Financial Incentives for Energy Projects in Wisconsin

Wisconsin State Energy Office
101 East Wilson Street
Madison, WI
stateenergyoffice.wi.gov
Acknowledgments: This material is based upon work supported by the Department of Energy under Award Number DE-FOA-000053 and collaborative award activity between the Wisconsin State Energy Office and University of Wisconsin - Extension.

Disclaimer: This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.

Cover Photo courtesy of Eric Udelhofen of H&H Wind Energy.
Energy costs represent between eight and nine percent of the Gross State Product in Wisconsin. Managing energy costs is important for business, industry, homeowners and government.

Governor Walker’s 2011-2012 biennial budget established that energy and natural resources of the state should be managed in a “cost-effective, balanced, reliable and environmentally responsible manner to promote economic growth.”

To that purpose, the State Energy Office within the Division of Energy Services has:

- Collaborated with petroleum marketers, trucking companies and equipment manufacturers to remove obstacles to the development of compressed natural gas transportation fuel;
- Held public meetings around the state to gather information from businesses and the public regarding how the state can contribute to lowering transportation fuel costs for consumers;
- Worked with other state government agencies in efforts to lower energy costs in state government;
- Assisted municipal governments with funding to save local taxpayers money by lowering energy costs;
- Provided cost-sharing funds to assist businesses with alternative-fueled vehicles;
- Obtained low-interest funding for energy-saving projects in Wisconsin’s manufacturing facilities;
- Assisted research organizations and universities in funding to develop new energy technologies.

I encourage citizens to contact our office with their questions about energy matters.

There are both challenges and opportunities for Wisconsin in energy use, production and efficiency. Our state has been a national leader, for example, in waste-to-energy projects that produce energy, while helping to solve waste management problems for business and industry.

We are committed to assisting the people of Wisconsin with their energy needs by offering solutions that are innovative, cost-effective and protective of our natural resources.

Kevin Vesperman, Administrator
Division of Energy Services
Department of Administration
About the Wisconsin State Energy Office
The Wisconsin State Energy Office (SEO) develops state energy policy options and administers federal funding for energy efficiency, energy independence and alternative energy initiatives. SEO strives to serve as the single point of contact and ombudsperson for businesses, local units of government and NGOs pursuing bio development, energy efficiency, and energy independence initiatives in Wisconsin.

Requests to receive the monthly SEO funding announcements may be sent to seo@wisconsin.gov or visit the SEO website at www.stateenergyoffice.wi.gov. SEO has developed the Financial Incentives for Clean Projects as a compilation of available funding and incentive resources for Wisconsin communities and businesses undertaking energy projects. It also serves as a business development resource for Wisconsin based businesses supporting energy efficiency.

Incentive Programs for Energy Projects
The availability of tax credits and incentives can assist with project determination by reducing the overall project cost. The North Carolina Solar Center and the Interstate Renewable Energy Council maintain an online database of available tax credits and incentives. DSIRE, the Database for State Incentives for Renewables & Efficiency, is a comprehensive online database of state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency. Access DSIRE to search for current incentive programs http://www.dsireusa.org.

Energy Provider Sponsored Programs
Many Wisconsin energy providers have developed programs or incentives to assist customers with energy projects. Programs may include loans, grants, shared saving opportunities or rebates. Contact your local energy providers prior to energy project selection to learn more about available programs.

Energy Service Companies
An ESCO, or Energy Service Company, is a business that can develop a comprehensive project plan for implementing the most cost effective energy project. ESCOs are performance-based contractors that guarantee the energy savings and return on investment of projects. After providing plan development, design, and assistance with project financing, ESCOs measure and monitor the energy savings and can provide training assistance for maintenance requirements. ESCOs also provide extensive energy education to their clients in order to develop a deep understanding of how energy use and costs are related to the client’s business and operations. For more information on ESCOs visit the National Association of Energy Service Companies website at: http://www.naesco.org/.

Recent legislation (Wisconsin Act 32) has enacted a change to the K-12 schools; adding the opportunity for a "Revenue Limit Exemption" for energy savings conservation projects performed by an ESCO or Performance Contractor. Act 32 directs K-12 to follow municipality law in performance contracting state statute. 66.0133.
Focus on Energy
Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy efficiency and renewable energy projects. They help Wisconsin residents and businesses manage rising energy costs, promote in-state economic development, protect our environment and control the state's growing demand for electricity and natural gas. For a complete listing of current residential and business programs visit www.focusonenergy.com or call 800.762.7077.

Focus On Energy Business Programs Include:

Business Incentive Program
The Business Incentive Program works with a broad range of facilities including but not limited to small and medium industrial facilities, livestock growers, greenhouse operations, office buildings, commercial spaces, high schools, and municipal buildings. Through the Business Incentive Program, Focus on Energy provides prescriptive and custom incentives to support installation of energy efficient technologies and systems.

Chain Stores and Franchises Program
The Chain Stores & Franchises Program is tailored to provide in-depth customer service and technical knowledge to Wisconsin retailers who own and/or operate multiple facilities. Through the Chain Stores & Franchises Program, Focus on Energy provides prescriptive and custom incentives to support installation of energy efficient technologies and systems.

Large Energy Users Program
The Energy Users Program provides customized energy management services and project incentives for customers with monthly energy bills over $60,000. This Program will help Large Energy Users invest in cost-saving energy efficiency projects and processes that they normally could not complete on their own.

Retrocommissioning (RCx) Program
The Retrocommissioning (RCx) Program works with owners and managers of existing commercial, industrial, school, government, or industrial buildings to optimize performance and ensure they are operating efficiently.

Small Business Program
Eligible small business owners who participate in the program will receive a free, onsite energy assessment identifying opportunities for reducing energy use and recommendations for improving energy efficiency. The Small Business Program provides business owners with low-cost options for reducing monthly energy costs through two energy efficiency packages, as well as additional measures available at a discounted price.

Design Assistance
The Focus on Energy Design Assistance Program provides whole building energy analysis for design professionals, builders and developers of new buildings in Wisconsin. The program also offers incentives to reduce the upfront cost of high efficiency measures that exceed Wisconsin codes and standards.
The Wisconsin Economic Development Corporation (WEDC) nurtures business growth and job creation in Wisconsin by providing resources, technical support, and financial assistance to companies, partners and the communities they serve. Several programs are highlighted below. For a complete list of programs visit http://inwisconsin.com or call 608-210-6700.

Economic and Community Development
The Economic and Community Development (ECD) division assists Wisconsin communities to enhance their vitality by undertaking public investment that contributes to overall community and economic development. Eligible projects include the expansion of jobs, business development, tax base and the reuse of vacant land or building and related activities. Contact information for regional Community Account Managers can be found at: http://inwisconsin.com/wp-content/uploads/2012/10/CAM-Map_10102012.pdf

Economic and Community Development Programs include:

**Brownfield: Grants and Site Assessment Grant Program**
WEDC will grant funds to local governments, businesses, non-profits and individuals for redeveloping commercial and industrial sites that have been adversely affected by environmental contamination.

**Capacity Building Grants**
Capacity Building (CAP) Grant funds assist local and regional economic development groups, furthering the efforts of WEDC to create an advanced economic development network within the state.

**Qualified Energy Conservation Bonds (QECBs)**
QECBs are direct-payment subsidy taxable bonds or tax credit bonds that may be issued by state & local governments that allow an issuer to borrow for “qualified conservation purposes” at rates that may be significantly lower than traditional tax-exempt rates. They can be used for public or private projects.

**Downtown Development**
WEDC manages the Wisconsin Main Street Program, providing assistance in planning, managing and implementing strategic development projects in downtowns and urban neighborhood business districts.
Wisconsin Economic Development Corporation (continued)

Business Development
WEDC has numerous programs for business development. Regional Account Managers can assist with identifying the resources that will be the best fit for a business. Contact information for Regional Account Managers can be found at: http://inwisconsin.com/expand-your-business/

Business Development programs include:

Clean Energy Manufacturing Revolving Loan Program
The Clean Energy Manufacturing Revolving Loan Program benefits Wisconsin manufacturers who wish to utilize renewable energy or energy efficiency technologies in their facilities, enter a green energy supply chain with a newly developed commercial technology, or retool an existing product to serve the renewable energy or energy efficiency marketplace by providing low interest loans.

WEDC Direct Funding
WEDC may provide Direct Funding (loans) to businesses. WEDC Direct Funding loan funds will be made available for working capital, equipment, training, building construction and improvements, land acquisition, private infrastructure improvements, asset acquisition, and lease payment reduction for property owners.

Economic Development Tax Credit
Businesses located in or relocating to Wisconsin may be eligible for Economic Development Tax Credits. A certified business may qualify for tax credits only for eligible activities that occur after an eligibility date established by WEDC.

Jobs Tax Credit
Businesses located in or relocating to Wisconsin that are creating full-time jobs may be eligible for Jobs Tax Credits. A certified business may qualify for tax credits only for eligible activities that occur after an eligibility date established by WEDC. Special consideration for Jobs Tax Credits is given to manufacturing businesses.

WEDC Training Grant
The WEDC Training Grant aids businesses in workforce retention and expansion into new markets and technology. The program provides grant funds to businesses to upgrade or improve the job-related skills of a business's full-time employees. Grant funds may be approved for eligible training provided to existing and new employees in full-time jobs.

Early Stage Investment Programs
WEDC provides programs for early stage investments. For more information on Angel and Early Stage Seed Investment Tax Credits contact Chris Schiffner 608-210-6839 Chris.Schiffner@wedc.org. WEDC's Entrepreneurship and Innovation makes early stage investments in entrepreneurs and technology-based companies and by investing in partners who provide entrepreneurship support services. Contact Aaron Hagar 608-210-6825 Aaron.Hagar@wedc.org.
Wisconsin Energy Conservation Corporation (WECC)
Established in 1980, the Wisconsin Energy Conservation Corporation (WECC) works with clients to design and implement energy efficiency and renewable energy programs. WECC works with utilities, municipalities, regulators, government agencies and consumer groups to meet their energy goals. WECC collaborates with manufacturers, distributors, retailers, builders and contractors to ensure customer value for energy efficiency and energy programs. For a complete list of residential and business programs offered by WECC visit http://www.weccusa.org.

In 2010, WECC applied for American Recovery and Reinvestment Act funding to develop the Wisconsin Energy Efficiency Project (WE2). WE2 established funding for residential and business energy efficient building programs retrofits in Madison, Milwaukee and Racine. Milwaukee and Madison developed retrofits using Property Assessed Clean Energy (PACE). Under the PACE model, customers may repay a reasonable interest loan for the retrofit work on their property tax bill as a special charge so that the energy savings exceed the monthly loan payment. Learn more about these projects and the PACE model:

**US Department of Energy Solution Center: Property-Assessed Clean Energy (PACE) Programs**
http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/pace.html

**City of Madison: Green Madison**
https://www.cityofmadison.com/greenmadison/

**City of Milwaukee: Milwaukee Energy Efficiency (Me²)**
http://www.smartenergypays.com/

Wisconsin Entrepreneurs’ Network
The Wisconsin Entrepreneurs’ Network (WEN) provides business assistance, training, financing opportunities and a network of over 100 organizations helping existing and potential Wisconsin businesses succeed. For a complete listing of current programs visit http://www.wenportal.org/

**WEN programs include:**

**Early Planning Grant**
Early Planning Grant grants can fund up to 75% of the costs, limited to $3,000, spent on hiring an independent, third-party to write a comprehensive business plan for the creation or expansion of a Wisconsin business. The program is limited to businesses in certain industries.

**Technology Assistance Grants**
Technology Assistance Grants (TAG) are aimed at technology and research-based Wisconsin businesses. The grants typically cover up to 75% of the costs, limited to $3,000, incurred by a business in hiring an independent third-party to assist in the development of a comprehensive business or commercialization plan.

**Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Grants**
SBIR-STTR grants are aimed at technology and research-based Wisconsin businesses who intend to apply for SBIR or STTR federal funds. The grants typically cover up to 75% of the costs, limited to $2,500, incurred by a business in hiring an independent third-party to assist in the development of federal SBIR and STTR research and development grants.
State Agency Programs

Many Wisconsin state agencies provide programs that may assist with funding or development of energy projects. Program availability may vary based on current funding.

Department of Agriculture, Trade, and Consumer Protection (DATCP)
http://datcp.wi.gov/

Board of Commissioners of Public Lands (BCPL)
State Trust Fund Loan Program
http://bcpl.wisconsin.gov

Board of Commissioners of Public Lands (BCPL) invests the principal of the Common School Fund in loans to municipalities and school districts through the BCPL State Trust Fund Loan Program. These funds are used for public purpose projects including economic development, local infrastructure, capital equipment and vehicles, school repairs and improvements, and refinancing existing debt to reduce future borrowing costs. BCPL is among the largest public investors in both economic development projects and local infrastructure projects within the State of Wisconsin. BCPL offers fixed rate loans with interest rates that are competitive with the bond market and other financial institutions. Borrowers pay no application fees, prepayment penalties, or any other fees. The current annual limit for BCPL State Trust Fund Loans is $10 million per borrower.

Department of Natural Resources (DNR)
For a complete listing of grant and loan programs administered by the Department of Natural Resources (DNR) visit http://dnr.wi.gov/Aid.

Sector Development Specialists
http://dnr.wi.gov/topic/Sectors/SectorSupport.html
Sector development specialists at DNR work with specific industrial or commercial sectors acting as the first point of contact for those businesses, providing coordinated technical and compliance assistance across all DNR divisions and programs. Improved environmental and economic performance is pursued through various strategies including pollution prevention, waste minimization, energy efficiency, supply chain management, green chemistry, market development and many others.

Green Tier
http://dnr.wi.gov/topic/greentier
The DNR Green Tier program is open to businesses, trade associations, communities and non-profit organizations. Green Tier participation encourages innovation, collaboration and new environmental goal setting then recognizes environmental performance of participants. It also offers organizations the opportunity to be a pioneer in regulatory reform and the potential for permit streamlining, modified monitoring requirements, and alternative compliance methods.

Environmental Improvement Fund (EIF)
http://dnr.wi.gov/Aid/Loans.html
The Environmental Improvement Fund (EIF) combines two environmental financing programs for local governments: the Clean Water Fund Program (CWFP) and the Safe Drinking Water Loan Program (SDWLP). The Clean Water Fund Program (CWFP) provides financial assistance to municipalities for wastewater treatment facilities and urban storm water runoff projects. Safe Drinking Water Loan Program (SDWLP) The Safe Drinking Water Loan Program (SDWLP) provides financial assistance to public water systems to build, upgrade, or replace water supply infrastructure to protect public health and address federal and state safe drinking water requirements.
Department of Public Instruction (DPI)
Biodiesel Fuel Use Incentive
http://dpi.state.wi.us
The Wisconsin Department of Public Instruction (DPI) provides financial aid to school districts that use biodiesel fuel to operate school buses to cover the incremental cost of purchasing biodiesel as compared to the cost of petroleum diesel fuel.

Department of Safety and Professional Services (DSPS)
Diesel Truck Idling Reduction Grants
http://dmps.wi.gov/er/ER-DI-Diesel-Grant-Program-2011.html
The Diesel Truck Idling Reduction grant is designed to assist common, contract and private motor carriers in the purchase and installation of idling reduction technologies. Motor carriers are eligible for up to 50% reimbursement for the purchase and installation of idling reduction equipment. The program's primary goals are to help Wisconsin motor carriers reduce air pollution emissions and fuel consumption.

Department of Transportation (DOT)
Transportation Economic Assistance (TEA)
http://www.dot.wisconsin.gov/localgov/aid/tea.htm
The Transportation Economic Assistance (TEA) program provides 50% state 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.

Wisconsin Housing and Economic Development Authority (WHEDA)
WHEDA offers a number of programs and services in support of business development within the State of Wisconsin. For a complete listing of current residential and business programs visit http://www.wheda.com.

WHEDA Small Business Guarantee (WSBG)
The WSBG helps to acquire or expand a small business with favorable financing terms.

Neighborhood Business Revitalization Guarantee (NBRG)
The NBRG helps to bring or expand business, or develop or rehabilitate commercial real estate in an urban area.

Venture Debt Fund
The Wisconsin Venture Debt Fund is designed to provide debt financing to growth companies that create new, high-quality jobs in Wisconsin. These debt funds are intended to be complimentary to early stage equity allowing companies to access capital at predictable costs.

Capital Access Program
The Capital Access Program (CAP) provides lenders with resources to make loans to businesses. CAP is a flexible loan loss reserve that encourages lending to businesses which have a difficult time obtaining conventional financing, particularly start-ups.

Wisconsin Equity Investment Fund
The Wisconsin Equity Investment Fund (WEIF) is a program designed to spur equity investments in growing Wisconsin companies. The fund will be used for direct investment into small businesses in the state. The financing provided will leverage private capital investment.
Federal Programs
Federal agencies offer grant programs for energy projects. The agencies highlighted below currently or historically have offered energy related grants. For a complete listing of federal grants opportunities visit http://www.grants.gov.

US Department of Agriculture — Rural Programs
http://www.rurdev.usda.gov/Home.html
Rural Business Enterprise Grants (RBEG)
The RBEG program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses, help fund distance learning networks, and help fund employment related adult education programs. To assist with business development, RBEGs may fund a broad array of activities. Visit http://www.rurdev.usda.gov/BCP_rbeg.html for more information.

US Department of Energy
http://energy.gov
The US Department of Energy (DOE) Office of Energy Efficiency & Renewable Energy posts solicitations for financial assistance opportunities at http://www1.eere.energy.gov/financing/business.html. Wisconsin businesses and local units of government interested in pursuing DOE grant opportunities are encouraged to contact the Wisconsin State Energy Office (SEO) for assistance with navigating the federal grants process. Contact SEO at seo@wisconsin.gov.

US Department of Housing
http://portal.hud.gov/hudportal/HUD
Fannie Mae/FHA Risk-Share Green Refinance Plus
This program enhances the 1990s Fannie Mae/FHA Risk-Share program and provides funding for the refinance, preservation and energy-efficient retrofits of old, affordable multifamily housing. It allows lower debt service coverage and higher loan-to-value ratios, generating extra loan proceeds for property rehabilitation and energy efficiency retrofits. For more information visit: http://portal.hud.gov/hudportal/documents/huddoc?id=GreenRefiPlusFactSheet.pdf

US Environmental Protection Agency (EPA)
http://www.epa.gov/

Other Resources

Forward Community Investments
http://www.forwardci.org
Forward Community Investments works with nonprofit clients to provide loans for the development of affordable rental and owner-occupied housing, community facilities in rural and urban neighborhoods and the promotion of economic development initiatives.

Impact Seven, Inc.
http://www.impactseven.org
Impact Seven is a Wisconsin community development corporation offering SBA 504 Program, SBA Microloan Program, and Venture Capital Fund.

Technical Assistance Opportunity: Local Energy Efficiency Initiatives
American Council for an Energy-Efficient Economy (ACEEE), in partnership with the Surdna Foundation, is offering technical assistance services through May 2013 to local governments & other local stakeholders around the United States on energy efficiency policy and program implementation. ACEEE staff will provide research, subject matter expertise and other technical assistance resources to priority projects. Visit http://www.localgovinstitute.org/content/technical-assistance-funding-available-energy-efficiency-activities for more information.
Tax Credits and Exemptions

Tax credits and exemptions available for energy projects are guaranteed cost reductions. The listings below highlight select credits and exemptions for energy and alternative fuel projects. For complete information on current tax credits and exemptions access the following resources:

**DSTRE (Database for State Incentives for Renewables & Efficiency)** [http://www.dsireusa.org](http://www.dsireusa.org)
**US Department of Energy Alternative Fuels Data Center** [http://www.afdc.energy.gov/laws](http://www.afdc.energy.gov/laws)

**Energy**

**Renewable Energy Sales Tax Exemption**
Biomass as a fuel for residential use is exempt from Wisconsin state sales and use tax. Products whose power source is wind, solar radiation, or gas produced from the digestion of animal manure and other agricultural wastes are also exempt from Wisconsin sales and use tax.

**Tax Credit for Energy Efficient Existing Homes**
This credit applies to energy efficiency improvements in the building envelope of existing homes and for the purchase of high-efficiency heating, cooling and water-heating equipment. The maximum tax credit for all improvements made in 2011, 2012, and 2013 is $500. The cap includes tax credits for any improvements made in any previous year.

**Renewable Electricity Production Tax Credit (PTC)**
The federal renewable electricity production tax credit (PTC) is a per-kilowatt-hour tax credit for electricity generated by qualified energy resources and sold by the taxpayer to an unrelated person during the taxable year. The tax credit amount is 1.5¢/kWh in 1993 dollars (indexed for inflation) for some technologies and half of that amount for others. The rules governing the PTC vary by resource and facility type.

**Transportation**

**Renewable Fuel Infrastructure Tax Credit**
A tax credit is available for 25% of the cost to install or retrofit fueling stations in Wisconsin that dispense motor vehicle fuel blends of at least 85% ethanol or at least 20% biodiesel fuel, or that mix fuels from separate storage tanks & allow the user to select the percentage of renewable fuel. The maximum credit is $5,000 per taxable year for each fueling station that has installed or retrofitted a pump. Motor vehicle fuel means gasoline or diesel fuel.

**Alternative Fuel Tax Exemption**
No county, city, village, town, or other political subdivision is allowed to levy or collect any excise, license, privilege, or occupational tax on motor vehicle fuel or alternative fuels, or on the purchase, sale, handling, or consumption of motor vehicle fuel or alternative fuels.

**Biodiesel Fuel Production Credit**
Nonrefundable credit up to $.10 per gallon of biodiesel fuel produced by the claimant, subject to the following: 1) only for taxable years 2011-2015; 2) taxpayer must produce at least 2.5 million gallons of biodiesel fuel in the taxable year for which credit claimed; and 3) taxpayer may not claim more than $1 million credit/taxable year.

**Renewable Fuel Producer Excise Tax and Inspection Exemption**
The first 1,000 gallons of renewable fuel a person produces per year are exempt from the motor vehicle fuel excise tax, the petroleum inspection fee, and any petroleum inspection requirements not required under federal law. These only apply for fuel used in the individual's personal vehicle. A person may produce renewable fuel for personal use without a business tax registration certificate or motor vehicle fuel tax license.