

Wisconsin Opportunities for Offshore Wind Businesses

A. The Advantages of Wisconsin

Wisconsin supports business growth and attracts companies to the state with a range of loan programs, financial incentives, grants, and business services. Various state agencies provide economic development programs and other business resources.

The state has a strong transportation infrastructure and can efficiently move materials along the Great Lakes/St. Lawrence Seaway, as well as the Mississippi River System. Wisconsin ports handle over 40 million tons of cargo valued over \$8 billion each year. Goods and commodities include wind energy components and machinery. The largest commercial ports are serviced by Class I railroads and offer container yards, intermodal connections, and cargo-handling equipment. The Port of Milwaukee's facilities are heavily used for wind energy equipment transportation. The freight network has over 3,600 miles of track, serviced by four Class I railroads. Over 136 million tons of cargo are shipped by rail annually.

Wisconsin has potential for 4,300 MW of offshore wind energy and is adjacent to major growing wind markets, including Minnesota. Its offshore wind potential, access to Canadian markets, and strong renewable portfolio standard (RPS) make Wisconsin an ideal location for offshore wind turbine and component manufacturing.

The state also has a strong manufacturing base. The largest manufacturing sector is power, controls, and energy. Manufacturers in Wisconsin can receive assistance from the Wisconsin Manufacturing Extension Partnership, which provides expert advice and services to small and mid-sized manufacturers to help improve productivity and profitability. Technical colleges and universities provide critical training, research support, and applied technology centers.

Wisconsin's wind manufacturing industry is already strong, ranking 4th in the nation for new job creation associated with wind energy and 6th for potential investment associated with wind energy.

B. Government Policies Pertaining to Offshore Wind Power

Renewable Resource Portfolio Standard

Wisconsin's RPS was created in 2005, setting a 10% renewables goal for 2015, nearly all of which is expected to be produced by wind. The requirements vary by utility.

Offshore Wind Planning

Wisconsin has investigated its offshore wind potential in the Great Lakes and has released several studies and reports. In 2008, the Public Service Commission formed a Wind on the

Water study group to review the regulatory, environmental, economic, and community issues associated with offshore wind development potential. Its final report was released in 2009. In 2008, the Governor's Global Warming Task Force was established. In its final report, the task force recommended a study of the potential for offshore wind energy development.

C. Government Policies Pertaining to Manufacturing and Service Activities Related to Offshore Wind

The Wisconsin Economic Development Corporation (WEDC) is the state's leading economic development organization, working to foster investment, spur job creation, and nurture business growth through financial assistance and other services.

It provides information on financing programs and other business assistance services in the state on its website, accessible here: <http://wedc.org/wedc-business-assistance-summary>.

Business Incentive Loans and Bonds

The Clean Energy Manufacturing Revolving Loan Program, administered by WEDC, provides low-interest loans to businesses that manufacture renewable energy products or components, promote major renewable energy projects, or are critical to an integrated supply chain.

The Rural Economic Development Program has provided over \$1.4 million to over 110 Wisconsin businesses since its inception. Through the program, WEDC can provide up to 50% of eligible costs for working capital or fixed assets. Eligible costs cannot exceed \$100,000. Eligible businesses must have fewer than 50 employees and must be located in a defined rural area.

The **Economic Diversification Loan Program** offers low-interest loans to help businesses expand or establish operations. Businesses are required to provide a match of at least 25% of eligible project costs and must have a comprehensive business plan that fully describes the project. Eligible projects costs are limited to fixed asset financing.

The **Wisconsin Small Business Guarantee Program** offers low-interest financing to small businesses for fixed assets, working capital, or inventory purchase. The loan guarantee maximum is 80% of the loan or \$80,000. Several types of businesses are eligible for the loan guarantee, including existing companies with 50 or fewer full-time employees seeking to expand.

The Department of Commerce established the **Technology Development Fund** in 1984 to help Wisconsin business undertake technology R&D activities. The Fund provides gap financing for a portion of eligible project costs. The Fund considers innovations that have the potential to provide significant economic benefits to the state. If the funded product or processes is successfully commercialized, repayment of the loan is required (4% over 5-7 years); the loan may be forgiven if the project turns out not to be commercially viable.

Small businesses seeking angel or other seed capital investment may be eligible for the **Technology Venture Fund Loan Program**, which provides low-interest loans up to \$250,000 to enhance a company's ability to attract investment from third parties. Eligible businesses must have fewer than 100 employees.

The **Forward Innovation Fund Loan Program** offers low-interest loans to assist minority-owned businesses in start-up or expansion. The loan is provided at a below-market, fixed rate. Financing may be used to purchase equipment or as working capital. Similarly, the **Linked Deposit Loan Subsidy** offers an interest rate subsidy on lender financing to minority- or women-owned business. These low interest rates are available to start-up and expanding businesses with a maximum loan amount of \$99,000, linked to full-time jobs created or retained.

Tax Credits

The **Tax Credit Development Financing Program** offers fixed-rate financing specifically for tax credit developments. The program provides a commitment for construction financing and a take-out commitment for permanent financing on a company's 9% tax credit development. Upon completion of construction, the permanent loan is secured with a secondary market purchaser, but the program guarantees a 30-year loan term with 30-year amortization. Loan amounts range from \$500,000 to \$10,000,000.

The **Economic Development Tax Credit Program** offers tax credits against a business's income tax liability. Tax credits may be earned 1) through the creation of full-time positions meeting a pre-determined rate; 2) through capital investments on property and equipment; 3) by providing training to employees; and 4) by locating company headquarters in Wisconsin.

D. Other Applicable Incentives

Wisconsin's **Angel Investment Tax Credit** supports qualified start-up business ventures with a high-growth potential by providing incentives to investors or investor networks that invest in eligible companies. Investors may claim an income tax credit of up to 25% of the investment amount. Eligible early-stage companies may receive up to \$8 million in tax-credit-eligible cash equity investments. The state allocates \$20 million in tax credits each year.

Wisconsin companies that are looking to expand internationally may be eligible for grant funding up to \$5,000 to participate in approved trade shows or matchmaker trade delegation events.

Technology Assistance Grants help early-stage companies obtain seed funding or R&D grants. The program provides up to \$3,000 to help cover the costs of hiring a private consultant to help the company grow its technology-based business. Eligible business must have fewer than 100 employees and must be applying for federal R&D funding or other early-stage financing. Further support for technology-oriented companies is offered by the **Technology Matching Grant Program**, which is open to small businesses competing for federal funds to assist with the development or commercialization of innovative technologies.