

DEPARTMENT OF COMMERCE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY07 Adjusted Base	FY08 Recommended	% Change Over FY07	FY09 Recommended	% Change Over FY08
GPR	22,544,300	22,805,700	1.2	23,470,700	2.9
PR-F	74,630,800	74,160,400	-0.6	74,160,400	0.0
PR-O	38,975,500	39,720,900	1.9	39,720,900	0.0
PR-S	14,026,900	14,262,100	1.7	14,262,100	0.0
SEG-O	53,648,500	55,560,300	3.6	55,567,200	0.0
TOTAL	203,826,000	206,509,400	1.3	207,181,300	0.3

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY07 Adjusted Base	FY08 Recommended	FTE Change From FY07	FY09 Recommended	FTE Change From FY08
GPR	61.80	63.80	2.00	63.80	0.00
PR-F	54.35	45.35	-9.00	45.35	0.00
PR-O	166.40	166.40	0.00	166.40	0.00
PR-S	42.30	42.30	0.00	42.30	0.00
SEG-O	72.80	73.80	1.00	71.80	-2.00
TOTAL	397.65	391.65	-6.00	389.65	-2.00

AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department's programs are administered by the Office of the Secretary and the following six divisions: Administrative Services, Community Development, Business Development, Environmental and Regulatory Services, Safety and Buildings, and International and Export Services.

The department has four program areas: economic and community development; housing assistance; regulation of industry, safety and buildings; and executive and administrative services.

The department has 11 councils and 5 boards attached to it by statute, including: the Council on Main Street; the Rural Health Development Council; the Small Business Environmental Council; the Contractor Certification Council; the Dwelling Code Council; the Plumbers Council; the Automatic Fire Sprinkler System Contractors and Journeymen Council; the Petroleum Storage Environmental Cleanup Council; the Multifamily Dwelling Code Council; the Conveyance Safety Code Council; the Manufactured Housing Code Council; the Development Finance Board; the Minority Business Development Board; the Rural Economic Development Board; the Building Inspector Review Board; and the Small Business Regulatory Review Board.

MISSION

The mission of the department is to serve the people of Wisconsin by promoting opportunity, safety and community. The department provides development assistance in areas such as marketing, business and community finance, exporting, small business advocacy, and housing. The department issues professional credentials for the construction trades and administers safety and building codes. It also regulates petroleum products and tank systems and administers the Petroleum Environmental Cleanup Fund Award Program.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Economic and Community Development

Goal: Generate investment opportunities in the state using the grant and loan programs that are administered by the department.

Objective/Activity: Increase the amount of private investment that is leveraged through the department's grant and loan programs.

Goal: Revitalize downtowns in Wisconsin Main Street communities.

Objective/Activity: Encourage the development of new businesses and the number of buildings rehabilitated in the downtown areas in Wisconsin Main Street communities.

Goal: Increase overseas sales by Wisconsin businesses.

Objective/Activity: Increase the number of services provided to Wisconsin businesses by foreign offices. These services are vital to businesses in developing and closing overseas sales.

Program 2: Housing Assistance

Goal: Increase the supply of safe and affordable housing for low-income renters in Wisconsin.

Objective/Activity: Provide funds to build affordable and accessible units to be rented to low-income households.

Program 3: Regulation of Industry, Safety and Buildings

Goal: Promote safety in constructed public and private buildings in Wisconsin.

Objective/Activity: Develop and implement regulations, and provide services (e.g., plan review and inspection) and education which promote the construction of public and private buildings according to code.

Goal: Maintain quality control in petroleum products for sale in Wisconsin.

Objective/Activity: Sample and test petroleum products at terminals, bulk plants and retail sites to ensure that products meet specified standards.

Goal: Safeguard the health and safety of Wisconsin's residents through effective and efficient administration of the Petroleum Environmental Cleanup Fund Award Program.

Objective/Activity: Maintain a high level of remediation in contaminated Petroleum Environmental Cleanup Fund Award sites in the least costly and timeliest manner possible.

PERFORMANCE MEASURES

2005 AND 2006 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2005	Actual 2005	Goal 2006	Actual 2006
1.	Private investment leveraged.	\$100 million	\$170 million	\$150 million	\$253 million
1.	New businesses in Main Street communities.	210	258	215	Not yet available
1.	Number of buildings rehabilitated in Main Street communities.	285	339	290	Not yet available
1.	Number of services provided to businesses by foreign offices.	164	373	196	436
2.	Number of rental units developed for low-income households.	140	156	140	124
2.	Number of accessible rental units developed.	40	53	40	19
3.	Building code effectiveness grading schedule (1-10, 1 being the best). ¹	4	6	4	Not yet available
3.	Percentage of facility site inspections completed during a program year.	100%	83%	100%	88%
3.	Petroleum Environmental Cleanup Fund Award site closures.	500	538	400 ²	455

Note: Based on fiscal year.

¹This measure has been changed to reflect the correct grading scale.

²Federal EPA lowered Wisconsin's goal from 500 to 400 closures in FY06 due to extent of cleanup activity.

2007, 2008 AND 2009 GOALS

Prog. No.	Performance Measure	Goal 2007	Goal 2008	Goal 2009
1.	Private investment leveraged. ¹	\$150 million	\$150 million	\$175 million
1.	New businesses in Main Street communities.	260	270	280
1.	Number of buildings rehabilitated in Main Street communities.	345	355	365
1.	Number of services provided to businesses by foreign offices.	480	528	580
2.	Number of rental units developed for low-income households.	120	100	100
2.	Number of accessible rental units developed.	40	40	40
3.	Building code effectiveness grading schedule – commercial (1-10, 1 being the best).	5	5	5

Prog. No.	Performance Measure	Goal 2007	Goal 2008	Goal 2009
3.	Building code effectiveness grading schedule – personal property (1-10, 1 being the best).	5	5	5
3.	Percentage of facility site inspections completed during a program year.	100%	100%	100%
3.	Petroleum Environmental Cleanup Fund Award site closures.	400	400	400

Note: Based on fiscal year.

¹Beginning in FY07, the private sector leverage goal will include loans and grants made as a result of 2003 Wisconsin Act 255 technology-related and tax credit programs. In 2009, the goal will also include the private sector leverage from the various tax credit programs enacted in 2006, but which become effective in FY07 and FY08.

DEPARTMENT OF COMMERCE

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Renewable Energy Initiative
2. Investment Tax Credits
3. Wisconsin Development Fund Initiatives
4. Wisconsin Venture Center
5. Economic Development Promotion
6. Beloit Development Opportunity Zone
7. One-Stop Shop
8. Affordable Housing
9. Petroleum Inspection Program Changes
10. Inspection Rights of Redevelopment Authorities
11. Attorney Consolidation
12. Segregated Revenue Transfer
13. Occupational Safety and Health Administration Program Transfer
14. Standard Budget Adjustments

**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
GENERAL PURPOSE REVENUE	\$20,910.6	\$22,544.3	\$24,717.0	\$24,717.0	\$22,805.7	\$23,470.7
State Operations	6,059.0	6,602.8	6,775.5	6,775.5	7,465.5	7,380.5
Local Assistance	3,075.7	2,999.0	2,999.0	2,999.0	2,999.0	2,999.0
Aids to Ind. & Org.	11,775.9	12,942.5	14,942.5	14,942.5	12,341.2	13,091.2
FEDERAL REVENUE (1)	58,573.7	74,630.8	74,174.6	74,143.4	74,160.4	74,160.4
State Operations	4,209.5	4,665.2	4,209.0	4,177.8	4,194.8	4,194.8
Local Assistance	37,008.7	34,400.0	34,400.0	34,400.0	34,400.0	34,400.0
Aids to Ind. & Org.	17,355.5	35,565.6	35,565.6	35,565.6	35,565.6	35,565.6
PROGRAM REVENUE (2)	43,062.5	53,002.4	51,983.0	51,983.0	53,983.0	53,983.0
State Operations	19,526.9	22,328.7	23,294.4	23,294.4	23,294.4	23,294.4
Local Assistance	15,159.7	20,995.0	21,009.9	21,009.9	21,009.9	21,009.9
Aids to Ind. & Org.	8,375.9	9,678.7	7,678.7	7,678.7	9,678.7	9,678.7
SEGREGATED REVENUE (3)	32,903.9	53,648.5	54,258.1	54,258.1	55,560.3	55,567.2
State Operations	7,335.0	8,048.5	8,658.1	8,658.1	8,709.0	8,715.9
Aids to Ind. & Org.	25,568.9	45,600.0	45,600.0	45,600.0	46,851.3	46,851.3
TOTALS-ANNUAL	155,450.7	203,826.0	205,132.7	205,101.5	206,509.4	207,181.3
State Operations	37,130.4	41,645.2	42,937.0	42,905.8	43,663.7	43,585.6
Local Assistance	55,244.1	58,394.0	58,408.9	58,408.9	58,408.9	58,408.9
Aids to Ind. & Org.	63,076.2	103,786.8	103,786.8	103,786.8	104,436.8	105,186.8

- (1) Includes Program Revenue-Federal and Segregated Revenue-Federal
- (2) Includes Program Revenue-Service and Program Revenue-Other
- (3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2
Department Position Summary by Funding Source (in FTE positions) (4)**

	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
GENERAL PURPOSE REVENUE	61.80	61.80	61.80	63.80	63.80
FEDERAL REVENUE (1)	54.35	45.35	45.35	45.35	45.35
PROGRAM REVENUE (2)	208.70	208.70	208.70	208.70	208.70
State Operations	204.75	204.75	204.75	204.75	204.75
Local Assistance	3.95	3.95	3.95	3.95	3.95
SEGREGATED REVENUE (3)	72.80	72.80	72.80	73.80	71.80
TOTALS-ANNUAL	397.65	388.65	388.65	391.65	389.65
State Operations	393.70	384.70	384.70	387.70	385.70
Local Assistance	3.95	3.95	3.95	3.95	3.95

- (1) Includes Program Revenue-Federal and Segregated Revenue-Federal
- (2) Includes Program Revenue-Service and Program Revenue-Other
- (3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local
- (4) All positions are State Operations unless otherwise specified

**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
1. Economic and community development	\$55,243.7	\$66,967.2	\$66,524.0	\$66,502.1	\$84,391.8	\$85,148.7
2. Housing assistance	31,760.3	48,690.6	48,805.4	48,796.1	49,814.3	49,814.3
3. Regulation of industry, safety and buildings	63,781.2	82,773.2	84,146.5	84,146.5	66,546.5	66,546.5
4. Executive and administrative services	4,665.5	5,395.0	5,656.8	5,656.8	5,756.8	5,671.8
TOTALS	155,450.7	203,826.0	205,132.7	205,101.5	206,509.4	207,181.3

**Table 4
Department Position Summary by Program (in FTE positions) (4)**

	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
1. Economic and community development	78.30	69.30	69.30	72.30	72.30
2. Housing assistance	18.50	18.50	18.50	18.50	18.50
3. Regulation of industry, safety and buildings	252.70	252.70	252.70	252.70	250.70
4. Executive and administrative services	48.15	48.15	48.15	48.15	48.15
TOTALS	397.65	388.65	388.65	391.65	389.65

(4) All positions are State Operations unless otherwise specified

1. Renewable Energy Initiative

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	15,050,900	1.00	15,057,800	1.00
TOTAL	0	0.00	0	0.00	15,050,900	1.00	15,057,800	1.00

The Governor recommends consolidating grant and loan programs for companies and researchers to develop and commercialize renewable fuel and energy technologies in the department and providing funding to the Wisconsin development fund for the purpose of providing such grants and loans (see Department of Agriculture, Trade and Consumer Protection, Item #5 and Department of Natural Resources, Item #5). The funding would be supported by a \$3 increase in the recycling tipping fee (see Department of Natural Resources, Item #17). Grants for this purpose may not exceed 50 percent of the cost of an eligible project. The Governor also recommends providing grants totaling \$5 million for construction of a cellulosic ethanol plant in Wisconsin. The Governor further recommends requiring the department to consult with the Department of Agriculture, Trade and Consumer Protection, Department of Natural Resources and Public Service Commission in developing administrative rules for this program.

The Governor also recommends creating an income tax credit in the amount of 25 percent of the cost to install or retrofit pumps that dispense fuel which contains at least 85 percent ethanol or 20 percent biodiesel. The maximum amount a person may claim under this credit is \$5,000 per pump, and total credits are capped at \$1 million annually and will sunset on December 31, 2017. The Governor further recommends providing funding and position authority to administer these new programs.

Combined with the increase in angel and early stage seed investment tax credits (see Item #2), this initiative dedicates over \$40 million in the biennium to assist Wisconsin in achieving energy independence through the Governor's goals of producing 25 percent of electricity and 25 percent of transportation fuel from renewable sources by 2025, capturing 10 percent of the national market share for the production of renewable energy sources by 2030, becoming a leader in renewable energy research and generating new, high-paying jobs.

2. Investment Tax Credits

The Governor recommends increasing the angel and early stage seed investment tax credit annual allocations by \$2.5 million each. The Governor also recommends the following changes to maximize the benefits of the program: (a) allowing unawarded tax credits to be awarded in subsequent years; (b) requiring that an investment in an eligible company must be held at least three years to qualify; and (c) increasing the cap on angel investment in any one company to \$2 million, while retaining the cap of \$4 million per company in tax credit-eligible cash equity investment.

3. Wisconsin Development Fund Initiatives

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	1,250,000	0.00	2,000,000	0.00
TOTAL	0	0.00	0	0.00	1,250,000	0.00	2,000,000	0.00

The Governor recommends increasing funding for the Wisconsin development fund from revenues generated by the increase in the securities agent license fee (see Department of Financial Institutions, Item #1), and modifying economic development programs by streamlining administration and allocation of resources by replacing statutory programs with goals and objectives. The Governor also recommends providing \$1.5 million over the biennium from the Wisconsin development fund for the manufacturing extension centers to help manufacturers adopt process improvements to produce more goods of higher quality with less effort, space, capital and time. The Governor further recommends providing \$100,000 annually from the Wisconsin development fund to support a minority business development specialist in Milwaukee through the Wisconsin Entrepreneurs Network.

4. Wisconsin Venture Center

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	1,000,000	0.00	1,000,000	0.00
TOTAL	0	0.00	0	0.00	1,000,000	0.00	1,000,000	0.00

The Governor recommends organizing and assisting in the maintenance of a nonstock, nonprofit corporation for the purpose of raising capital to promote and support emerging industries in Wisconsin. The Governor also recommends providing funding for the operations of the corporation, a portion of which the corporation must provide matching funds to receive. The corporation will be headed by a board of directors, which includes the secretaries of the department and Department of Financial Institutions and no more than 12 representatives of entrepreneurs, high-technology businesses, research institutions, venture capital and investment banking industries, and the business development community.

5. Economic Development Promotion

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	590,000	2.00	590,000	2.00
TOTAL	0	0.00	0	0.00	590,000	2.00	590,000	2.00

The Governor recommends providing funding and position authority for advertising, marketing and promotional activities for economic development of this state.

6. Beloit Development Opportunity Zone

The Governor recommends extending the Beloit Gateway Project development opportunity zone for 24 months and increasing the amount of available tax credits by \$2 million.

7. One-Stop Shop

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	100,000	0.00	15,000	0.00
TOTAL	0	0.00	0	0.00	100,000	0.00	15,000	0.00

The Governor recommends providing funding to create an on-line, one-stop shop for minority and woman-owned business certifications.

8. Affordable Housing

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	2,000,000	0.00	2,000,000	0.00	-2,851,300	0.00	-2,851,300	0.00
PR-O	0	0.00	0	0.00	2,000,000	0.00	2,000,000	0.00
SEG-O	0	0.00	0	0.00	3,851,300	0.00	3,851,300	0.00
TOTAL	2,000,000	0.00	2,000,000	0.00	3,000,000	0.00	3,000,000	0.00

The Governor recommends creating an affordable housing trust fund supported by an annual transfer of \$4 million of real estate transfer fee revenue from the county aid fund (see Miscellaneous Appropriations, Item #4; and Department of Revenue, Item #9). The Governor also recommends converting funding in the housing program appropriations from GPR to affordable housing trust fund SEG and increasing funding for homeless shelter and transitional housing grants by \$1 million in each year. In addition, the Governor recommends providing \$2 million PR from a transfer of funds from the Wisconsin Housing and Economic Development Authority to support housing grants and loans. See Wisconsin Housing and Economic Development Authority, Item #1.

9. Petroleum Inspection Program Changes

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	-17,600,000	0.00	-17,600,000	0.00
TOTAL	0	0.00	0	0.00	-17,600,000	0.00	-17,600,000	0.00

The Governor recommends adjusting expenditure authority for the Petroleum Environmental Cleanup Fund Award (PECFA) program to reflect a reestimate of claims. The Governor also recommends authorizing the department to: (a) directly pay the remediation contractor in a PECFA claim if the claimant so chooses; and (b) allocate \$250,000 annually for the removal of underground petroleum storage tanks if it determines the tanks to be abandoned. The Governor further recommends increasing the maximum allowable penalty for violating hazardous liquid and petroleum storage tank laws from \$1,000 and \$2,000 per day to \$5,000 per day.

10. Inspection Rights of Redevelopment Authorities

The Governor recommends expanding the power of a redevelopment authority to inspect a blighted property located in a city or village, but not necessarily in a blighted project area, to assist in its efforts to eliminate and prevent deteriorated areas and properties through redevelopment.

11. Attorney Consolidation

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	0	0.00	0	-2.00
TOTAL	0	0.00	0	0.00	0	0.00	0	-2.00

The Governor recommends improving the provision of state legal services by consolidating attorneys and legal support staff under the secretary of the Department of Administration on July 1, 2008. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. To achieve this, the Governor recommends transferring 3.0 FTE positions to the Department of Administration. The Governor further recommends retaining the funding associated with these positions in the department to purchase legal services from the Department of Administration. In addition, 1.0 FTE unclassified position is created to provide general counsel services. See Department of Administration, Item #1.

12. Segregated Revenue Transfer

The Governor recommends transferring a balance of \$4 million in FY08 from the petroleum inspection fund to the general fund.

13. Occupational Safety and Health Administration Program Transfer

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	-721,000	-9.00	-721,000	-9.00	-721,000	-9.00	-721,000	-9.00
TOTAL	-721,000	-9.00	-721,000	-9.00	-721,000	-9.00	-721,000	-9.00

The Governor recommends reducing funding and position authority to reflect the transfer of the Occupational Safety and Health Administration consultation program from the department to the State Laboratory of Hygiene. This program is federally funded and provides consultation services to the private sector regarding workplace safety.

14. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	172,700	0.00	172,700	0.00	172,700	0.00	172,700	0.00
PR-F	264,800	0.00	233,600	0.00	250,600	0.00	250,600	0.00
PR-O	-1,254,600	0.00	-1,254,600	0.00	-1,254,600	0.00	-1,254,600	0.00
PR-S	235,200	0.00	235,200	0.00	235,200	0.00	235,200	0.00
SEG-O	609,600	0.00	609,600	0.00	609,600	0.00	609,600	0.00
TOTAL	27,700	0.00	-3,500	0.00	13,500	0.00	13,500	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$244,400 in each year); (b) removal of noncontinuing elements from the base (-\$2,000,000 in each year); (c) full funding of continuing position salaries and fringe benefits (\$2,243,100 in each year); (d) reclassifications and semiautomatic pay progression (\$6,800 in each year); (e) overtime (\$8,000 in each year); and (f) minor transfers within the same alpha appropriation.