

Appendix XIV-1

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS AVAILABLE TO RACINE COUNTY¹

Federal Programs

U.S. Department of Commerce Economic Development Administration (EDA)

The U.S. Department of Commerce Economic Development Administration (EDA) was established to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States. EDA assistance is available to rural and urban areas experiencing high unemployment, low income, or other severe economic difficulty, and is administered through the following programs:

- *Public Works and Economic Development Program:* This program supports the construction or rehabilitation of essential public infrastructure and facilities needed to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness, including investments that expand and upgrade infrastructure to attract new industry, support technology-led development, redevelop brownfield sites, and provide eco-industrial development.
- *Economic Adjustment Assistance Program:* This program provides a wide range of technical, planning and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time.
- *Research and National Technical Assistance:* This program supports research of leading, world-class economic development practices, and funds information dissemination efforts.
- *Local Technical Assistance:* This program helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in economically distressed regions from making optimal decisions on local economic development issues.
- *Planning Program:* This program helps support planning organizations, including District Organizations and Indian Tribes, in the development, implementation, revision or replacement of comprehensive economic development strategies (CEDs), and for related short-term planning investments and State plans designed to create and retain higher-skill, higher-wage jobs, particularly for the unemployed and underemployed.
- *University Center Economic Development Program:* This program is a partnership between the Federal government and academia that helps to make the varied and vast resources of universities available to economic development communities.
- *Trade Adjustment Assistance for Firms Program:* EDA administers this program through a national network of eleven Trade Adjustment Assistance Centers to help manufacturing and production firms, which have lost domestic sales and employment due to increased imports of similar or competitive goods, become more competitive in the global economy.

¹ Includes economic development assistance programs that Racine County may be eligible for, but not necessarily competitive for in its economic development efforts.

According to the U.S. Department of Commerce 2004 Annual Report, the Racine Economic Development Corporation (RCEDC) and the Center for Advanced Technology and Innovation (CATI) were awarded a \$125,000 EDA Economic Adjustment investment to create a Regional Commercialization Management Model (RCMM, a regional technology-transfer model. The 2004 Annual Report states, “EDA’s investment promotes creativity and flexibility in the economic development of an area that has experienced shrinking job opportunities, including the loss of 3,000 jobs since 2000. RCMM acquires underutilized intellectual property, particularly product or process patents donated by private sector industries, and transfers it to newly organized companies, thereby providing opportunities to develop valuable new manufacturing technologies. In turn, the new technologies stimulate economic growth through commercialization strategies based on licensing arrangements. It is expected EDA’s investment will generate approximately \$20 million in private investments and one-thousand-five hundred new jobs in an area previously needing to adjust its economy. By identifying and implementing a creative model that provides the flexibility to adapt to changing manufacturing conditions, EDA’s investment has a profound effect on the manufacturing base of Racine County.”

U.S. Small Business Administration

The U.S. Small Business Administration (SBA) was created as an independent agency of the federal government to aid, counsel, assist and protect the interests of small businesses, to preserve free competitive enterprise, and to maintain and strengthen the country’s overall economy. Recognizing the importance of small business to the economy, the SBA provides a range of services aimed at helping Americans to start, build and grow businesses. The SBA offers financial assistance, counseling, online training, and disaster assistance, as well as information on contract opportunities throughout the federal government and legislation impacting small businesses. In addition, the SBA has programs targeted specifically to support and expand entrepreneurial opportunities for women, veterans, Native Americans, and youth.

State Programs

The State economic development assistance programs are categorized as follows:

- Wisconsin Department of Commerce;
- Wisconsin Department of Tourism;
- Wisconsin Department of Agriculture, Trade, and Consumer Protection;
- Wisconsin Department of Transportation;
- Wisconsin Women’s Business Initiative Corporation;
- Wisconsin Housing and Economic Development Authority (WHEDA); and
- Brownfield Remediation (includes both State and Federal programs, which many of the State programs are administered by the Department of Natural Resources and/or Wisconsin Department of Commerce).

Wisconsin Department of Commerce Programs

The Wisconsin Department of Commerce (DOC) offers a broad range of financial assistance programs to help communities undertake economic development. The following is a reference guide that identifies some of the programs that Racine County is currently utilizing, or for which the County and its communities may be eligible.

Community Development Block Grant for Economic (CDBG-ED) Program

The CDBG-ED program was designed to assist businesses that will invest private funds and create jobs as they expand or relocate to Wisconsin. The DOC awards the funds to a city, village, town, or county, which then loans the funds to a business. When the business repays the loan, the community may retain the funds to capitalize a local revolving loan fund; in the case of Racine County, funds retained were placed into the various revolving loan funds administered by RCEDC. These funds can then be utilized to finance additional economic development projects within Racine County communities. Businesses located in all communities in Racine County are eligible for CDBG-ED grants, with the exception of the City of Racine, which has the status of being an entitlement community. The City of Racine maintains its own CDBG program; in 2006, there was no businesses took part in the City of Racine CDBG program.

Community Development Block Grant Public Facilities for Economic Development (CDBG-PFED) Program

The Community Development Block Grant Public Facilities for Economic Development (CDBG-PFED) Program provides grant funds to local governments that will enable them to provide needed public facilities (i.e., streets, sewer mains, water mains) to private business enterprises that plan to create full-time jobs by starting or expanding their businesses because of the availability of the funded public facilities.

Community-Based Economic Development (CBED) Program

The Community-Based Economic Development Program (CBED) provides financing assistance to local governments and community-based organizations that undertake planning or development of projects or that provides technical assistance services that support of businesses (including technology-based businesses) development. Eligible applicants include:

- Cities, villages, towns, counties, tribes and community-based organizations may apply for planning funds.
- Community-based organizations may apply development, revolving loan or entrepreneur training funds.
- Applicants seeking planning, development projects and assistance grants must provide a 25 percent cash match; those seeking incubator grants or regional grants must provide at least a 50 percent match.
- Applicants seeking incubator grants must have an authorized graduation policy.
- Technology based incubators are strongly encouraged.
- Applicants seeking incubator grants may not receive more than two technical assistance, two start-up or expansion, five operations.

For more information on other eligible activities and funding, visit <http://commerce.state.wi.us/CD/CD-bcf-cbed.html>.

Rural Economic Development (RED) Program

Started in 1990, the Department of Commerce Rural Economic Development (RED) Program is designed to provide working capital or fixed asset financing for businesses in rural areas. In Racine County, eligible applicants include for-profit businesses or cooperatives that, when combined with affiliates, subsidiaries or parent entities, have fewer than fifty employees and are, or will be, located in a town or village with a population of less than or equal to 6,000 people. The RED Program can provide up to fifty percent of a project's costs (maximum of \$100,000), with typical activities including construction and expansion, working capital, and acquisition of existing businesses, land, buildings and equipment.

Special Tax Credit Programs

Community Development Zone

The DOC's Community Development Zone Program (CDZ) is a tax benefit initiative used to help business owners expand existing businesses, start new businesses, or relocate existing businesses to Wisconsin through the use of tax credits. RCEDC provides assistance to eligible businesses to secure CDZ tax credits.

There are three methods in which businesses would be eligible for development zone tax credits. The first provides non-refundable tax credits of up to \$6,500 for each new full-time job created and filled by members of target groups. Eligible target groups include W-2 participants, dislocated workers, Federal Enterprise Community residents, vocational rehabilitation program referrals, Vietnam-era veterans, ex-felons, and youth from low-income families. The City of Racine is the sole designated CDZ in Racine County. The second provides non-refundable tax credits of up to \$6,500 for each new full-time job created and filled by Wisconsin residents who are not members of target groups. In this case, the actual amount of credits is dependent upon wages and benefits; wages must be at least 150 percent of federal minimum wage. A full-time job means a regular non-seasonal job consisting of at least 2,080 working hours per year. One-third of the allocated tax credits must be claimed for jobs that are filled by target group members. The third method provides a non-refundable environmental remediation tax credit of 50 percent for all remediation costs affected by environmental pollution in a brownfield development. Twenty-five percent of all credits allocated to the business must be used for creating full time jobs.

According to RCEDC, certain businesses are eligible in Racine's Community Development Zone and are therefore eligible to take advantage of tax credits based on either the creation of new full-time jobs or for eligible environmental site remediation costs. Census tracts 1-5 in the City of Racine's Downtown lakefront area are included in the Community Development Zone. Recent beneficiaries include Thermal Transfer Products, which was awarded a \$125,000 in CDZ tax credits in 2007 to offset the costs of investments in new equipment and technologies, with the intent to create 25 new jobs over the course of the next three years.

Enterprise Development Zone

The Enterprise Development Zone (EDZ) program provides tax incentives to new or expanding businesses whose projects will affect distressed areas, defined as areas suffering from at least some of the following: high unemployment, low incomes, declining population, declining property values, plant closings/layoffs and high numbers of people on public assistance. Based on the economic impact of a proposed business project, the DOC may designate a site-specific Enterprise Development Zone. These zones can exist for up to seven years, with the maximum amount of credits being \$3 million per zone, though the DOC may vary benefits to encourage projects in areas of high distress. Businesses can earn income tax credits by creating new, full-time jobs filled by Wisconsin residents and by conducting environmental remediation on a Brownfield site. At least twenty-five percent of all EDZ program tax credits must be allocated for creating new, full-time jobs. In addition, one-fourth of new employees must come from one of Wisconsin's Target Groups; starting wages for new positions must be at least \$9.75 per hour; and positions must be regular, non-seasonal and scheduled to work 2080 hours per year.

Technology Zone

The DOC's Technology Zone program offers tax credit incentives to new and growing businesses in the State's high-technology sectors. High technology businesses planning to expand existing operations in a designated Technology Zone area, individuals planning to start a new business in a Technology Zone area, or businesses considering relocation to a Technology Zone area from

outside Wisconsin may be eligible for a maximum \$500,000 tax credit. Racine County, along with Kenosha and Walworth Counties, is part of the Southeast Tri-County Technology Zone. As an administering agency, RCEDC works with eligible businesses to secure tax credits. Recent beneficiaries of the program in Racine County include RexCon, LLC, which was awarded up to \$275,000 in Technology Zone tax credits in 2007. This was the first Technology Zone Credit awarded in Racine County.

Customized Labor Training (CLT) Program

The CLT program is designed to assist companies that are investing in new technologies or manufacturing processes by providing a grant of up to 50 percent of the cost of training employees on the new technologies. The program's primary goal is to help Wisconsin manufacturers maintain a workforce that is on the cutting edge of technological innovation. Any business making a commitment to locate a new facility in Wisconsin or expand an existing facility which is upgrading a product, process, or service that requires training in new technology and industrial skills is eligible.

Industrial Revenue Bond (IRB) Program Overview

The DOC's Industrial Revenue Bond (IRB) Program allows all Wisconsin cities, villages and towns to support industrial development through the sale of tax-exempt bonds. The proceeds from the bond sale are loaned to businesses to finance capital investment projects at, primarily, manufacturing facilities. IRBs are municipal bonds, but not general obligations of the municipality. The company or business that will use the facilities provides the interest and principal payments on the loan. The local government is in partnership with the business, lending its name, but not its credit, to the bond issue.

Main Street Program

The Wisconsin Main Street Program is a comprehensive revitalization program designed to promote the historic and economic redevelopment of traditional business districts in the State. Every year, the Department of Commerce selects communities to join the program, which makes them eligible for five years of technical support and training aimed at restoring Main Streets to centers of community activity and commerce. This includes services such as volunteer and program manager training; advanced training on specific downtown issues (e.g., marketing, business recruitment, volunteer development, and historic preservation); on-site visits to help each community develop its strengths and plan for success; on-site design consultations and small business consultations; telephone assistance, and materials such as manuals and slide programs.

Wisconsin Department of Tourism Programs

The Wisconsin Department of Tourism offers various marketing resources, including consulting services, training in marketing and customer service, and co-op advertising, e-mail, and direct mail programs. It also administers the following grant programs:

- ***Joint Effort Marketing (JEM) Grant Program***

The Joint Effort Marketing (JEM) Grant Program provides funding to non-profit organizations and communities in an effort to strengthen Wisconsin's tourism industry. JEM grants are intended to support events, promotions and activities by reimbursing a percentage of promotional costs; operational costs are not eligible for funding. The maximum grant amount ranges from \$28,250 for a one-time, one-of-a-kind event to \$39,950 for a new or an existing event; three or more communities can apply for a joint marketing grant of \$10,000 per community, up to \$40,000.

- ***Ready, Set, Go! Grant Program***

The Ready, Set, Go! Program is a joint program of the Wisconsin Department of Tourism, the Wisconsin Sports Development Corporation (WSDC) and the Wisconsin Association of Convention and Visitor's Bureaus (WACVB), designed to realize the growth potential of the sports marketing niche as an economic driver. The purpose of the program is to assist destinations in securing competition related events that require an upfront cash or financial commitment, with the goal of generating visitor spending from sports tourism in Wisconsin. The fund has \$200,000 available for matching grants. The amount available per destination, or per request, is 50% of a Bid Fee or other allowable expenses up to a maximum \$20,000. Only recognized Wisconsin Destination Marketing Organizations (e.g., Convention & Visitor Bureau or Chamber of Commerce) are eligible to apply for these grants.

Wisconsin Department of Agriculture, Trade and Consumer Protection Programs

Agriculture Development and Diversification (ADD) Grant Program

The ADD grant program annually provides funding to projects that have the potential to strengthen agriculture products or productivity. The program funds proposals that are likely to stimulate Wisconsin's farm economy with new production or marketing techniques, alternative crops or enterprises, new value-added products, or new market research.

Wisconsin Department of Transportation Programs

Transportation Economic Assistance (TEA)

The Transportation Economic Assistance (TEA) program is administered by the Wisconsin Department of Transportation and provides 50 percent grants to governing bodies, private businesses, and consortiums for road, rail, harbor, and airport projects that help attract employers to Wisconsin, or encourage business and industry to remain and expand in the State. Grants of up to \$1 million are available for transportation improvements that are essential for an economic development project. It must begin within three years, have the local government's endorsement, and benefit the public. The program is designed to implement an improvement more quickly than the normal State transportation programming process would allow. The 50 percent local match can come from any combination of local, Federal, or private funds or from in-kind services.

Harbor Assistance Program

Administered by the Wisconsin Department of Transportation, the Harbor Assistance Program (HAP) provides financial assistance to harbor facilities on the Great Lakes and Mississippi River for projects that improve or maintain waterborne commerce. Grant funds from this program may be used to finance up to 80% of project costs. Typical projects served by HAP include dredging, dredged material disposal (including acquisition, construction, operation and maintenance of a disposal site and the cost of transporting dredged material to the site), construction and repair of dock walls, and other harbor improvement projects that benefit commercial transportation.

Freight Railroad Infrastructure Improvement Program

The Freight Railroad Infrastructure Improvement Program is administered by the Wisconsin Department of Transportation and awards loans to businesses or communities wishing to rehabilitate rail lines, advance economic development, connect an industry to the existing railroad system, or to make improvements to enhance transportation efficiency, safety, and intermodal freight movement.

Wisconsin Women's Business Initiative Corporation (WWBIC) Program

The WWBIC is an economic development corporation providing quality business education, technical assistance, and access to capital for entrepreneurs. WWBIC consults, educates, and mentors owners of small and micro businesses throughout Wisconsin with a focus on women, people of color, and those of lower incomes. The WWBIC is partially funded by a grant from the SBA and by donations from corporate sponsors, foundations, and private contributors. WWBIC receives money from the SBA's Micro Loan Program and its Office of Women's Business Ownership.

Wisconsin Entrepreneurs' Network (WEN) Programs

Technology Assistance Grant (TAG)

The TAG program aids small Wisconsin high-technology businesses in their efforts to obtain seed, early-stage, or research and development funding. Eligible project costs are professional services involved in the preparation and review of a Federal R&D grant application; in obtaining industry information, data or market research needed to complete applications for R&D or early-stage funding; or in meeting specific requirements to obtain seed or early-stage funding from outside sources.

Wisconsin Housing and Economic Development Authority (WHEDA) Programs

WHEDA Small Business Guarantee (WSBG)

WHEDA Small Business Guarantee can be used for expenses of land, buildings, equipment, and inventory associated with the expansion or acquisition of a small business (50 or less full-time employees). The guarantee is limited to 80 percent of these costs or \$200,000. This program can finance a mixed-use project if the business occupies at least half of the building. The program is for the start-up of a small business in a vacant storefront in the downtown area of a rural community. A rural community is defined as a city, village, or town with a population of 12,000 or less, or a city, village, or town that is located in a county with a population density of less than 150 persons per square mile. All local governments in Racine County are eligible.

WHEDA Contractors Business Program

The guarantee is available to a business which has been awarded a contract, purchase order or other instrument approved by WHEDA from a local government agency, a state or federal agency, or a business with gross annual sales of at least \$5 million. The guarantee is designed to benefit the borrower by encouraging lenders to offer more favorable terms, such as a lower interest rate. The maximum guarantee is the lesser of 80 percent or \$200,000 on loans up to \$750,000. The loans can be used to cover direct costs of the contract, such as salaries and benefits, inventory, supplies and equipment.

Brownfield Remediation Programs

The Wisconsin Department of Natural Resources (WDNR) and the Wisconsin Department of Commerce have compiled a guide to provide information on options to help finance brownfield cleanup and redevelopment entitled *Brownfields Remediation Guide*. The guide is divided into sections on grants, reimbursements, loans, tax incentives, and waterfront revitalization programs. Each section includes a one-page summary about its programs, including detailed information about who may apply and eligibility criteria. The guide also includes a list of brownfield related websites, including the WDNR Remediation and Redevelopment Program Website, <http://dnr.wi.gov/org/aw/rr/index.htm>. The site includes information and application forms for many of the programs listed here and contact information for ordering publications. Remediation programs outlined in the guide include:

- **Grants**
 - Blight Elimination and Brownfield Redevelopment (BEBR) Grants
 - Brownfield Economic Development Initiative (BEDI) Grants
 - Brownfield Green Space and Public Facilities Grants
 - Brownfield Site Assessment Grants (SAG)
 - Community Development Block Grants (CBDG)
 - Coastal Management Grants
 - Federal Brownfield Assessment Grants
 - Federal Brownfield Site Cleanup Grants
 - Federal Brownfield Revolving Loan Fund (RLF) Grants
 - Local Transportation Enhancements (TE) Program
 - Ready for Reuse Revolving Loan Fund – Grants
 - Stewardship Grants
 - Transportation Economic Assistance (TEA) Grants

- **Reimbursement Programs**
 - Agricultural Chemical Cleanup Program (ACCP)
 - Dry Cleaner Environmental Response Fund (DERF)
 - Local Government Cost Recovery
 - Local Governments Reimbursement Program
 - Petroleum Environmental Cleanup Fund Award (PECFA)

- **Loans and Loan Guarantees**
 - Land Recycling Loan Program
 - Ready for Reuse Revolving Loan Fund
 - State Trust Fund Loan Program
 - Section 108 Loan Guarantee
 - Small Business Administration Loans

- **Tax Credits and Incentives**
 - Agricultural Development Zone Program Tax Credits
 - Business Improvement Districts
 - Cancellation of Delinquent Property Taxes
 - Community Development Zone Program Tax Credits
 - Enterprise Development Zones
 - Environmental Remediation Tax Incremental Financing (ERTIF)
 - Comparison of Regular and Environmental Remediation TIF Districts
 - Federal Brownfields Tax Incentive
 - Historic Preservation Income Tax Credits
 - New Market Tax Credits
 - Reassignment of Foreclosure Judgment
 - Tax Increment Financing (TIF)