Technology Development Loan Program

Program Guidelines for Fiscal Year 2026
Lead Division: Entrepreneurship and Innovation ☐ **New** ☒ **Revised** 7/1/2025 ☐ **Grant** ☒ **Loan** ☐**Tax Credit** ☐**Technical Assistance**

Introduction

Background Information: The Technology Development Loan (TDL) and Technology Development Fund (TDF) programs were created in 1987 by the state legislature as a part of the Wisconsin Development Fund. The focus of these programs was to help companies complete research and development projects and commercialize the products or services that resulted from these efforts with a goal of improving technology transfer rates. In the years that followed, the state agencies modified terms and repayment methods to better suit the needs of early-stage technology companies but were never able to invest significant amounts of money through the programs. In 2005, the legislature created the Technology Venture Fund (TVF) loan program and invested $5 million to increase the number of resources available for the program under Wis. Stat. 560.275. When WEDC was formed in 2011, it combined the TDL, TDF, and TVF programs into the Technology Development Loan program.

The program was designed to offer investments in companies from pre-revenue research and development stage through growth stage. To make sure that funding was helping the most promising technology companies, a matching investment requirement was added, and terms were modified from the previous iterations of the program to better fit a venture debt investment profile. Significant term changes included: higher interest rates, built in payment deferral and interest only periods, and eventually warrants to convert some of the investment into an equity stake when these companies were successful.

Program's Purpose: The program provides direct financial assistance through fixed interest, below market rate loans to start-up and emerging growth companies in Wisconsin that are developing and commercializing innovative products and services at critical stages in their development. The TDL program is a venture debt program that provides financing to early-stage, high growth potential companies that have or are in the process of raising private equity capital. It serves as a complement—not a replacement—to equity financing. TDL funding helps companies by improving capital availability and enhances their ability to meet milestones, get to market, grow and succeed. Proceeds will be used to extend runway between equity rounds, fund business operations and/or capital expenditures (e.g., equipment, infrastructure), finance customer acquisitions or product development, and reduce dilution for existing shareholders. Funding levels are dependent on the stage of growth, capital need, financial leverage, economic potential for high growth, risk evaluation, and other factors deemed by WEDC to impact the funding request under consideration.

Eligibility Requirements

Eligible Applicants: TDL applicants must meet the following criteria:

- Be a start-up and/or emerging growth business.
- Demonstrate that at least 50% of the match funding will come from Private Investment.
- Demonstrate that the applicant business does not have close or fundamental ties to related businesses through technology licensing agreements, servicing agreements, operating agreements, individual ownership or other factors where corporate structure adds risks or uncertainty.
- Demonstrate that the applicant business does not have substantial ties to other states through location of founding partners, underlying technologies, related businesses, or similar factors.
- Meet the criteria for one of the following three stages:
  - Product/Process Development:
    - Business is an early-stage company or spinout with fewer than 25 employees.
    - Business is engaging in research and development, proof of concept, and prototype development activities.
    - Business demonstrates financial need and potential for business growth.
    - Product/Process Development phase funding is limited to $250,000 per business.
  - Product/Service Commercial Launch:
    - Business is raising funds for initial launch of a developed product into the primary market after proof of concept and development testing
    - Product / Service Commercial Launch phase is limited to $500,000 per business. However, a lower limit may be imposed for moving into test markets if the technology or industry requires incremental steps to commercialization.
  - Growth/Expansion Stage:
    - Business is in growth mode with recurring sales of fully developed product into the intended market.
    - Business demonstrates strong and growing market traction and have a clear path to sustainability.
    - Business is seeking capital for increasing production and approaching profitability.
    - Growth / Expansion Stage phase is limited to $750,000 per business.

Eligible Use of Funds: Costs are only eligible after WEDC approval. WEDC will make loans to eligible businesses on the following terms:

Use: Working capital or equipment financing.

Fee: An origination fee of 2% of the award amount. Interest rate:

6% fixed interest rate.

Amortized Repayment: The loan shall have an original term of up to 7 years with a deferral of principal and interest payments of up to 36 months, an option for an additional 12 months of interest payments, followed by equal monthly payments of principal interest. The deferral period will be based on the company's expected time to market and regulatory barriers. For loans with more than 12 months of principal and interest payment deferral WEDC may require an annual renewal of the deferment period.

Collateral:
- Security interest in all or specific business assets.
- In cases where WEDC feels it necessary, it may additionally require assignment of a life insurance policy(ies) for key founders/managers in an amount up to the maximum value of the loan.
- WEDC may require corporate guarantees from related entities, holding companies, or subsidiaries.
- WEDC will consider the circumstances of each loan and will limit its risk to the greatest extent possible.

Conversion to Equity: WEDC frequently includes the option to convert a portion of its loan amount to equity in the Borrower company. WEDC's ability to convert to equity shall not exceed the term of the note unless there is an initial public offering, and conversion will be tied to an anticipated liquidity or other event. WEDC will include safeguards for its interest to include:
- WEDC will not convert to equity if it would result in an ownership interest of 20% or more.
- WEDC will have discretion to abstain or waive voting rights, and will not have/exercise any indicia of control.
- WEDC will not be required to purchase securities or convert to equity.
- WEDC will not accept any liabilities as a holder of warrant rights or an equity position.
- WEDC will require a company to repurchase any equity held by WEDC if the company relocates out of Wisconsin within five years, in accordance with Wis. Stat. §238.12.

Matching: Applicants must provide matching funds at a rate of 4:1 investment to TDL loan proceeds, of which, at least 50% of the investment funding will come from Private Investments. This requirement shall be met prior to the disbursement of TDL funds.

WEDC may, in certain circumstances, elect to count founder funding as a portion of eligible match if the funding under consideration is part the initial company capitalization or seed round.

Available Incentives

FY26: $5,000,000Total Funds consisting of:

$5,000,000 U.S. Department of Treasury State Small Business Credit Initiative (SSBCI) Funds.

Federal SSBCI funding has specific requirements for business eligibility, private funding participation, reporting requirements, and other factors. All applicants and projects must meet all of the applicable SSBCI Capital Program requirements including but not limited to additional reporting, private financing, business eligibility, and other requirements as determined by U.S. Treasury

Award sizes: The minimum TDL loan amount is $100,000. The maximum TDL loan amount per business is dependent on the stage of the business:

- Product / Process Development: The maximum TDL loan amount is $250,000.

- Product / Service Commercial Launch: The maximum TDL loan amount is $500,000.
- Growth / Expansion Stage: The maximum TDL loan amount is $750,000.

Awards per applicant: Applicants may receive one TDL per fiscal year. Applicants may receive a maximum of three TDLs over their lifetime.

Activities and Expected Outcomes

Assist 19 businesses and achieve a leverage of 19:1 of other investment.

Impact: The Technology Development Loan program offers an important investment resource for early-stage companies in Wisconsin. By providing fixed-interest loans at rates below the market average, the program helps these companies grow and scale effectively. This approach minimizes equity dilution, potentially making these companies more attractive to investors. As a result, the TDL program is expected to increase revenues, contribute to increased venture capital activity in Wisconsin, and create jobs within the state.

Metrics: As an entrepreneurial development program where performance reporting metrics for TDL are focused on measuring startup growth and expansion. TDL program metrics include the following list, and each project will include one or more of these metrics in its reporting requirements depending on the project's specified use of funds.

- Average Hourly Wage
- Commercialized Product Sales
- Job Creation
- Job Retention
- Leverage – Total

Application Guideline

Timeline: The TDL program has a continuous application process.

Review Considerations: In addition to the factors outlined above WEDC may take the following into account when considering a TDL award:

- Timeline – The company's development and commercialization timeline
- Funding – The company's ability to identify and secure sufficient capital
- Technology – The company's ownership or control of the technology and past research
- and development activity to prove the feasibility of the product, process, or service.
- Market & Growth – The company has a well-defined market with targeted customer segments that has a high growth trajectory.
- Team – The company has demonstrated expertise through their team including advisors and board members that directly relates to their product, service and/or industry.
- Cash Flow – The company's repayment capacity and timeline.
- Ownership – Ownership for the founder(s) remains above 50% combined after the close of match funding.
- Need and Business Impact – The company's need for funding and the impact that
- funding is likely to have on future success.
- Benchmarks - The company's ability to meet benchmarks established in prior funding reviews.

How to apply: An interested applicant should contact a WEDC Account Manager to determine if their project is right for the program. Upon review of the project, and alignment with eligibility criteria, an applicant will be invited to submit their application through Network Wisconsin.

Award Process: The completed application will be assigned to a WEDC underwriter and go through the award review process.

Performance Reporting: Recipients must annually submit a performance report documenting investment activities, job creation, job retention, average wages, company financials, eligibility checklist, and any other contract deliverable.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report and financial records are required to be maintained by the Recipient for a period of at least 3 years after the last performance report is due.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Helpful Information

Definitions:

"Private Investment" – debt, convertible debt, Simple Agreement for Future Equity (SAFE), or equity investments from non-governmental independent third-party investors such as accredited individuals (angels), angel groups or networks, venture capital funds, or companies.

Revision History

Program Inception – Fiscal Year 2012

- 07/1/2017: Eliminated obsolete restrictions for past costs, Eliminated obsolete reference to federal SSBCI funding source.
- 07/01/2018**:** Added option for revenue-based loan repayments, Clarified criteria for execution of convertible notes.
- 07/01/2019: Added clarifying language and evaluation criteria; clarified performance reporting requirements.
- 07/01/2020**:** Clarified conditions warranting applicant guarantees.
- 7/1/2021: Further clarified convertible note/warrant coverage conditions.
- 7/1/2022: Accommodates SSBCI funding.
- 7/1/2024: Added clarifying language for matching funds. Removed reference to revenue-based payments
- 7/1/2025: Updated language in the program purpose to reflect focus on high growth potential companies. Clarified language around SSBCI requirements as program is only funded with Federal SSBCI funds for FY26.