legislature	Annually by July 1
Recommended Investments for Economic Development	560.08(2)(m)	State of Wisconsin Investment Board	January 1 in odd-numbered years
Wisconsin Main Street Program	560.081(2)(i)	Legislature	October 15 in odd-numbered years
Small Business Environmental Council	560.11(1)(b)	Department of Natural Resources and United States Environmental Protection Agency	Periodically
Brownfields	560.13(7)	Legislature, Governor, and Department of Administration	Annually
Business Employees' Skills Training	560.155(4)	Legislature	Once by January 1, 2002
Early Stage Seed Investments	560.205(3)(c)	Legislature	Annually by September 15
Certified Capital Companies	560.38	Legislature	March 31 in even numbered years
Business Development Assistance Center	560.42(5)	Legislature	Biennially
Entrepreneur Assistance Programs Inventory	560.52(1)	None specified	Periodically
Entrepreneur Assistance Program Coordination	560.55	Legislature and Governor	October 15 in odd-numbered years
Technology Based Economic Development	560.905(2)	Legislature	Annually
Seed Capital Fund	560.915(4)	Legislature	December 31 in odd-numbered years

July 28, 2006

Janice Mueller, State Auditor
Wisconsin Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53704

Dear Ms. Mueller:

Thank you for the opportunity to comment on the audit report relating to the review of the State's economic development programs. I am proud to work for a Governor who has made creating jobs and economic growth his top priority. Through his comprehensive economic development plan, Grow Wisconsin, Governor Doyle has led the entire cabinet in a coordinated effort to create good paying jobs in Wisconsin. And it is working.

Since Governor Doyle took office, Wisconsin has added over 170,000 jobs, dramatically outpacing growth in other heavy manufacturing states like Illinois, Indiana, Ohio, and Michigan. In fact, while those states have lost tens of thousands of manufacturing jobs, Wisconsin has maintained and even grown our base. Much of this success is due to the administration-wide focus on job creation.

Grow Wisconsin established a vision and called for specific actions in four areas:

- Creating a strong business climate
- Investing in workers
- Implementing high end regulatory reform
- Investing in Wisconsin businesses

The Doyle Administration has accomplished dozens of successes in these areas working in concert across the administration and in a bipartisan fashion with the Legislature. In fact, the state's business lobby, Wisconsin Manufacturers and Commerce, dubbed one of the sessions, "the most pro-business" in modern history. The Wisconsin Farm Bureau claimed that it was the best period for agriculture in ten years.

The Governor's approach to creating jobs is expansive and includes lowering taxes, keeping high standards but lowering regulatory burdens, investing in education and training, building strong infrastructure, and providing financial and technical assistance to businesses.

Some highlights among the Doyle Administration's accomplishments include:

- Balancing two budgets by eliminating \$3.2 billion and \$1.6 billion budget deficits
- Keeping the Governor's promise not to raise taxes
- Passing the single-factor sales tax reform to cut taxes on businesses that create jobs
- Cutting taxes on energy used in manufacturing
- Launching the Healthy Wisconsin initiative to cut health care costs by up to 30%
- Investing in education and financial aid
- Creating a new Worker Training program at the technical colleges
- Raising the minimum wage for the first time in almost a decade

- Creating tax credits to leverage over \$250 million of angel and venture capital
- Focusing resources on capturing the stem cell industry
- Creating tax credits to modernize the dairy industry
- Starting the Wisconsin Entrepreneurs Network
- Funding programs to help manufacturers get lean and competitive
- Aggressively pursuing export opportunities to help increase exports by 40%
- Creating new programs to build emerging biobased industries
- Increasing investments in transportation infrastructure
- Eliminating the backlog of air permits and streamlining permit processes
- Expediting water permits, implementing Green Tier, and improving the regulatory process for small business
- Streamlining siting processes for energy infrastructure and livestock operations

While the Governor's job creation efforts are extensive, the audit necessarily focused primarily on the existing programs that provide financial and technical assistance to businesses. At Commerce, we have used these programs to leverage over \$3.5 billion in investment in Wisconsin, to help create over 20,000 jobs, to retain over 55,000 jobs, and to train over 13,000 workers since Governor Doyle took office. We welcome the legislative interest in these programs and think your inventory will be useful to a great number of policymakers. We found a number of items in the audit to be of great interest, including:

- Role as Lead Agency. The audit identified the Department of Commerce as the lead agency for economic development in the state. The Department fulfilled this mission superbly by providing over 71% of the financial-related assistance (\$232,848,200 of \$326,082,800) delivered by seven state agencies for businesses during the 2003-2005 biennium.
- Scope of Commerce Programs. The audit identified 88 economic development programs the Department of Commerce administers that address the various life cycle needs of a business from the initial start-up of a firm to its expansion needs at later and more established stages. These programs also address an assortment of business needs, irrespective of size, sector, location, or of the scope and type of assistance or financing required. The Department's programs are comprehensive and relevant to the business development needs of Wisconsin firms.
- Management of Grants and Loans. As the audit notes, Commerce administers 88 programs and does so in a lean, efficient manner. In FY05, Commerce's administrative costs were only 5.75% of our awards. Commerce has launched an internal continuous improvement program to ensure that our administrative processes remain efficient and effective.
- Repayment Status of Commerce Loans. The audit noted that many of the Department's programs are designed to assist businesses that are unable to finance their projects solely with private capital due to high risk or other factors, and thus, some defaults are expected. Yet, a substantial majority (558 loans), which is nearly 86% of the 649 loans made by Commerce since 1991, were in current repayment status. Only 6.5% (42 of 649 loans) were in actual default and had been referred to the Department of Justice. The balance of these loans in default, \$1,525,800, represented 1.6% of the original principal, \$95,358,000, of all 649 loans.
- Geographic Distribution of Grants and Loans. In the period from FY 01 to FY 05, the Department made a grant or loan for an economic development project in every county

in Wisconsin. The Department is committed to enhancing economic growth and development in all areas of the state.

- Per Capita Funding for Milwaukee County. The audit noted that Milwaukee County received \$27.67 per capita in grant and loan funding, which is below the statewide average of \$30.38. The Department is very sensitive to the economic development needs of the state's largest county. However, the audit did not account for \$7.6 million in Community Development Block Grant (CDBG) funds that flow directly to Milwaukee County rather than through Commerce. If Milwaukee County employed these funds in the same manner that Commerce does for smaller communities not entitled to their own allocation, spending in Milwaukee would be approximately the same as the statewide average.
- Grants and Loans for Milwaukee-Area Projects. The audit noted that the Milwaukee-Waukesha Primary Metropolitan Statistical Area represented 27.4% of Wisconsin's population and 26% of its labor force. Yet, the area received 17.7% of statewide discretionary grants and loans. The Department is very sensitive to the tremendous population base and workforce represented by the Milwaukee-Waukesha area. Because the audit also noted that these figures did not include the HUD entitlement community funds, which can be used for economic development purposes, the Department reviewed the impact of using these funds. During the period from FY 01 to FY 05, the cities of Milwaukee, Waukesha, Wauwatosa and West Allis received \$97.5 million in CDBG funds, while Milwaukee and Waukesha counties received \$12.8 million. If one-third of this combined total, \$110,300,000 (or \$36,729,900) were included in the calculations, the funding available would reach \$66,806,000, which means that the Milwaukee-Waukesha area would have had a significant greater percentage (up to 32.3% of the funding available statewide, rather than 17.7%) for economic development purposes
- Economically-Distressed Counties. The audit does a good job of examining aid to distressed communities. It is clear from the data provided that communities which meet two or all three of the indicators of distress you employ receive a disproportionate level of resources from Commerce. This indicates Commerce's commitment to harnessing our programs to address economic distress in addition to promoting job creation throughout the state.
- Geographic Disbursement of Development Zone Programs. The audit noted that development zones are intended to encourage economic development in specific geographic areas through targeted tax credits to businesses. The Department underscores its support for this rationale. Every part of the state is covered by at least one type of zone, thus enabling all areas of the state to share in the positive economic development benefits related to development zone activity. To further underscore the economic benefit of the zones, the Department has awarded \$122.6 million in income tax credits to 450 businesses through the end of FY 05. The zones have played an important role in helping to develop regional strategies to catalyze more effective economic growth and vitality in the state.
- Support for Entrepreneurial Activity. New business development is critical to the continued growth and vitality of the Wisconsin economy. Commerce has supported this premise as evident in its role in the development and enactment of 2003 Wisconsin Act 255, which provided two early stage investment credits beginning in 2005. The audit noted that under the new Angel Investment Tax Credit Program, which began in 2005 and is available to individuals or groups of individuals who provide start-up financing to qualified businesses in their earliest stage of formation, Commerce awarded \$3 million to

263 individuals or groups that invested \$15.6 million in 22 qualified businesses. The Department has also established a Bureau of Entrepreneurship, which serves as a one-stop shop for entrepreneurs who can access information about starting a business, permitting and regulatory assistance, entrepreneurial training grants, the business helpline, and technology-related assistance.

- Partnerships In Promoting Economic Development. The audit notes that the Department has entered into a partnership with several other agencies to form the Wisconsin Entrepreneurs' Network (WEN). Entrepreneurship has been one of the key elements of the "Grow Wisconsin" Strategic Economic Development Plan. The WEN represents an example of where the Department of Commerce is leading an effort to coordinate with other state entities to promote economic development activities and initiatives throughout the state.

The WEN is designed to provide statewide support for entrepreneurs and businesses in all industries and at all stages of development. The network offers services ranging from business planning and access to capital to help with intellectual property and technology transfer issues. The WEN incorporates the services and resources of the University of Wisconsin-Extension and its statewide outreach network of 13 Small Business Development Centers; the WiSys Technology Foundation, which protects and licenses inventions created by scientists at the 12 UW four-year campuses and at the 13 two-year campuses and UW Extension; the Wisconsin Technical College System, with its network of 16 technical colleges; and the Agricultural Innovation Center at DATCP. 2003 Wisconsin Act 255 has enabled the Department to assist in funding and leveraging resources for the WEN. The WEN includes 25 strategically located intake centers, four regional technology-transfer centers (at Eau Claire, Milwaukee, Madison and Green Bay) and 26 agriculture-based centers. Since it started operations in June, 2005, the WEN has assisted more than 10,000 entrepreneurs and small businesses.

Report Recommendations

We have reviewed the recommendations and will offer the following comments on each:

- Consolidate Duplicative Programs and Eliminate Inactive and Outdated Programs. We concur with this recommendation. In fact, through the Governor's 2005 budget request, we included a proposal to restructure the Wisconsin Development Fund, which would have also eliminated several inactive and outdated programs. Unfortunately the Legislature did not include it in the final enrolled budget bill. We will be pleased to review the programs and propose another consolidation initiative.
- Improved Procedures for Tracking Results and Monitoring Long-term Success. We believe this is an important topic. All of our projects are tracked and monitored on a project-by-project basis to ensure accountability and results. We verify results before grant/loan disbursements, loan forgiveness, or tax credit certifications are approved. Given limited resources, Commerce has prioritized economic development functions that directly affect businesses and create jobs. We would be happy to engage in a dialogue with the Legislature about the balance between serving businesses and improving back-office functions.
- Tracking tax credits claimed. Commerce currently tracks job creation relative to expectations before issuing documentation to permit tax credits to be claimed. We will work with the Department of Revenue to examine the feasibility of tracking and

reporting the amount of tax credits as they are claimed by businesses within zones as well.

- Reporting on Commerce audit of the CAPCO program. We concur with this recommendation. While some of the Certified Capital Companies (CAPCOs) have produced positive results, Commerce has concerns about the CAPCO program as currently structured and will be happy to report on the results of our internal audit.
- Legislative, University of Wisconsin, and Wisconsin Technical College System recommendations. We welcome the Legislature's interest in economic development and appreciate their assistance in implementing so much of Governor Doyle's Grow Wisconsin agenda. As the Legislature, the UW, and the WTCS review the recommendations you have made to them, we stand ready to assist. In particular, we believe that reporting requirements can be streamlined and have ideas on improving transparency through administrative means.

In closing, I want to thank you and your staff for this extensive study of state economic development programs. Our entire administration has made economic development a top priority and we are very proud of the accomplishments to date. We strive to continuously improve our programs and processes and welcome the opportunity to work with the Legislature to continue to create jobs and grow Wisconsin.

Sincerely,

A handwritten signature in cursive script that reads "Mary P. Burke".

Mary P. Burke
Secretary