



2009-11 BIENNIAL BUDGET FACT SHEET

The 2009-11 Wisconsin State Budget was completed on June 30, 2009 as 2009 Wisconsin Act 28. The following provisions enacted in Act 28 affect the Wisconsin Department of Commerce:

Business Development -- Tax Changes

- **Jobs Tax Credit.** Create a new refundable credit for taxable years beginning after 12-31-2009 aimed at business attraction and expansion. The credit will be computed on training costs and new high-paying jobs. Credit claims shall not be paid until January 1, 2012. The maximum amount that may be awarded between January 1, 2010 and June 30, 2013 is \$14,500,000.
- **Electronic Medical Records Tax Credit.** Delay the implementation of the credit by two years to start with tax years beginning after 12-31-11.
- **Film Incentives.** Repeal the current credit and create a new refundable credit for taxable years beginning after 12-31-08. To be eligible, at least 35% of the project's total budget must be spent in Wisconsin. The credit will be limited to \$500,000 in each year of the biennium, and will only target Wisconsin residents.
- **Long-Term Capital Assets.** For tax years beginning after 12-31-10, DOR will allow a deduction from federal adjusted gross income for a long-term capital gain that is rolled over into an investment in a qualified new business venture. Commerce will certify the QNBVs for the purposes of this deduction.
- **Development Opportunity Zones.** Require the department to designate areas in the cities of Kenosha and Janesville as development opportunity zones existing for 5 years. The maximum amount of credits available for each zone will be \$5 million. Provide that Commerce may extend each zone by 5 years and \$5 million, if doing so would support economic development.
- **Enterprise Zones Capital Investment Credit.** For tax years beginning after 12-31-08, enable certified businesses to claim as a tax credit up to 10% of their significant capital expenditures.

2009 Wisconsin Act 267 EZ Changes

- Act 266 expanded the number of enterprise zones Commerce may designate from 10 to 12.



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- Act 267 creates a new Enterprise Zone tax credit of up to 1% of the amount a certified business paid in the taxable year to purchase tangible personal property, items, property, or goods or services from Wisconsin vendors. The new credit is effective for tax years beginning after December 31, 2009.
- **Act 255 Credits Holding Period.** For calendar years beginning after December 31, 2007, requires investments to be held for 3 years, or credit must be repaid to DOR.

2009 Wisconsin Act 265 Angel and Early Stage Seed Tax Changes

- **Angel Credit Increase.** The Act increases the amount available for claiming under the angel credit to \$6.5 million in calendar year 2010 (from \$5.5 million), and to \$20 million in calendar years following 2010 (from \$18 million).
- **Early Stage Seed Investment Tax Credit Increase.** The Act increases the amount available for claiming under the credit to \$8 million in calendar year 2010 (from \$6 million), and to \$20.5 million in calendar years following 2010 (from \$18.5 million).
- **Angel and Early Stage Seed Investment Tax Credit Reallocation.** The Act specifies that unused angel and early stage seed investment tax credits may be reallocated to the Jobs Tax Credit program, following passive review by the Joint Finance Committee. The \$14.5 million cap on the jobs credit is lifted in the event of a reallocation.
- **Angel Credit Investment.** It allows an angel investor to claim a credit for an investment in a business that was located outside the state, if the investment was made no more than 60 days before the business moved to the state, and the business was certified as a qualified new business venture no later than 180 days after moving to the state. This change is not applicable to the qualified venture firm credit.

Business Development -- New Programs

- **Forward Innovation Fund (FIF).** Create the Forward Innovation Fund, which will provide grants and loans to assist minority businesses; businesses in economically distressed areas; and innovative proposals to strengthen inner cities, entrepreneurship, and industry clusters.

CBED and MBD will be eliminated. Apply a 2% loan origination fee to FIF awards greater than or equal to \$100,000. The new program will be funded at \$884,600 GPR annually.



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- **Wisconsin Venture Fund.** Create a fund to provide grants and matching funds to connect capital to Wisconsin companies. The Capital Connections will fund access to existing capital networks, proposed networks, and sponsor connecting events. The program will be funded at \$136,000 GPR annually. Require Commerce to make an annual grant of \$60,000 to the Wisconsin Angel Network.
- **Innovation and Research Grants.** Commerce may award grants not exceeding \$250,000 PR for innovation and research grants. Annually, \$100,000 must be used for grants to businesses in the pre-SBIR grant stage of development, \$100,000 must be used for grants to eligible businesses in Phase III of SBIR, and \$50,000 must be used for SBIR project preparation costs. The awards may be made from the repayments appropriations for WDF, MBD, RED, and Gaming.

Business Development -- Clean Air

- **Diesel Idling Program.** Retain the program and fund it at \$250,000 SEG in FY11. Also retain the position that administers DIP. Extend the program's sunset to 6-30-15, and require Commerce to spend federal funds allocated for this purpose before spending state funds. Eliminate the cumulative maximum number of truck tractors that can be funded per applicant based on the number of eligible trucks in the fleet.

Business Development -- WDF Changes

- **Eliminate Development Finance Board.** Eliminate the board, and replace it with the Economic Policy Board consisting of the secretaries of Commerce and Workforce Development; the director of the Wisconsin Technical College System; six members nominated by the Governor; one member appointed by the speaker of the assembly; and one member appointed by the senate majority leader.
- **WDF Funding.** WDF funding will be \$6,462,900 GPR and \$3,801,500 PR in FY10, and \$6,462,900 GPR and \$3,801,500 PR in FY11.

2009 Wisconsin Act 265 Changes to WDF Funding

- **Wisconsin Development Fund -- FY10.** The WDF is increased by \$500,000 GPR in FY10, for a total of \$6,962,900 GPR.
- **Wisconsin Development Fund -- FY11.** The WDF is increased by \$2.5 million GPR in FY11, for a total of \$8,962,900 GPR.



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- **Urban Hope.** Delete the Urban Hope set-aside (\$100,000 annually).
- **CATI in Racine.** This set-aside (\$100,000 annually) was reduced to \$50,000 annually.
- **Loan Origination Fee.** Apply a 2% loan origination fee to WDF awards greater than or equal to \$100,000. Convert two existing GPR positions to be funded by this fee.
- **Entrepreneurial Assistance Grants.** Provides \$45,000 PR in a separate appropriation funded from repayments of certain WDF loans to fund entrepreneurial assistance grants.
- **Pleasant Prairie Technology Incubator Center.** Require Commerce, in the 2011/13 biennium, but no later than July 31, 2011, to make a grant of \$70,000 from WDF to the Pleasant Prairie Technology Incubator Center.
 - Act 265 requires the grant to be made within 30 days of the effective date of the Act (June 24, 2010).

Business Development -- WEIF changes

- **WEIF Funding.** Restore base level funding of \$14,850,000 SEG in FY11, but require Commerce to lapse the total amount to the general fund. This is intended to suspend awards for this biennium, but to continue the program starting in the next biennium.

Business Development -- Gaming Changes

- **Funding.** Gaming funding will be \$1,079,400 PRS and \$328,500 PR in FY10 and \$1,079,400 PRS and \$328,500 PR in FY11.
- **Northwest Regional Planning Commission.** Delete the set-aside (\$150,000).
- **Oneida Small Business.** Delete the set-aside (\$500,000).
- **Loan Origination Fee.** Apply a 2% loan origination fee to gaming awards greater than or equal to \$100,000.
- **Oneida Seven Generations Corporation.** Require Commerce to make an annual grant of \$1 million in each year of the biennium to Oneida Seven Generations Corporation from funds encumbered in previous years but not disbursed to Oneida Small Business and Project 2000.



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Business Development -- Minority Business Development

- **Minority Business Development Fund.** Delete the fund and replace with the Forward Innovation Fund. One member of the Economic Policy Board, which sets policy for the Forward Innovation Fund, must be a minority group member.

Business Development – Set-Asides for Outside Entities

- **Technology Council.** Increase appropriation from \$250,000 GPR to \$334,700 GPR annually.
 - Act 265 provides that the Department shall award \$100,000 annually to the high-technology business development corporation (Wisconsin Technology Council) to fund a grant writer to assist businesses in applying for federal small business innovation research grants. The Department shall also award in FY11 \$100,000 for procuring an economic development modeling database for the use of regional economic development entities. Commerce is provided with new funding for these grants.
- **Women's Business Initiative Corporation.** Create a separate appropriation that is funded at \$99,000 GPR annually.
- **WMEP.** The separate appropriation for WMEP is funded at \$1,126,400 in each year of the biennium.

Business Development -- General

- **Economic Competitiveness Study.** In FY10, Commerce shall allocate \$50,000 PR to contract with a nationally recognized organization to conduct a national and international economic competitiveness study of the state's economy to be presented to the Governor, the Legislature, and JCF by January 1, 2011. The award may be made from the repayments appropriations for WDF, MBD, RED, and Gaming.
- **Rural Economic Development.** The appropriation is retained as separate and will be funded at \$569,300 GPR annually. The repayments appropriation is authorized at \$163,900PR in FY 10 and \$113,900 in FY 11.



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- **Value Supply Chain.** Provide \$100,000 GPR in FY10 to develop a value supply chain for the state based on regional economies to identify where supply chain gaps exist and how Wisconsin businesses can fill the gap.

Business Development

- **American Recovery and Reinvestment Act.** Provides for \$55 million in spending authority for federal funds received under ARRA for the State Energy Program, which will be administered by the Division of Business Development.

Housing and Community Development

- **State Shelter Subsidy Grant and Transitional Housing Appropriation Encumbrance Rules.** This change removes the requirement to encumber funds by December 31 of each year. This will provide more flexibility in administering the grant, allowing the Department to maximize the use of the funds.
- **Health Physician Loan Program.** Transfers the Health Professional Loan Assistance Program and the Rural Health Development Council to the University of Wisconsin System.
- **Brownfields.** Several changes were made to the Brownfields program:
 - **Eligibility of Applicants.** This change makes the responsible party accountable for the environmental cleanup of the property; however, it will not be held responsible for the future development of the property.
 - **Criteria of Awards.** This change provides the Department with more flexibility in granting awards. It also changes the criteria used in making the awards to include such factors as the extent of soil contamination, level and strength of the recipient's financial contribution, and adequacy of site preparation.
- **Brownfields Funding Level.** The funding level in each year of the 2009-2011 biennium in the Chapter 20 schedule will be \$6,570,500 SEG.
- **American Recovery and Reinvestment Act.** Provides for \$17,101,862 in spending authority for federal funds received under ARRA for the Homeless Prevention and Rapid Re-housing Program, which will be administered by the Division of Housing and Community Development.



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Environmental and Regulatory Services

- **Abandoned Tanks.** This change authorizes the Department to use \$100,000 from the Petroleum Inspection Fund to pay for the removal of abandoned underground storage tanks when the responsible party is unable to pay. The program prohibits using the funding for landscaping or for replacing sidewalk, asphalt, fence, sod or other vegetation.
- **Reduce Spending Authority for PECFA Claims.** The spending authority for the appropriation used to reimburse PECFA claims is reduced from \$20,000,000 to \$10,100,000 in FY 2010 and \$9,100,000 in FY 2011.

Safety and Buildings

- **Plumbing and Fire Sprinkler Fee Maximum – Removal.** Plumbing and fire sprinkler fee maximums indicated by statute are removed by Act 28
- **Fire Dues Distribution Re-Estimate.** Act 28 includes re-estimates of the amount of fire dues available for distribution to municipalities. The amount for distribution has been reduced from \$14,721,300 to \$14,324,000 in FY10 and from \$14,721,300 to \$14,655,600 in FY11. This re-estimation is based on a revised projection of the amount of fire dues payments expected to be made by fire insurers.
- **Commercial Soil Erosion Control – transfer to DNR.** Act 28 directs the transfer of the commercial construction site erosion control program to the Department of Natural Resources. The transfer of staff and costs is not included.
- **Construction Contractors.** Act 28 requires construction contractors to register with Commerce, similar to a requirement currently being implemented under general authority. This requirement provides authority for the promulgation of emergency rules and the assessment of administrative forfeiture for failure to register. Additional provisions, involving departments other than Commerce, include fines for willful misclassification of workers.

Administrative Services

- **Human Resources Charges from Office of State Employment Relations (OSER).** Act 28 converts OSER operations and staff from GPR to PR funding, and directs that OSER shall charge executive agencies for OSER services.



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- **Human Resources Consolidation.** Act 28 provides that DOA may evaluate the administration of human resources functions in executive branch agencies and develop a proposal for the consolidation of human resources functions, including the identification of positions to be eliminated and additional position authority for OSER. The proposed plan must be submitted to the JCF and is subject to the 14-day passive review process.