



State of Wisconsin
Governor Scott Walker

Department of Agriculture, Trade and Consumer Protection
Ben Brancel, Secretary

DATE: July 14, 2011

TO: Bruce Hoesly, Legislative Reference Bureau
1 East Main Street, Suite 200

FROM: Ben Brancel, Secretary
Department of Agriculture, Trade and Consumer Protection

SUBJECT: **Economic Development Grants and Loans – Accountability Provisions; Final Rule for Publication (*Clearinghouse Rule #10-120*)**

The Department of Agriculture, Trade and Consumer Protection (DATCP) hereby submits the following rule for publication:

CLEARINGHOUSE RULE #: 10-120

SUBJECT: Economic Development Grants and Loans – Accountability Provisions

ADM. CODE REFERENCE: ATCP 161

DATCP DOCKET#: 09-R-4

We are enclosing a copy of the final rule, as adopted by DATCP. We are also providing the following information for publication with the rule, as required by s. 227.114(6), Stats.

Business Impact Summary:

This rule implements provisions that are intended to improve accountability for public funds used to make economic development grants or loans. This includes requiring that certain recipients provide specified information as a condition of a grant or loan, and authorizing DATCP to withhold payment or impose financial penalties if grant or loan recipients fail to honor the terms of their contract.

- For a grant or loan of \$100,000 or more, the department must include within the grant or loan contract a provision requiring the recipient to give DATCP a verified statement signed by a certified public accountant (CPA) and a director or principal officer of the grant or loan recipient. The verified statement must account for how the grant or loan funds were used. The verified statement required by this rule is *not* the same as a “verified *financial* statement,” as that term is used in accounting practice.
- DATCP is allowed to withhold or recover payments, or impose financial penalties, if a grant or loan recipient submits false information to DATCP or fails to honor the terms of the grant or loan contract.

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Affected businesses, including small businesses, voluntarily apply for the grants and loans from DATCP. Grant and loan recipients receive a substantial financial benefit from the state. This rule will add few, if any, costs for grant and loan recipients that comply with the terms of their contracts.

Under this rule, a business receiving a grant or loan of over \$100,000 must submit a verified statement signed by a certified public accountant (CPA) and by a director or principal officer of the grant or loan recipient. This requirement may impose some additional costs on some grant or loan recipients. DATCP has awarded about five grants or loans of this size in the past 20 years, so few recipients are likely to be affected by this requirement.

Comments from Legislative Committees (Summary)

On February 28, 2010, DATCP transmitted the above rule for legislative committee review. The rule was assigned to the Assembly Committee on Agriculture and Senate Committee on Agriculture, Forestry, and Higher Education. No action was taken by either committee.