

Biennial Report

2005-2007



The Department of Commerce

201 West Washington Avenue

P.O. Box 7970

Madison, WI 53707-7970

**C
O
M
M
E
R
C
E**

ACKNOWLEDGEMENTS

The **2005-2007 Biennial Report** was produced by the Department of Commerce.

The report was prepared under the direction of **Terrance Craney**, Administrator of the Division of Administrative Services, and **Tony Hozeny**, Director of the Office of Communication.

It was written by **Louis Cornelius**, Director, Bureau of Policy and Budget, **Barbro McGinn**, Communications Specialist, and **Tarna Gahan-Hunter**, Policy and Budget Analyst, with assistance from staff in the Bureau of Policy and Budget.

The authors wish to express their gratitude to all Commerce staff who contributed information to this report.



CONTENTS

Foreword3

Accomplishments of the 2005-2007 Biennium.....5

Appendices29



Governor Jim Doyle



Secretary Jack L. Fischer, A.I.A.

Grow Wisconsin 2007: Innovation and Acceleration Guide the Future.

By

**Jack L. Fischer, A.I.A., Secretary
Wisconsin Department of Commerce**

Economic Development is Governor Doyle's top priority. When he took office in 2004, he put forth the groundbreaking economic initiative called *Grow Wisconsin*. Since then, *Grow Wisconsin* has continued its efforts to expand existing businesses, attract new companies to Wisconsin, and provide support to entrepreneurs looking to start a business in this state. Governor Doyle put Wisconsin at the forefront of economic development by identifying goals and measurable outcomes so that scarce economic development funds can be wisely and effectively used.

In the last two years, Governor Doyle has continued to advance *Grow Wisconsin* and more than 100 specific initiatives have been implemented to advance the following goals of *Grow Wisconsin*:

- Enable Wisconsin to foster a competitive business climate which creates fertile conditions for the growth of the economy;
- Invest in the people of Wisconsin by helping families climb the economic ladder;
- Provide resources and investments to Wisconsin businesses in order to create jobs and sustain Wisconsin's economic future; and
- Make government accountable and responsive to the people of Wisconsin by reforming regulations and unleashing the economic ingenuity of our businesses and entrepreneurs without sacrificing shared values.

These initiatives have had impressive results for Wisconsin, including:

- Streamlining and strengthening the state's economic development efforts by improving accountability and ensuring companies that receive state support create jobs and grow the Wisconsin economy;
- Encouraging and fostering the development of regional business groups, including the Milwaukee 7, Regional Economic Development Entity (REDE) and the New North;
- Assisting early stage start-up companies and entrepreneurs, by initiatives such as increasing early-stage investing through the Wisconsin Angel Network, the Act 255 tax credit program and the Wisconsin Innovates Conference;
- Promoting minority entrepreneurship through the *Get Started, Get Growing Initiative* and implementing the state's first *Women Business Enterprise (WBE)* certification program;
- Helping Wisconsin companies expand internationally. Since 2004, Wisconsin's exports have grown nearly 50 percent, seven percent faster than the national average;

Governor Doyle recognizes that there is still much work to be done in advancing Wisconsin's economy. In order to build upon these accomplishments, he has launched two new initiatives: *Innovate Wisconsin* and *Accelerate Wisconsin*. In the next biennium, these initiatives propose to accomplish the following activities:

Accelerate Wisconsin builds on the success of Act 255, a collection of tax credits, grants, and loans to support start-up companies and attract angel and venture capital investment. Since Governor Doyle created the Act 255 program, investments by angel investors in early-stage companies have grown rapidly - over 54 percent between 2005 and 2006. The Governor's *Accelerate Wisconsin* plan includes:

- **Accelerate Grant and Loan Program** – Doubles the current funding for technology grants and loans. The new program will direct \$5 million annually to provide seed money to start-up companies and small businesses and supply the matching funds required for federal research grant applications.

- **Capital Gains Re-Investment Initiative** – This new initiative will increase investment in new Wisconsin businesses by allowing individuals a limited 100 percent capital gains exclusion of up to \$10 million for long-term capital gains reinvested in qualifying Wisconsin businesses.
- **Accelerating Capital Investment to New Start-ups** – To increase flexibility for entrepreneurs seeking tax-creditable investment, the Governor proposes to raise the current cap of \$1 million in tax-creditable angel investment per business to \$4 million. This will allow entrepreneurs to receive tax creditable investment of up to \$4 million from angel investors, which will enable new start-up companies to receive financing from any combination of angel or venture investors to the maximum of \$4 million in total tax-creditable investment.
- **Accelerate Wisconsin Tax Credit** – In the budget, Governor Doyle increased the total amount of angel investor and venture capital tax credits available to businesses. By 2015, the total amount of Accelerate Wisconsin tax credits will reach \$100 million, leveraging a minimum of \$400 million in private investment.

Innovate Wisconsin is part of the next phase of Governor Doyle’s Grow Wisconsin agenda. This program will help create jobs and grow the state’s economy by increasing investment in research and development. The *Innovate Wisconsin* plan will increase the state’s focus on research and development by:

- **Providing new Innovate tax credits** – Companies that increase spending on research and development by 25 percent over their three-year average will receive a \$1 tax credit for every \$1 spent above this threshold. The tax credit a company can claim through this initiative is capped at 50 percent of its tax liability.
- **Sales tax exemption for research and development equipment** – The sales tax exemption that applies to machines and equipment used in manufacturing will be extended to cover equipment used in research and development.
- **Property tax exemption** – The equipment used in research and development will also be exempt from property taxes.

Wisconsin’s economy has seen a remarkable recovery since Governor Doyle first took office. *Grow Wisconsin* has helped advance and develop Wisconsin’s economy by creating and retaining jobs, while investing in the future of all of its people. *Innovate Wisconsin* and *Accelerate Wisconsin* will continue to build upon these successes and help fulfill Wisconsin’s vision of becoming a vibrant state where people can live, work and play.

ACCOMPLISHMENTS

Division of Business Development

GOALS AND OBJECTIVES:

Governor Jim Doyle signed five Acts over the biennium to continue to expand Grow Wisconsin and provide Wisconsin with the necessary tools to foster economic development by attracting businesses and stimulating the growth of businesses currently residing in Wisconsin.

I. New tax credit programs enacted during the biennium

A. **Act 483 - Film Production Services Tax Credit and a Film Production Company Investment Tax Credit**

Governor Jim Doyle signed 2005 Wisconsin Act 483 to provide both a film production services tax credit and a film production company investment tax credit under the state individual and corporate income and franchise taxes for tax years beginning after December 31, 2007. The tax credit is only available for an “accredited production,” which constitutes a film, video, electronic game, broadcast ad, or TV production for which the aggregate salary and wages included in the cost of the production exceeds \$100,000 for a production that is 30 minutes or longer or \$50,000 for a production that is less than 30 minutes. A number of productions are not considered “accredited productions,” including news programs, sporting events, and productions which solicit funds.

1. The Film Production Services Tax Credit has three main components:

- A credit equal to 25 percent of the salaries or wages paid to Wisconsin residents for services for the production that are rendered in the state, up to a maximum credit of \$25,000 per employee.
- A refundable credit equal to 25 percent of the production expenses paid by the eligible claimant to produce the production. Expenses for music, air travel, and insurance can be claimed as long the service provider is headquartered in the state.
- A credit equal to the sales and use taxes paid by the claimant on the purchase of personal property and taxable services for the production.

2. The Film Production Company Investment Tax Credit provides a tax credit for 15 percent of the following expenditures paid to establish a film production company in Wisconsin:

- The purchase price of property with at least 50 percent of the property’s use in the claimant’s business as a film production company; and
- The amount expended to acquire, construct, rehabilitate, remodel or repair eligible property.

B. Act 479 - Sales Tax Exemption and Income Tax Credit for Broadband Internet Equipment

The 2005 Wisconsin Act 479, enacted on May 30, 2006, established the Internet Equipment Tax Credit and Exemption Program to encourage the expansion of high-speed Internet service to parts of the state that currently do not have service or only have a single service provider. This program offers a total of \$7.5 million in Internet equipment sales tax exemptions and Internet equipment income and franchise tax credits.

The legislation requires the Wisconsin Department of Commerce (Commerce) to implement a program for certifying businesses as eligible for tax credits and exemptions and to prepare an allocation plan. Commerce's responsibilities also include monitoring the performance of certified businesses through the annual review of reports submitted by those businesses.

Commerce allocated \$7.5 million in sales tax exemptions and tax credits to nine businesses for the expansion of broadband services. The tax credits will enable the businesses to invest more than \$80 million, which will provide cell phone and high speed Internet service to an additional 350,000 Wisconsin citizens.

C. Act 487 - Airport Development Zone Tax Credit Program

The 2005 Wisconsin Act 487 created the Airport Development Zone (AIRDZ) program to help attract, promote, retain, and encourage the expansion of airports in Wisconsin. The AIRDZ program provides tax credits to businesses that locate or expand operations and increase investment or employees in an AIRDZ zone. Tax credits first apply to tax years beginning on or after January 1, 2007, and unused tax credits can be carried forward for 15 years. As of October 15, 2007, Commerce has not received any applications for this program.

D. ACT 361 - Enterprise Zone Tax Credit Program

The 2005 Wisconsin Act 361 created a refundable enterprise zone tax credit to encourage businesses to invest and create jobs in areas of the state that have great economic need. Under the enterprise zone program, Commerce is authorized to designate up to 10 areas in the state and no zone may exceed more than 50 acres. Eligible businesses that conduct operations in a certified enterprise zone are eligible to claim the refundable enterprise zone tax credit. Commerce is required to give preference to areas of greatest economic need when designating zones. Tax credits are available based on the businesses payroll and property in the zone, and on qualified training expenses. The payroll and property component is available if the claimant's entire payroll is zone payroll, and all of the claimant's business-related property is located in an enterprise zone. The training component allows the claimant to claim a credit equal to the amount paid in the tax year to upgrade or improve the skills of any of the claimant's full-time employees under certain circumstances.

E. Update on Act 255 - Early Stage Investment Credits

Gov. Jim Doyle signed 2003 Wisconsin Act 255 to provide Wisconsin with the tools to attract more venture capital and stimulate the growth of technology firms. Since its inception, Commerce has certified 71 Qualified New Business Ventures (QNBV) companies and nine Qualified Venture Fund (QVF) companies. This investment in the certified QNBV companies has resulted in verified tax credits totaling \$2,066,555 in Early Stage Seed Fund Credits and \$6,002,631 in Angel Tax Credits.

II. Wisconsin Entrepreneurs' Network (WEN)

Entrepreneurship is one of the key elements of Governor Jim Doyle's "Grow Wisconsin" initiative. In his first term, Governor Doyle signed legislation to fund a system of centers to support entrepreneurs and technology transfer. The Wisconsin Entrepreneurs' Network was established on June 1, 2005 as a gateway, delivering statewide support for entrepreneurs and businesses in all industries and stages of development. The mission of WEN is to create seamless access to entrepreneurial resources and expertise from across Wisconsin to both spawn new ventures and help grow existing businesses. Since its inception, WEN has provided training and/or counseling to over 35,000 entrepreneurs and start up businesses.

Key services at WEN include:

- one-on-one counseling
- educational workshops
- executive level programs
- peer learning
- strategies to access technologies and access capital.

WEN provides these services through a combination of the WEN Resource Center and regional centers located in Eau Claire, Milwaukee, Madison and Green Bay. In addition to the regional centers, there are 25 strategically located intake centers, four regional technology-transfer centers, and 26 agriculture-based counselors. Each regional center is operated in cooperation with a UW campus or Technical College.

WEN incorporates the services and resources of four leading organizations:

- University of Wisconsin Extension – the UW System's statewide outreach network, with 13 campus-based Small Business Development Centers.
- WiSYS Technology Foundation – a subsidiary of Wisconsin Alumni Research Foundation, which protects and licenses inventions created by scientists at the 12 UW four-year campuses, at the 13 two-year campuses, and at the UW-Extension.
- Wisconsin Technical College System – the state's network of 16 technical colleges, which provide educational opportunities in more than 300 occupational fields.
- Agricultural Innovation Center – The Department of Agriculture, Trade and Consumer Protection's hub serving agriculture-related entrepreneurs.

The WEN Resource Center is located on the www.WENPORTAL.ORG webpage. The Resource Connection unites entrepreneurs with organizations that provide the type of business assistance which they specifically seek. This is done through an interactive website, in which the entrepreneur is asked to answer a few questions regarding the type of business assistance needed and a unique list is compiled for the entrepreneur including direct electronic access to the organizations. The WENPORTAL.ORG webpage received over 193,000 visitors since its inception in July 2006.

WEN employs four **Regional Directors** who are experienced in high impact business development and help:

- Identify early-stage funding opportunities from public and private sources
- Evaluate growth opportunities for businesses
- Assess technical and commercial viability of technologies and products

- Develop strategic business and marketing plans
- Create intellectual property protection strategies

The Regional Directors have played a pivotal role in the success of WEN. Their knowledge and expertise has raised the awareness of resources available to businesses, such as the possibility to leverage university and technical college resources, state and federal grants, intellectual property, and high-impact business development. During the past two years, the WEN Regional Directors spent over 6,000 hours counseling 665 high potential/high impact clients.

In order to create a more streamlined and simple outreach center for entrepreneurs, Commerce has transferred the administration of several grants for business plan support and high technology development to WEN. The previous biennium saw the transfer of the Entrepreneurial Training Grant (ETG) program. Grants transferred in the 2005-2007 biennium include:

- The Early Planning Grant (EPG): This grant is for entrepreneurs to hire a consultant to evaluate the feasibility of a proposed start-up or expansion. WEN has awarded 112 grants since the transfer on July 1, 2006.
- Technology Assistance Grant (TAG): This grant assists small high-technology businesses in obtaining seed, early-stage or research and development funding. A total of 18 TAG grants were awarded to WEN clients.
- Preparations to transfer the Dairy 20/20 grants for existing and start-up Wisconsin dairy producers who would like to hire a consultant to evaluate the feasibility of a proposed start-up or expansion took place in FY 2007 with the program being officially transferred to WEN on July 1, 2007.

WEN has also been crucial in the advancement of **Inventors and Entrepreneurs Clubs (I&E)**. In September 2005, Commerce provided WEN with financial support to help encourage Wisconsin counties to form their own I&E Clubs or enhance or strengthen an existing I&E Club through a micro loan program. As of June 30, 2007 a total of 46 clubs representing 54 counties were each awarded a \$1,000 micro grant to fund a club. Through these grassroots I&E Clubs, inventors come together to think creatively, develop their ideas, weigh the risks, meet other would-be entrepreneurs and help foster an entrepreneurial culture throughout the state.

III. Regional Non-Profits (RNP) Initiative for the Revolving Loan Funds

Revolving Loan Funds (RLFs) are used to promote local and regional economic development, primarily in areas that experience business closings or substantial layoffs. In order to better accomplish this goal, Commerce launched the new Regional Non-profits Initiative in 2005 as a pilot program to encourage the voluntary consolidation of local community business RLF funds. This consolidation will increase and streamline management capacity of the RLF program, which will reduce the amount of funds continuing to be under-utilized or inactive. Before the launch of this pilot program, there were 200 such RLFs statewide, with more than \$50 million cash on hand. Commerce selected two potential pilot regions - the Northwest and West Central areas. Under Commerce oversight, counties and communities in both regions worked collaboratively on developing viable models for the regions that ensure fair representation and sound investment strategies. The Northwest Wisconsin Regional Economic Development Fund has completed its first successful year of operation. The West Central Regional Business Fund RLF got off the ground in spring 2007 with participation of 28 of the 31 RLFs in a seven-county area. Several other regions are now working toward consolidating their RLF resources as well.

IV. PeerSpectives Program

As directed by Grow Wisconsin, Commerce worked with the Small Business Development Centers and the Lowe Foundation to create a peer-to-peer learning network for growth-oriented, second stage entrepreneurial companies. Eleven “PeerSpective” roundtables were established around the state, each with eight to 12 CEO members. Commerce provided a scholarship to cover 75 percent of the cost to participate in the PeerSpectives program.

V. Wisconsin Angel Network

Working with the Wisconsin Technology Council, Commerce funded a large portion of the Wisconsin Angel Network (WAN) to create a sustainable umbrella organization to provide logistical services and support to angel investing networks statewide. The goal of WAN is to increase the amount of angel investments going into Wisconsin early stage companies. WAN has four key components:

- Providing resources for angel networks to assist them in organizational and administrative services, research, deal flow facilitation, provide due diligence referral sources, and educational and networking programs;
- Enhancing deal flow by facilitating the syndication of deals among angel groups and early stage venture capitalists to encourage collaboration;
- Building the capacity of angel/seed dollars available by increasing the number of angel networks and angel investors throughout the state to connect them to investment opportunities; and
- Developing data on angel investing to assess existing practices and to encourage participation.

Overall reported angel investing in Wisconsin in 2005 was over \$19 million. Of this amount, approximately \$14 million of angel investments came from individual angel investors and over \$5 million came from organized angel groups. There are currently 16 angel networks as members of the WAN organization.

VI. Wisconsin Diesel Truck Idling Reduction Grant Program

The Governor's budget bill, 2005 Wisconsin Act 25, created the Wisconsin Diesel Truck Idling Grant Reduction program. The program is appropriated \$1 million per year until 2011 for grants which provide up to a 70 percent reimbursement to common, contract and private motor carriers to purchase and install idling reduction technologies. This program will greatly benefit Wisconsin by reducing air pollution emissions and fuel consumption. Commerce wrote the administrative rules necessary to carry out the program in FY 2005. In FY 2006, Commerce awarded 59 grants, resulting in the purchase of 234 idling reduction units. Forty-one awards went to small fleets, which are defined as those who own and operate 50 truck tractors or less. The remaining 18 awards went to large fleets with 51 or more truck tractors.

VII. Environmental Results Program for Printers

In July 2005, the Commerce Small Business Clean Air Assistance Program (SBCAAP) partnered with the Department of Natural Resources to streamline and simplify the process of being compliant with the state's environmental regulations for printers. This resulted in an Environmental Results Program (ERP) for small printers and an Environmental Management System Permit for larger printers. The ERP is an alternative to traditional permitting. It links compliance assistance, self-certification, and performance measurement by requiring self-audits with accompanying self-certification to validate compliance with environmental regulations. In order to simplify this

process for businesses, the SBCAAP developed plain-English materials covering all environmental requirements that apply to printers. This resulted in a comprehensive workbook providing information on regulations, emissions calculations, and other resources to help printers meet all their environmental requirements. The project also included the development of a self-assessment checklist for printers to determine their compliance status and self-report any violations. To assist with this process, the SBCAAP conducted workshops and a webcast explaining how the ERP works.

VIII. Woman-Owned Business Enterprise Certification Program

In response to 2005 Wisconsin Act 358, the Department implemented a new Woman-Owned Business Enterprise (WBE) Certification Program, which became effective on June 1, 2007. Obtaining WBE certification provides woman-owned businesses with greater marketing tools and increases potential procurement opportunities. In addition to the individual benefits to the certified WBE, government and business entities receive assurances that their reporting of dollars spent with WBEs is both verifiable and credible. In order to maximize the benefits and accountability of the program, Commerce provides an on-line directory of certified WBEs and maintains a database of WBEs containing demographic statistics and information on the types of industries, sales volume and growth rates, generation of jobs and other relevant business characteristics.

IX. Certification Conversion

The Doyle administration has continued to prioritize the advancement of business opportunities for both Woman-owned Business Enterprise (WBE) and Minority-owned Business Enterprise (MBE). Commerce worked closely with Department of Transportation (DOT) and Department of Administration (DOA) to convert existing DOT certified Disadvantaged Business Enterprises (DBEs) into the Commerce certification programs in order to simplify and streamline the certification process. As a result of this two-month conversion project, the state of Wisconsin now has an additional 201 businesses certified as WBEs and MBEs.

X. Minority Micro Loan Program

As announced at the Governor's 2006 Minority Business Development Conference Marketplace, Commerce created a minority micro loan program to help the state's minorities "get started and get growing." Wisconsin Women's Business Initiative Corp (WWBIC) will administer a new statewide micro loan for minority businesses and entrepreneurs. The program is allotted \$100,000, and each loan provides up to \$5,000 in funds with a two percent interest rate and a three-year deferral period. The first disbursement of awards will be in FY 08.

ORGANIZATIONAL CHANGES

Business Finance and Compliance

The Bureau of Business Finance and Compliance was formed in April 2007 and is located within the Division of Business Development. The Bureau oversees the Agency's administration of the grant and loan programs, tax credit programs, and the Industrial Revenue Bond program. Additionally, the Bureau is charged with monitoring the compliance of all awards made through the Division.

QUANTITATIVE RESULTS:

During the 2005-2007 biennium, the Division of Business Development awarded over \$407 million to 753 recipients. The awards will leverage investment of \$2.9 billion. In making these awards, Commerce has aided the creation of 20,956 jobs and the retention of 60,526 jobs.

Projects:

- **EXAMPLE: Kettle Foods, Inc.** was awarded \$510,000 in financial assistance from the Major Economic Development program and \$510,000 in Development Opportunity Zone Tax Credits. Total project costs of \$18.9 million were used to acquire land, build a new manufacturing facility and equip the facility for the production of natural food snacks such as potato chips, tortilla chips and nuts. The company, new to Wisconsin, committed to create 110 new full-time positions in Beloit, Wisconsin. Kettle Foods, Inc. is headquartered in Salem, Oregon and has been operating for over 27 years.
- **EXAMPLE: Stemina Biomarker Discovery, Inc.** was awarded \$1 million in financial assistance from the Technology Development programs. The total project cost of \$8.9 million allows the company to research, develop and commercialize proprietary metabolomics technology developed at UW Madison. Stemina Biomarker Discovery, Inc. was founded in November 2006 by Dr. Gabriela Cezar and Elizabeth Donley. The company has entered into an agreement for an exclusive license from the Wisconsin Alumni Research Foundation (WARF) to Dr. Cezar's pending patents that enable the use of HES cells as a source of predictive biomarkers for drug screening and diagnostics, and for using cancer cells and cancer stem cells as predictive biomarkers in radiation therapy.
- **EXAMPLE: Salm Partners, LLC** was awarded \$1 million in financial assistance from the Community Development Block Grant for Economic Development (CDBG-ED) program. The total project cost is \$13 million with funds used for building and equipment. Salm Partners committed to create up to 100 full-time positions. The newly created positions will be in addition to the 58 already employed by the company in Denmark, Wisconsin. Salm Partners was established in January 2004 by Christopher Salm as a start up private label sausage manufacturing business. The company is currently located in a 25,000 square foot facility located on a 4.2 acre site in the Denmark Industrial Park.
- **EXAMPLE: Stratatech Corporation** was awarded \$750,000 in financial assistance from the Technology Development Fund program. The funds will allow the company to complete Phase II human clinical trials for its first cell-based, tissue-engineered product. The total project cost is \$2.5 million. Founded by Dr. Lynn Allen-Hoffman in 1999, Stratatech Corporation is a regenerative medicine company focused on the development of cell-based, tissue-engineered products for wound care. The keystone of Stratatech's approach is a proprietary human skin cell line that when properly cultured forms a fully stratified multi-layered human tissue with the physical strength and biological characteristics of intact human skin. This biologically active tissue is suitable for transplantation on patients using traditional surgical suturing techniques and should actively promote wound healing by the patient's own cells.
- **EXAMPLE: Bucyrus International, Inc.** was awarded \$1.5 million in financial assistance from the Major Economic Development program. The total project cost of approximately \$71 million was used for building, equipment, remediation, roads, railways, and training. The project consists of the expansion of Bucyrus's manufacturing operations at its South Milwaukee facilities. Bucyrus committed to create 190 full-time positions. The newly-created positions will be in addition to the 847 already employed by the company at its South Milwaukee and Milwaukee locations. Bucyrus International, Inc. is a world leader in the design and manufacture of electric rope shovels, rotary blasthole drills, and walking draglines for the surface mining industry. Bucyrus also provides OEM parts, components, maintenance, and support

services for that equipment. The company was founded in 1880 in Bucyrus, OH as the Bucyrus Foundry and Manufacturing Company. Bucyrus became a publicly traded company on the NASDAQ exchange in July 2004.

- **EXAMPLE: Flambeau River Papers, LLC** was awarded \$4 million in financial assistance between the Major Economic Development program and the Community Development Block Grant for Economic Development program. The total project costs of \$22.7 million allowed the company to acquire and restart the former Smart Papers plant in Park Falls, Wisconsin. The company, owned by William (Butch) Johnson and an equity group, purchased the assets after the Smart Papers plant closed in February 2006. Flambeau River Papers committed to create 300 fulltime positions.

Environmental & Regulatory Services Division

Bureau of Petroleum Tanks & Products

Action Plan

Responding to the Department of Commerce's (Commerce) revision of its strategic plan for the upcoming biennium, the Division of Environmental & Regulatory Services (ERS) developed its individual goals and strategies for the respective period. From those goals and strategies an action plan was created to accomplish the proposed objectives. For the Bureau of Petroleum Products and Tanks (BPPT), this action plan focuses on implementing Underground Storage Tank (UST) and owner/operator regulatory requirements that are required in the 2005 Energy Bill, and on subsequently strengthening efforts in the area of educating Commerce staff and the regulated community of contractors, and tank system owners and operators.

Training Sessions

In line with this action plan, we approached the regulated community, its associations and its suppliers to invite their involvement and participation in the effort to better train our permit and inspection staff in changes in technologies and practices in the industry. The Bureau has been proactive in facilitating training for inspection staff conducted by equipment manufacturers and industry experts.

The Bureau is currently developing a process to involve the industry in achieving compliance with a 2005 Energy Bill requirement for a three-tiered owner/operator training requirement.

Biofuels

Quality biofuel blends, and environmentally and fire-safe refining and storage systems remain a focus of the Bureau. The Bureau continues to partner with the industry in this effort by participating in biofuel workshops conducted for marketers, growers and bio feed-stock producers.

The Bureau represents Commerce on two industry and one interagency biofuel workgroup facilitated by the Office of Energy Independence.

Enhancement to Internet Inspection Reporting Application

Two continuous improvement workgroups assessed the current data input process and the data collection and reporting required by the Federal Energy Bill of 2005. Suggestions posed by the workgroups have resulted in enhancements to the Internet Inspection Reporting Application (IRA) that should improve data entry through a transition from numeric codes to text descriptions, and should meet the public-data objectives of the Energy Bill.

ERS Division Conference

The Bureau sessions at the 2006 ERS Division Conference focused on personal improvement and petroleum product testing. Presentations by individuals representing the United States Environmental Protection Agency (EPA) and the Wisconsin petroleum marketers, and a training session by a testing equipment company representative, fulfilled the conference regulatory and technical objectives.

Updating Regulations

The Bureau's educational efforts and other regulatory activities are founded on the administrative rules that are required by the Wisconsin Statutes. Throughout the biennium, the Bureau developed proposed rules for comprehensively updating chapter Comm 10 of the Wisconsin Administrative Code, which addresses storage, transporting and dispensing flammable, combustible and hazardous liquids.

This update addresses the substantial technological changes that have occurred, and the regulatory knowledge that has accrued, since the last major update of Comm 10 over 16 years ago. Fuel chemistry and engines have become more complex, particularly where biofuel use is increasing; fuel storage has moved more toward higher-risk, intermediate-sized metal and plastic containers; fuel storage, dispensing, and monitoring facilities and equipment have become significantly more complex, with periodic, precise leakage testing and detailed recordkeeping requirements; and retail employees typically no longer have the fuel and engine knowledge that owner-operated service station employees had 20 years ago.

Near the end of the biennium, the Bureau reached a major milestone in updating Comm 10 by holding public hearings in Madison, Eau Claire and Green Bay. As expected, the Bureau received numerous comments during the hearings, and began developing responses to those comments, along with further improvements to the proposed rules, in preparation for legislative review.

In addition to updating Comm 10, the Bureau also completed comprehensive updates of (1) the credential requirements in chapter Comm 5 for individuals and firms that are involved with constructing, testing, and maintaining storage and dispensing facilities for flammable, combustible and hazardous liquids; and (2) the minimum petroleum product grade specifications and the corresponding criteria for effective regulatory oversight in chapter Comm 48.

Bureau of Petroleum Environmental Cleanup Fund Award (PECFA)

Based on the goals and action plan of the Bureau of PECFA, several successes have occurred over the past two years. Some of the most relevant achievements include the following:

Site Review Section

- The Bureau of PECFA's Site Review Section has significantly reduced the number of open sites over the past biennium: 579 open sites have been conditionally closed. Additionally, the Section approved funding for cleaning 702 contaminated sites. The competitive public bidding process that was codified in May 2006 was used for 333 of the sites requesting additional funding.
- During this biennium, the Site Review Section was able to secure an additional \$35,000 grant from EPA to close an additional number of sites.

Claim Review Section

- Through organizational changes implemented in the Section, specifically through actively seeking more interaction and communication with the lenders and owners of contaminated sites, the Claim Review Section reduced the number of appeals, from 69 in June of 2005 to 22 in June of 2007.

- The lender reporting system in the PECFA Program allowed the Bureau to identify sites with outstanding loan balances. Staff continues to contact owners of these sites and assist them with filing their PECFA reimbursement claims, which substantially reduces interest costs.
- Based on historical data of the past two years and the PECFA lender and owner reporting system, the Bureau were able to predict the funding that will be needed in the next two years. This has allowed the Legislature to adjust (reduce) the Petroleum Inspection Fee funds coming to PECFA by \$38 million (48 percent) over the next two years, from \$78 million to \$40 million.

Upgrading Regulations, Processes and Training

During the first half of the biennium, the Site Review and Claim Review Sections and the Division's rule-promulgation staff completed a comprehensive update of the two Wisconsin Administrative Code chapters that address the PECFA program – chapters Comm 5 and 47.

The two major elements of the Comm 47 changes consisted of codifying the Department's competitive bidding process and establishing a usual and customary cost schedule, which now controls costs for most of the work not covered by the public bidding process.

In implementing these rule changes, the Site Review and Claim Review Sections conducted two training sessions—one in 2006 and one in 2007. The training sessions took place at Wausau, Eau Claire, Neenah, Brookfield and Madison, with a total attendance of over 400 PECFA consultants, commodity service providers, lenders, state regulators and site owners. Based in part on input received during these sessions, Division staff twice updated the usual and customary cost schedule to reflect ongoing changes in actual costs, as is required by Wisconsin law.

The rule changes in Comm 5 enabled the Site Review and Claim Review Sections to aggressively pursue revocation or suspension of credentials that are held by firms or individuals who repeatedly fail to comply with or choose to ignore the key elements of Comm 47, and who thereby compete unfairly with the firms and individuals who do abide by these criteria.

Finally, through the Continuous Improvement process, two major successes were achieved:

- The first is that the Site Review Section now has a specific informational Web Site for the Section, where new and updated materials are stored for better information/communication and added consistency in Site Review procedures.
- The second effort involves the Bureau of Petroleum Products and Tanks, where a new Red Flag notification from the inspectors will be transmitted to the PECFA Bureau to highlight issues dealing with newly-discovered gasoline releases to the environment, which will help determine PECFA eligibility.

Division of Housing and Community Development

The Division of Housing and Community Development's three bureaus provide a broad network of financial and technical assistance programs that enhance economic opportunities, revitalize communities, expand the supply of affordable housing, and address the needs of homeless and special needs households throughout Wisconsin.

The Bureau of Local Development provided over \$76 million of financial assistance to local units of government and community-based organizations during the biennium.

Federal Community Development Block Grant (CDBG) funds provided approximately \$8.5 million annually for non-housing activities including infrastructure, public building, blight removal and planning, and approximately \$7.5 million annually for affordable housing activities and emergency assistance. Projects principally benefit low to moderate income persons. During the 2005-2007 biennium:

CDBG-Public Facilities

The CDBG-Public Facilities (PF) program awarded over \$14.7 million to 46 local governments for public infrastructure projects including water and sewer projects, community centers, fire stations, libraries and senior centers. These funds leveraged an additional \$53.3 million of other public investment for infrastructure improvements.

Example: A \$500,000 CDBG-PF award supported the construction of a dental clinic in Chippewa Falls that will serve primarily low-income and moderate-income persons. This "Federally Qualified Clinic" will also provide an alternative for the 5,000 Medicaid eligible individuals currently on a waiting list for dental services at a Ladysmith clinic.

CDBG-Public Facilities for Economic Development

The CDBG-Public Facilities for Economic Development program awarded over \$7.2 million for 23 projects principally funding water, sewer and street expansions, or improvements needed to accommodate business development within a community. These projects leveraged over \$264 million of other public and private investment and helped to create or preserve 1,355 jobs. Three projects, including a renewable fuel operation, a North American headquarters for a goat cheese processor and a retail destination for a widely-acclaimed outdoor sports and recreation chain, generated almost \$200 million of outside investment.

CDBG-Blight Elimination and Brownfield Development

The CDBG-Blight Elimination and Brownfield Development program awarded \$643,500 to projects focused on site-cleanup and preparation for future development. The most extensive, a \$500,000 award, involved redeveloping the gateway to a community's downtown and becoming a Wisconsin Main Street community.

CDBG-Planning

The CDBG-Planning program awarded \$289,000 to assist 13 communities with planning projects that included:

- the creation of a coordinated network of workshops for disabled persons
- the reuse of a large vacant hospital
- the development of a 260-acre parcel in an area needing employment and housing

Most of these projects partnered with other local development corporations, chambers, or civic organizations.

CDBG-Emergency Assistance Program (EAP)

The CDBG-EAP provided assistance for site clean-up, infrastructure repairs, and housing repair and replacement in response to natural disasters. CDBG-EAP funds are often used in conjunction with FEMA dollars. During the 2005-07 biennium, over \$1.1 million EAP funds were awarded to Adams, Richland, and Columbia counties.

CDBG – Housing

For the biennium, the division held two competitive CDBG-Housing grant opportunities and awarded over \$14 million to 46 communities for housing rehabilitation and homebuyer assistance. All of the funds benefited households at or below 80 percent of their county's median income. The CDBG housing funds are awarded regionally to assure statewide geographic impact. During 2005-2007, CDBG-Housing funds provided rehabilitation and energy assistance to 681 units, homebuyer assistance to 55 households, handicapped accessibility modifications for 37 units, and addressed lead-based paint issues for 283 units.

Five CDBG-Housing Special Projects were awarded \$911,000. These projects primarily involve converting existing buildings previously used for retail, school, medical, or commercial purposes, into affordable housing units.

Federal Home Investment Partnership Program (HOME) funds combined with state Housing Cost Reduction Initiative (HCRI) funds provided almost \$24 million to local units of government and housing organizations for:

HOME – Homebuyer and Rehabilitation and HCRI

During the biennium, the HOME-HBR/HCRI program awarded over \$14 million for rental and owner-occupied rehabilitation, and homebuyer assistance. All activities benefit low income households. HOME-HBR/HCRI funds provided rehabilitation and energy assistance to 2,152 units, homebuyer assistance to 1,042 households, handicapped accessibility modifications for 199 units, and addressed lead-based paint issues in 365 units.

HOME – Rental Housing Development

During the biennium, the HOME-RHD program awarded almost \$8 million to housing agencies for construction of low-income rental units throughout the state. HOME-RHD funds assisted completing 171 rental units including 38 handicapped accessible units.

Community-Based Economic Development (CBED)

State funded Community-Based Economic Development (CBED) grants provided \$712,200 annually to 46 community-based organizations for a variety of local economic development initiatives reaching from Ashland to Racine County. Over one-third of the CBED funds assisted in business incubator development and operations. Other CBED projects included supporting youth entrepreneurship programs and venture capital development initiatives.

Brownfields

The Brownfields Grant Program provides financial assistance to communities and businesses for projects that address environmental contamination and promote economic development. During the 2005-2007 biennium, the Brownfields Grant Program awarded \$11.7 million for 34 projects to clean up and redevelop contaminated properties. These projects will create over 391 jobs, restore 300-acres of abandoned or under-utilized contaminated properties and add \$500 million in value to local property tax rolls.

- **EXAMPLE:** In the City of Racine, a well-known housing developer partnering with the Johnson Redevelopment Corporation and the Wisconsin Housing and Economic Development Authority, is constructing a mixed-using development that will include affordable housing. Located at 141 Main Street, the project will include 17,000 sq. ft. of retail space, 84 active adult apartment homes and 23 condominiums, representing an investment of over \$7.7 million.
- **EXAMPLE:** 84 Lumber and HMC WI, LLC are proposing to redevelop a brownfield site located at 4414 McFarland Drive in McFarland. The 18-acre site is currently a bulk grain storage facility owned and operated by Landmark Services Cooperative. The site includes four large grain storage bins (formerly above ground storage tanks used for petroleum storage), a grain dryer, and two small buildings. 84 Lumber is proposing to redevelop the site for truss manufacturing, lumber distribution and limited retail. This \$4.3 million redevelopment will include the construction of nine slab-on-grade single story buildings, environmental remediation, asphalt paving, utilities and stormwater management facilities. An additional \$1.2 million investment will be made in equipment purchases needed for truss assembly operations.

Bureau of Planning and Technical Assistance

Main Street

The Main Street Program is based on the National Main Street Center's Four Point Approach and provides technical assistance to communities for downtown revitalization. This assistance addresses such topics as:

- fund raising
- volunteer development
- organizational structure
- business development
- economic development
- promotional planning,
- historic preservation

With the addition of Lake Mills, Rhinelander, and Whitewater during the 2005-2007 biennium, the program has 35 participating communities. Reinvestment in the form of building rehabilitation projects, new construction, and new businesses highlight the Main Street's success in Wisconsin communities.

- **EXAMPLE:** What was once a boarded up commercial building was transformed into a new neighborhood bakery in Lincoln Village, a Milwaukee neighborhood. Wisconsin Main Street was called upon to provide a design for a new storefront, and local architects presented a floor plan that worked for all of their equipment and space needs. Since the original storefront was all but unsalvageable, a new brick bulkhead and metal storefront were installed that fit the original proportions. Because of damage to the original, a new lintel beam needed to be installed. New simple signage and an awning were added to complete the transformation. Lincoln Village Main Street provided \$5,000 in façade and sign grants, and also assisted

the owners in finding competitive contractors. Not only is this a great physical improvement, but the business has brought in three full and three part-time jobs as well. The upper floor of the building is being used as the owner's residence.

- **EXAMPLE:** The Old Tigerton Village Hall was slated for demolition when the Tigerton Main Street program intervened to save the building. In 2003, the renovation project began—thousands of volunteer hours were donated toward this project, which was completed in April 2007. The total cost was more than \$500,000, with more than \$337,000 from grants and the rest from community fundraisers and donations. Wisconsin Main Street Design Specialist Joe Lawniczak did a conceptual drawing based on historic photos. The scope of work included replacing the bell tower, repairing the roof, foundation and exterior masonry, and restoring the interior. The Village Hall was constructed in 1905, but by the 1980's the village offices had moved out and it was used for storage. The building will be used as the Tigerton Main Street office and as a meeting and gathering place.

Wisconsin Main Street Program Investment Statistics and Return on Investment (ROI) 2005-07

- 644 Building Rehabilitations = \$87,298,902
- 35 New Buildings = \$66,996,188
- 407 New Businesses = 2,109 New Jobs
- \$ 3,547,244 estimated real estate taxes generated by building rehabilitations and new buildings (ROI)
- \$ 4,070,000 estimated state sales taxes generated by new businesses (ROI)
- \$ 1,974,024 estimated state income taxes generated by new jobs (ROI)
- \$ 11.99 return for every state dollar invested through Wisconsin Main Street Program

Wisconsin Business Retention and Expansion Study Program (WIBRES)

The WIBRES program is designed to help communities develop a systematic approach to business retention and expansion efforts. The study process combines a personal site visit with a survey instrument to collect information from chief executive officers on the local business climate. Program objectives include:

- Determining future expansion/relocation plans of companies in order to set up an early warning system for local action
- Identifying specific concerns and problems of the local businesses and provide swift, effective solutions
- Acquainting business executives with assistance available through various economic development programs
- Gaining an understanding of the business community's view of the local economy, and
- Improving the communications bridge and strengthen relationships between local/county government and the business community

Communities benefiting from the WIBRES program during the 2005-2007 biennium include: Lincoln County, Columbia County, Barron County, Cross Plains, Stoughton, Prairie du Chien, Vilas County, Green County, and Waunakee.

Relocation

During the biennium, a division reorganization moved the Relocation Plan Review function to the Bureau of Planning and Technical Assistance. These reviews ensure that public entities undertaking projects that displace persons or businesses have in place a relocation plan that addresses relocation assistance and fair compensation for those displaced.

Bureau of Supportive Housing

The Bureau of Supportive Housing provides financial assistance to local units of government and housing-related organizations for creating additional affordable housing for both renters and homebuyers, expanding home ownership opportunities, and sustaining a network of organizations dedicated to providing supportive services to persons with special housing needs and working to prevent homelessness in Wisconsin.

Over a dozen state, federal, and private funding sources combined to provide over \$25 million for affordable housing and homeless shelter activity during the biennium. Homeless and transitional housing programs assisted 13,000 households annually. Homeless programs combined provided over 1,200,000 shelter nights over the biennium.

Tenant Based Rental Assistance (TBRA) Program

In 2007, eight agencies---Chippewa County Housing Authority, Housing Partnership of the Fox Cities, Brown County Human Services, Community Action of Rock and Walworth Counties, North Central Community Action, Couleecap, NEWCAP, and Salvation Army Grace Place---received TBRA funds to assist households to become more independent and reach self sufficiency. Funds provide rental assistance to households for:

- transitioning from W-2 payment positions to unsubsidized employment
- completing participation in supportive housing/housing counseling programs for families with incomes less than 50 percent of county median income
- continuing education (high school or other) of teenage parents, and
- chronically homeless and have a serious mental illness.

An evaluation of the original pilot program in 2005 determined that across the original three agencies, the HOME TBRA program was successful in providing stable housing for individuals and families who are either homeless or at risk of becoming homeless. In some cases, TBRA receipt was followed by:

- a move to permanently subsidized housing.
- progress towards self-sufficiency
- an increase in income while in the program.
- many recipients participating in educational or job training programs.

HUD Emergency Shelter Grant, Transitional Housing, and Homelessness Prevention Program

HUD Emergency Shelter Grant, and State Transitional Housing and Homelessness Prevention Program funds are made available on an annual basis in a combined application. The federal government provides approximately \$1.9 million annually, and this amount is added to the \$375,000 in Transitional Housing Program funds from the state and \$1.4 million in State Homelessness Prevention funds. In 2006, 88 proposals were funded representing a total of 112 agencies, and in 2007, 69 proposals representing 116 agencies were funded. Funds are provided for

homelessness prevention, essential services, renovation /rehabilitation, program operations and administrative funds.

State Shelter Subsidy Grant Program

In 2006, State Shelter Subsidy Grants funds in the amount of \$1,131,000 were awarded to 39 agencies. State Shelter Subsidy Grant funds are provided to generic shelter programs based on the percentage of the total number of shelter nights provided by the agency. In 2006, over 489,000 nights of shelter were provided, and agencies estimated that 412,000 night of shelter would be provided in 2007. The estimated drop in the number of shelter nights may be the effect of the additional funds being provided for homeless prevention.

Critical Assistance

Critical Assistance funds in the amount of \$500,000 are administered by the Foundation for Rural Housing in those areas of the state that are not covered by agencies receiving Homelessness Prevention Program funds. The Foundations for Rural Housing proposes to provide financial assistance to approximately 550 renters and 50 owners, or approximately 600 out of 1,000 applicants. Maximum amount of assistance per household for renters is \$450 and \$2,000 for homeowners. Households must be at 50 percent of CMI or below and spend more than 30 percent of their income for housing. Critical Assistance funds can be used to fund prevention activities including services that are concerned with housing counseling and eviction or foreclosure prevention.

Continuum of Care (COC)

The Bureau of Supportive Housing competed successfully for over \$10.5 million in special federal funds including development of the HUD "Continuum of Care" application that involved local homeless shelter and service organizations in 69 counties. The number of agencies participating in the statewide Continuum of Care continues to grow, and there is an increasing reliance on the use of electronic communication to gather the information required from the agencies to complete the application to HUD.

Housing Opportunities for Persons with AIDS (HOPWA)

The Bureau of Supportive Housing receives an annual block grant award from HUD to provide housing and services to households affected by AIDS/HIV. AIDS Resource Center of Wisconsin (ARC/W) has successfully administered these funds on a statewide basis outside of the four county Milwaukee Metro area and Pierce and St. Croix counties, which are part of the Minneapolis /St. Paul service area. ARC/W serves approximately 1,200 persons on an annual basis.

Wisconsin Fresh Start

During the biennium, the Bureau expanded the program for at-risk youth to 16 local sites. To date 89 homes have been completed and are occupied by low-income families. Over 650 young people successfully completed the program, which represents a 73 percent success rate. Among the successful participants many have earned their high school equivalent degree or returned to school. Other enrollees have achieved various skill competencies and greater than minimum wage jobs.

Wisconsin ServicePoint (WISP)

The WISP Homeless Management Information System (HMIS) has been expanded to over 150 agencies. This tool tracks cyclical shelter usage by specific individuals and quantifies the number of homeless individuals and families that are using shelters and services. Over 700 individuals, active users statewide, have been trained and are using the WISP HMIS system into which 235,000 client records have been entered. Approximately 2,500 client records are entered each month. This nationally recognized management information system is designed to provide a picture of the scope of Wisconsin's homelessness problem, improve service delivery to needy individuals and evaluate the effectiveness of those services.

WIFrontDoor

WIFrontDoor is a housing and services inventory. It was implemented and went on-line in January 2005. Since that date, over 115,000 units of affordable housing have been listed on the website. In the last two years, clients made 147,340 housing searches.

The system affords owners and managers of rental housing units the ability to quickly post vacancies and remove leased units, and gives prospective tenants the ability to conduct searches for available units based on affordability, unit size, amenities, location and other key features. A complete searchable list of housing units and social service contacts offered to low and moderate income households is also available.

Health Professions Loan Assistance Program (HPLAP)

The HPLAP awarded over \$1.15 million of state and federal Department of Health & Social Services funds to assist health professionals payoff student loans in exchange for a three-year commitment to practice in an underserved area of Wisconsin. During the biennium, the HPLAP awarded grants to 13 physicians, five doctors of osteopathic medicine, three dentists, five physician assistants, four nurse practitioners, and three registered dental hygienists.

Division of Investment and Export

Exports

Between July 2005 and June 2007, Wisconsin firms exported a total of \$34,192,811,992 worth of products, compared to \$25,726,752,561 in the previous biennium. During that period, one-third of the Wisconsin products shipped outside of the United States was industrial machinery. Electrical machinery, the #2 category, accounted for 16 percent and scientific and medical instruments, the #3 category accounted for 10 percent. Just over six percent of the state's exports during the period was composed of livestock, crops, processed foods, and other agricultural products.

Export Destinations

During the biennium, our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, were Wisconsin's most important export markets. Approximately 44 percent of all Wisconsin exports stay within the integrated North American market. Canada bought 32 percent while Mexico took 11 percent. Exports to China have grown significantly over the last few years, and it is now the #3 destination for Wisconsin exports, accounting for just over five percent. Japan ranks #4 with 4 percent. If the 27-member European Union were treated as one country, it would rank as Wisconsin's #2 export destination, accounting for 20 percent of the state's international shipments.

Trade Missions

At the beginning of the biennium, Commerce coordinated a Governor-led mission to Poland and the Czech Republic. Representatives of 23 Wisconsin businesses and organizations accompanied the Governor to Prague and Warsaw in November 2005.

Two participants had this to say about the mission:

- Carl Herden, Vice President of International Sales at Ariens Company (Brillion): "... additional sales of approximately US \$1 million.... strengthened current relationship with our Polish distributors."
- Ray Erbe, Vice President and General Manager of the Elwood Corporation (Oak Creek): "Long-term 3-5 years, \$500,000/year in sales.... I believe this was a good start. However a great deal of work still needs to be done in order to achieve some benefit."

At the end of the biennium the department was heavily involved in preparations for a trade mission to Japan and China scheduled for September 2007.

Several smaller, non-Governor-led missions were organized by Commerce and visited Mexico, Central America, the Benelux Countries, South Africa, and Argentina/Brazil/Chile.

Midwest Hardwood - Participated in September 2006 trade mission to Mexico (non-Gov) and reported \$360,000 in sales, with more pending.

Trade Show Grant Program

Over the course of the biennium, 32 trade show grants were awarded to Wisconsin companies seeking to exhibit at international events.

- H. G. Weber & Company (Kiel) used a trade show grant to attend the Print Expo 2007 trade show in Beijing, China. The firm sold its demo machinery on the show floor to a Taiwanese buyer and reported receiving orders for \$500,000 worth of equipment with long-term potential sales of \$1,500,000.
- FEECO International, Inc. (Green Bay) used a grant to exhibit at the FMB Americas Conference in Cancun, Mexico. The firm received 17 high quality leads from Argentina, Brazil, Costa Rica, Mexico, Peru, and Venezuela for their lines of granulators, rotary dryers and coolers, mixing and conditioning equipment, and chemical processing machinery, which have already resulted in over \$3,000,000 in sales of equipment to clients all over the world. Because of the high cost and customized design work involved with applications for such systems, closing a deal can take a long time. FEECO estimates that the leads generated at the show will result in \$10 million in sales over several years.

Counseling and Assistance

During the biennium, Investment and Exports Division staff based in Wisconsin or the department's contracted offices in Brazil, Canada, China, Europe, and Mexico provided counseling or research services to 1047 Wisconsin businesses and organizations. Wisconsin-based staff conducted 706 counseling sessions. The International Offices completed 45 Agent/Distributor Searches, three Client/End-User Searches, 16 Market Overviews (plus 57 additional market research projects), and one Sales Manager Search. The offices also supplied 18 Unqualified Lists of business contacts that firms used to conduct their own searches. Finally, the offices conducted 407 consulting sessions with Wisconsin businesses.

- Forte Composites, Inc. (DePere)
The Investment and Exports Division's initial contact with Forte Composites was in 2001, during the annual international trade office directors' visit to Wisconsin. Wisconsin-based and overseas staff maintained consistent contact with the company and provided periodic market research. In September 2006, the company formally requested a Client/End User Search in the UK, which resulted in four qualified and interested customers. The European Office counseled the firm on cultural and business intricacies of approaching, selling to, and working with their prospective British customers. In March 2007, Forte Composites traveled to the market and made its first direct export in the summer of 2007. The company is expecting business with that initial customer to grow to approximately \$80,000/year. It is also now quoting business with the other prospective UK customers that they met with and anticipate initial export sales of \$10,000 for two additional customers, with a doubling of business each subsequent year. Once the 'dust has settled' with these opportunities, the company has indicated a desire to target another market and has expressed interest in Commerce future trade promotion activities, such as trade missions.
- Continental Plastic (Fort Atkinson)
A Distributor Search in Brazil was initiated in January 2006 and completed in April 2006. A new rep was signed and \$40,000 in sales reported, with additional sales expected. The firm also participated in the December 2006 Central America mission and reported \$14,000 in sales, and a new representative was signed as a result of that event.

- U. S. Tanker Fire Apparatus, Inc. (Burlington)
U.S. Tanker Fire Apparatus used the "consulting" services of Wisconsin-based staff and the China office regarding several bids for business in China. Commerce staff explained issues related to China's CCC quality marking system and supplied expertise on Chinese contracts that contributed to a \$300,000 order.
- Up-N-Atom (Waukesha)
Up-N-Atom was assisted by the Canada Office in having its heavy equipment transportation systems exhibited at the GO Expo in Calgary in June 2007, and had several one-on-one appointments arranged at the show. The firm reported \$140,000 in sales resulting from the GO Expo.

Wisconsin International Trade Team

The International Division of the Department of Commerce and the Department of Agriculture, Trade and Consumer Protection's International Agri-Business Center intensified their cooperative efforts to increase Wisconsin exports and began promoting their joint services as the Wisconsin International Trade Team. A shared logo and marketing look, plus common brochures and publications, a 1-800 phone number and trade show booth graphics, were created to increase the visibility and seamlessness of the state's services to exporters of all types of products.

Hampel Corporation (Germantown) worked with the International Trade Team in its efforts to expand into new international markets. The firm obtained a Department of Commerce Trade Show Grant to exhibit its dairy calf shelters at the EuroTier show in Germany in November 2006 and reported \$66,800 in sales from show leads. Wisconsin-based staff introduced the firm to Chinese buyers during World Dairy Expo 2005, and international office staff provided market research support in Mexico, Brazil, and China to further increase the firm's export sales.

Division of Safety and Buildings

The following are major accomplishments of the Division of Safety and Buildings for the 2005-2007 biennium:

Fire Sprinkler Study

While considering an update to the Wisconsin Commercial Building Code and Fire Prevention Code, the Division conducted three extensive surveys relating to fire sprinkler codes in every state, the cost of fire sprinkler systems in Wisconsin and the number of fire related deaths in Wisconsin over the previous five years. In December 2006, responding to the surveys, the Department held a public hearing on a proposed code change that would require fire sprinklers in new multifamily dwellings containing three or more units, as specified in the International Building Code. The Division is also in the process of adopting the ICC Existing Building Code, which provides clear direction on code applicability for additions and alterations.

Regulatory Partnerships

- The Division has historically developed agreements with partners, such as local units of government, other state agencies, insurance companies and certified third party inspection agencies, to provide the effective and efficient regulatory services (plan review, inspections, consultations, etc.) and to minimize duplication or overlap of services.
- During this biennium, the Division has continued to develop and expand such partnerships. This has resulted in the continuation (and expansion/improvement) of service provision during times of budget reductions.
- The Division entered into or expanded agreements with local units of government for building, plumbing and private on-site waster treatment systems (POWTS) code enforcement activities, with insurance companies for cyclical boiler inspections and with certified third parties for cyclical elevator inspections.
- In an effort to improve coordination and communication with local units of government, the Division held the first Wisconsin Building Safety Network Managers Conference in June, 2007. The Division established the name, "Wisconsin Building Safety Network," to describe the statewide network of local governments that help administer building codes as agents of the Department. Additional resources have been allocated to upgrade audit efforts and further development of audit policies and procedures.

Information Technology (IT) Utilization and Efficiency Enhancements

Over the years, the Division has developed and relied upon Information Technology (IT) as a primary means to simplify and streamline work and processes. Improvements have been developed and implemented allowing the Division to absorb substantial new workloads in credentialing, plan review, and inspection from statutes and related codes passed during this biennium.

During this biennium, the Division has focused on Customer On-line Access.

- Web scheduling
 - ◆ The division has established online scheduling for building and plumbing plan review appointments. The scheduler includes an automatic estimated time calculation for plan assignment to reviewers and

also calculates the plan review fee for the customers. Appointment confirmation/completed application forms are generated from what the customer entered and are emailed to the requester.

- Reporting of education courses
 - ◆ The division implemented on-line reporting, which enables course instructors to enter attendance data immediately. In addition to simplifying the process for instructors, course attendees can access their education information at any time to assist them in determining the number of credits needed for certain certifications and/or licensure. The on-line reporting also allows course providers to enter attendee credential numbers directly into our database 24/7. This eliminates mail time and staff entry time. This is important especially for those near the renewal deadline who need to show proof of continuing education prior to issuance of a new credential required to draw local permits.

- Customer Complaint
 - ◆ Citizens can file a complaint against credentialed individuals or potential code violations at any time. Prior to on-line access, a complaint needed to be filed by paper. This expedites the division's oversight of credentialed professionals.

- Customer Information and Notification
 - ◆ The division makes extensive use of email distribution lists to notify credentialed individuals, interested parties and the general public about changes in administrative codes, programmatic changes, and to announce upcoming code advisory meetings. Distribution lists are very successful in providing immediate notification and information.

- Wisconsin Plumbing Product Register
 - ◆ Recently, the division developed an on-line register of all approved plumbing products. The register identifies the plumbing product and its approval date. This benefits manufacturers, regulators and consumers about approved plumbing products that are available for use in the State of Wisconsin.

- Water Treatment Systems
 - ◆ With the assistance of IT, the division developed a database that features the chemical reductions by water treatment type. Consumers can search the type of water treatment system to determine the chemical reductions provided by that system.

- Electronic Funds Transfer and Invoicing
 - ◆ The division has begun to implement business services with an emphasis on electronic funds transfer or invoicing options for customers. These features allow customers to reduce their own internal delays for cutting checks and mailings prior to the work being done, eliminates incorrect fee payment and the costly six-eight week refund process by invoicing for the correct fee, and also improves customer working capital by not having to pay for one project while waiting for a refund on another.

- Erosion Control Notice of Intent and Stormwater Plans

- ◆ Erosion control notice of intent plan summary submission, electronic evaluation of that data, self certification of stormwater plan preparation, and the ability to pay by credit card or be invoiced have been implemented.
- Development of Electronic Data Interchange and Improved Automated Inspection Workflow
 - ◆ The development of electronic data interchange has been expanded to now include boiler, elevator, and the start of electrical programs for our staff and the capability for enforcement partners. Boiler and elevator partners have the ability to access Division files and directly submit information needed to complete the service work they are providing on behalf of the Division. The database has been expanded to streamline the complaint and credential violation process, as well as numerous automatic features for all program inspection reporting.

The Division continues to expand the information and services made available through its Web Site, which is accessed approximately 3,500 times by 2,288 different persons each day. Annually, it receives approximately 2.26 million hits.

Erosion Control, Sediment Control and Storm Water Management Code Update

The Division updated the State Erosion Control, Sediment Control and Storm Water Management Code to reflect changes in federal standards and administrative rules of the Wisconsin Department of Natural Resources. The code update was developed through close coordination with the DNR and with input from various citizen advisory councils and the United States Environmental Protection Agency.

Continuous Process Improvements

A number of continuous improvement teams have developed and implemented process changes during this biennium.

- Enforcement has been enhanced through the implementation of a red tag work-stop use process and a complaint-credential violation electronic tracking system.
- Overlap training has improved understanding and coordination between the various technical programs.
- A team is working on plan submittal checklists, new submitter process guides, and informative material to improve the quality of plan submittals.
- The selling of Division material has been moved to Document Sales via an memorandum of understanding to improve customer service use of web ordering, credit cards and overnight service.

WISCONSIN DEPARTMENT OF COMMERCE
Appendix 1: Financial Assistance Programs, 05-07 Awards by Program

| Program | Project Cost | Award Amount | Leverage | Jobs Retained* | Jobs Created* |
|---|---------------------|---------------------|--------------------|-----------------------|----------------------|
| Agricultural Development Zone (6 records) | \$29,685,324.00 | \$847,000.00 | \$28,838,324.00 | 372 | 164 |
| Blight Elimination & Brownfield Redevelopment (3 records) | \$3,702,750.00 | \$643,500.00 | \$3,059,250.00 | | |
| Business Employees' Skills Training (RED) (3 records) | \$9,500.00 | \$5,875.00 | \$3,625.00 | 9 | 0 |
| Business Employees' Skills Training (WDF) (19 records) | \$3,181,442.00 | \$89,164.00 | \$3,092,278.00 | 150 | 0 |
| Broadband Tax Credits (9 records) | \$80,349,992.00 | \$5,000,200.00 | \$75,349,792.00 | | |
| Brownfields (34 records) | \$141,065,958.00 | \$11,771,800.00 | \$134,615,458.00 | 26 | 321 |
| CBED Business Assistance (1 record) | \$33,000 | \$18,000.00 | \$15,000 | | |
| CBED Business Promotion (1 record) | \$125,000.00 | \$50,000.00 | \$75,000.00 | | |
| CBED Community Planning (2 records) | \$94,000 | \$52,000.00 | \$42,000 | | |
| CBED Incubator Technical Assistance (7 records) | \$133,950.00 | \$64,400.00 | \$591,684.00 | | |
| CBED Incubator Operations (10 records) | \$767,684.00 | \$196,000.00 | \$591,684.00 | | |
| CBED Incubator Startup/Expansion (4 records) | \$267,000.00 | \$94,500.00 | \$172,500.00 | | |
| CBED Regional (14 records) | \$1,044,400.00 | \$477,300.00 | \$605,600.00 | | |
| CBED Legislative (2 records) | \$550,000.00 | \$200,000.00 | \$350,000.00 | | |
| CBED Entrepreneurship (3 records) | \$276,974.00 | \$124,000.00 | \$152,974.00 | | |
| CBED Venture Capital (4 records) | \$251,000.00 | \$100,000.00 | \$151,000.00 | | |
| Community Development Zone (18 records) | \$47,912,930.30 | \$1,959,500.00 | \$45,953,430.30 | 817 | 541 |
| Customized Labor Training (21 records) | \$21,767,713.92 | \$1,387,994.00 | \$20,379,719.92 | 843 | 475 |
| Diesel Truck Idling Reduction (66 records) | \$1,432,208.00 | \$1,000,000.00 | \$432,208.00 | | |
| Development Opportunity Zone (3 records) | \$66,315,000.00 | \$3,816,000.00 | \$62,499,000.00 | 14 | 316 |
| Dairy 2020 Early Planning Grant (98 records) | \$506,200.00 | \$288,562.00 | \$220,638.00 | 2 | 159 |
| Economic Development (33 records) | \$299,064,719.00 | \$32,796,592.00 | \$266,268,127.00 | 5,196 | 5,632 |
| Enterprise Development Zone (47 records) | \$1,056,306,461.30 | \$47,444,500.00 | \$1,008,861,961.30 | 36,466 | 7,106 |
| Enterprise Development Zone - Environmental (1 record) | \$5,973,245.00 | \$1,000,000.00 | \$4,973,245.00 | | 0 |
| Emergency Awards (Comm. Finance) (1 record) | \$0 | \$600,000.00 | (\$600,000.00) | 0 | 0 |
| Economic Diversification (30 records) | \$123,893,131.00 | \$5,307,400.00 | \$118,585,731.00 | 87 | 408 |
| CDBG Housing (5 records) | \$1,056,000.00 | \$1,356,000.00 | \$0.00 | | |
| Housing Critical Assistance Program (1 record) | \$500,300.00 | \$500,300.00 | \$0.00 | | |
| HCRI and Housing Grants and Loans (27 records) | \$2,800,000.00 | \$2,800,000.00 | \$0.00 | | |
| Homeless and Emergency Shelter Grants (76 records) | \$4,235,689.72 | \$4,235,689.72 | \$0.00 | | |
| HOME Investment Partnership-Affordable Housing (42 records) | \$12,418,678.00 | \$12,418,678.00 | \$0.00 | | |
| HOME Rental Housing Development Loan (3 records) | \$1,212,102.00 | \$1,212,102.00 | \$0.00 | | |
| HOME Investment Partnership-Supportive Housing (2 records) | \$137,500.00 | \$137,500.00 | \$0.00 | | |
| Housing Special Projects-Federal (3 records) | \$2,101,064.00 | \$1,105,500.00 | \$1,547,064.00 | | |
| Housing Opportunities for Persons With AIDS/HIV (2 records) | \$753,504.90 | \$753,504.90 | \$0.00 | | |
| Industrial Revenue Bonds (44 records) | \$706,529,227.00 | \$255,056,815.00 | \$480,041,947.00 | 1,129 | 1,229 |
| Legislative Award (WDF) (8 records) | \$6,194,890.00 | \$3,388,000.00 | \$3,156,890.00 | | |
| Legislative - WI Entrepreneurial Centers (2 records) | \$16,400,000.00 | \$1,000,000.00 | \$15,400,000.00 | | |
| Legislative Gaming Economic Development (3 records) | \$3,405,000.00 | \$1,150,000.00 | \$3,255,000.00 | | |
| Legislative Award-MEC (4 records) | \$13,403,970.00 | \$1,700,000.00 | \$11,703,970.00 | | |
| Legislative - Wisc. Tech. Council (2 records) | \$ | \$500,000.00 | \$0.00 | | |
| Minority Business Development (13 records) | \$17,308,835.00 | \$982,500.00 | \$16,426,335.00 | 2 | 346 |

WISCONSIN DEPARTMENT OF COMMERCE
Appendix 1: Financial Assistance Programs, 05-07 Awards by Program

| Program | Project Cost | Award Amount | Leverage | Jobs Retained* | Jobs Created* |
|---|---------------------------|-------------------------|---------------------------|-----------------------|----------------------|
| Major Economic Development (17 records) | \$300,477,047.00 | \$12,710,000.00 | \$287,767,047.00 | 4,737 | 1,766 |
| Minority Early Planning Grant (5 records) | \$21,000.00 | \$15,000.00 | \$6,000.00 | 0 | 6 |
| Minority Revolving Loan Funds (1 record) | \$350,000.00 | \$100,000.00 | \$250,000.00 | | |
| Milk Volume Production (CDBG-ED) (40 records) | \$31,013,370.00 | \$5,218,250.00 | \$25,795,120.00 | 50 | 174 |
| Milk Volume Production (RED) (25 records) | \$6,403,335.00 | \$992,000.00 | \$5,411,335.00 | 27 | 41 |
| Public Facilities (46 records) | \$65,591,478.00 | \$14,753,481.00 | \$53,368,927.00 | | |
| Public Facilities for Economic Development (23 records) | \$271,622,331.00 | \$7,254,500.00 | \$264,367,831.00 | 505 | 1,130 |
| Planning (14 records) | \$485,466.00 | \$304,250.00 | \$309,716.00 | | |
| Qualified New Business Venture (42 records) | \$40,055,150.00 | \$0.00 | \$40,055,150.00 | 2 | 35 |
| Qualified Venture Fund (5 records) | \$0.00 | \$0.00 | \$0.00 | | |
| Rural Economic Development - Phase 1 (37 records) | \$8,346,325.00 | \$299,694.00 | \$8,046,631.00 | 3 | 9 |
| Rural Economic Development Microloan (5 records) | \$4,033,162.00 | \$232,000.00 | \$3,801,162.00 | 33 | 44 |
| CDBG Special Projects (1 record) | \$119,930.00 | \$119,930.00 | \$0.00 | | |
| Shelter Plus Care Grant (2 records) | \$288,964.00 | \$288,964.00 | \$0.00 | | |
| State Shelter Subsidy Grant (35 records) | \$2,592,000.00 | \$2,592,000.00 | \$0.00 | | |
| Technology Assistance Grant (24 records) | \$917,596.00 | \$193,675.00 | \$723,921.00 | | |
| Technology Bridge Grant (4 records) | \$266,334.00 | \$250,000.00 | \$116,334.00 | | |
| Technology Development Fund (3 records) | \$2,700,000.00 | \$950,000.00 | \$1,750,000.00 | | 27 |
| Technology Development Loan (1 record) | \$6,670,000.00 | \$500,000.00 | \$6,170,000.00 | | |
| Technology Matching Grant (11 records) | \$30,409,560.00 | \$870,000.00 | \$29,539,560.00 | 48 | 16 |
| Technology Venture Fund Loan (20 records) | \$38,228,000.00 | \$3,066,000.00 | \$35,162,000.00 | 39 | 67 |
| Technology Zone (32 records) | \$230,800,001.00 | \$7,045,200.00 | \$223,754,801.00 | 5,235 | 1,271 |
| Urban Early Planning Grant (45 records) | \$205,375.00 | \$130,462.00 | \$77,913.00 | 12 | 59 |
| Wisconsin Fresh Start (30 records) | \$2,348,177.00 | \$2,348,177.00 | \$0.00 | | |
| Wisconsin Trade Project (32 records) | \$169,652.02 | \$155,538.52 | \$46,730.81 | | |
| Grand Total | \$3,717,280,596.16 | \$464,019,998.14 | \$3,292,809,480.33 | 55,804 | 21,342 |

* - For jobs training programs, reflects Existing Jobs Trained and New Jobs Trained.

Appendix 2: TECHNICAL ASSISTANCE PROGRAMS

Safety and Buildings

Credentialing/Titling

| | |
|---|--------|
| Different Credentialing Categories | 84 |
| Individual Credentials Issued or Renewed | 41,216 |
| Credentialing tests administered | 8,167 |
| Manufactured Home titles issued (new/transfer) | 15,171 |

Plan Review

| | |
|--|--------|
| Commercial Building Plans Reviewed | 18,363 |
| General Plumbing Plans Reviewed | 6,771 |
| Private Onsite Wastewater Treatment System Plans Reviewed | 14,331 |
| Elevator Plans Reviewed | 1,545 |
| Petitions for Variance Processed | 1,042 |
| Plumbing and POWTS Product Approvals | 1,171 |
| New Building Material Approvals Issued | 39 |
| Public Swimming Pools Reviewed | 291 |

Inspections Conducted

| | |
|--|--------|
| Commercial Building Construction Inspections | 37,246 |
| Elevator Inspections | 1,227 |
| Boiler and Pressure Vessel Inspections | 11,556 |
| Amusement Ride & Ski Tow Inspections | 1,753 |
| Worker Compensation Investigations | 425 |
| Electrical Inspections | 1,071 |