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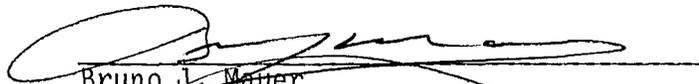
DEPARTMENT OF DEVELOPMENT)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Bruno J. Mauer, Secretary and custodian of the official records of the Department of Development, do hereby certify that the annexed rules relating to the Wisconsin Development Fund were duly approved and adopted by this Department on February 11, 1987.

I further certify that said copy has been compared by me with the original on file in this Department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto
set my hand as Secretary at
123 West Washington Avenue in the City
of Madison, this 11th day of February,
1988.


Bruno J. Mauer
Secretary

BJM:mem
2974b

4-1-88

SECTION 1: Chapter DOD 6 (title) is amended to read:

DOD 6. (title) Wisconsin Development Fund

SECTION 2: DOD 6.01 and 6.02 are amended to read:

DOD 6.01 PURPOSE. The purpose of ~~this chapter~~ subchapters I, II and III is to set forth the criteria the department will use in ~~determining how small cities-community-development-block-grant-funds~~ administering the federal funds in the Wisconsin development fund will be allocated among applicants for the funds.

DOD 6.02 ELIGIBILITY. Any city, village or town with a population of less than 50,000 that is not eligible to apply for or participate in the federal block grant entitlement program and any county, other than an urban county as defined by the United States department of housing and urban development, may apply for ~~small-cities-block-grant~~ federal funds under the Wisconsin development fund.

SECTION 3: DOD 6.03 is amended to read:

DOD 6.03 DEFINITIONS. (Intro.) In subchs. I and II:

(1) "Annual housing and public facilities competition" means the single annual receipt and review of applications for housing activities and public facility improvements as provided in ~~subchapter~~ subch. I of this chapter.

SECTION 4. DOD 6.03 (1f) is created to read:

DOD 6.03 (1f) "Application" means a request for funding for either housing or public facilities projects as provided in subch. I of this chapter. A community may submit one application for housing and one application for public facilities.

SECTION 5. DOD 6.03 (1m) is repealed.

SECTION 6. DOD 6.03 (1q) is renumbered DOD 6.03 (2m) and, as renumbered, amended to read:

DOD 6.03 (2m) "~~Continuous-economic~~ Economic development ~~competition~~ program means the continuous receipt and review of applications for economic development projects as provided in subchapter subch. II of this chapter.

SECTION 7. DOD 6.03 (6) and (13) are repealed.

SECTION 8. DOD 6.03 (11) is created to read:

DOD 6.03 (11) "Public facility system" means the land, right-of-ways, structures and equipment needed to meet a particular community need, such as water supply or storm drainage.

SECTION 9. DOD 6.03 (14), (15) and (16) are renumbered DOD 6.03 (16), (14) and (15) and DOD 6.03 (14) and (16), as renumbered, are amended to read:

DOD 6.03 (14) "Target area" means an area or areas within the municipality which contain a concentration of low and moderate income or minority residents households, and which include not more than 25 50% of the ~~population~~ households of the municipality.

DOD 6.03 (16) "~~Small-cities-community-development-block-grant~~ Wisconsin development fund grant" means a grant available ~~on-a-competitive-basis~~ to eligible applicants as provided in s. DOD 6.02, for the purpose of undertaking economic development projects, housing activities and public facilities improvements.

SECTION 10. DOD 6.04 is amended to read:

DOD 6.04 SCORING SYSTEM. The allocation of ~~small-city-community development-block-grant-funds~~ Wisconsin development fund grants distributed under the annual housing and public facilities competition shall be based upon the comparative ranking of applications. Comparative ranking is established by respective points awarded applicants. In determining the points to be awarded applicants, the department shall use the criteria contained in ss. DOD 6.05 to 6.11.

SECTION 11. DOD 6.06 is amended to read:

DOD 6.06 PROGRAM IMPACT. There are two categories of program impact, each with a total value of 325 points. The department may establish a minimum impact score for an application to be funded. Applicants shall address at least one of the categories of program impact and may address both. An

applicant that proposes a comprehensive grant shall receive a score for program impact equal to the average of the scores received for each category addressed. The 3 2 categories of program impact include:

SECTION 12. DOD 6.06 (2)(a) 1, 2, 3, and 4 are amended to read:

DOD 6.06 (2)(a) 1. An applicant shall receive 100 points if it has identified and documented significant housing and related needs, has fully described its proposed activities and documented the willingness of homeowners, landlords and others to participate in the program, has proposed activities which directly relate to and address, with quantifiable and substantial benefit, identified needs, ~~including the needs of low- and moderate-income persons, by location, household and tenure type,~~ has identified and addressed considered such other needs as neighborhood revitalization ~~and~~ or deconcentration of low- and moderate-income as well as minority persons, and has considered environmental factors, ~~and involuntary displacement,~~ and project costs.

2. An applicant shall receive 75 points if it has identified and documented housing and related needs, has proposed and adequately described activities which directly relate to and address, with quantifiable and substantial benefit, identified needs, ~~including needs of low- and moderate-income persons, by location, household and tenure type,~~ has identified and addressed considered such other needs as deconcentration of low and moderate income ~~as well as~~ or minority persons, and has considered environmental factors, ~~and involuntary displacement,~~ and project costs.

3. An applicant shall receive 50 points if it has identified and documented housing and related needs and has proposed activities which meet at least a moderate portion of identified community or, if appropriate, target area needs, ~~but not necessarily by household type, and which are targeted, if appropriate, to an area with significant low and moderate income or minority concentration.~~

4. An applicant shall receive ~~50~~ 25 points if it has identified and documented housing and related needs and has proposed activities which relate to the identified needs.

SECTION 13. DOD 6.06 (2)(b) 2. and 3. are amended to read:

DOD 6.06 (2)(b) 2. An applicant shall receive 35 points if it shows that a moderate portion of the proposed activities are directed toward an area or areas with significant low and moderate income or minority concentrations, or if it has a population of 1,000 or less and shows that targeting is inappropriate because of the size of the community, and that the activities will result in a moderate impact, ~~or if it has a population of 1,000 or less and shows that targeting is inappropriate because of the size of the~~ community.

3. An applicant shall receive 15 points if it shows that some of the proposed activities are directed toward an area or areas with low and moderate income or minority concentrations, or if it has a population of 1,000 or less and shows that targeting is inappropriate because of the size of the community and that they will have at least a minimal impact.

SECTION 14. DOD 6.06 (2)(c) 1., 2. and 3. are repealed and recreated to read:

DOD 6.06 (2)(c) 1. An applicant shall receive 50 points if it shows that substantial other funds are committed which, in combination with Wisconsin development funds, will have a direct impact upon alleviating problem housing and related conditions, and that significant other community programs will be used to further housing and neighborhood revitalization.

2. An applicant shall receive 35 points if it shows that moderate other funds are committed which, in combination with Wisconsin development funds, will have a direct impact upon alleviating problem housing and related conditions, and that other community programs will be used to further housing and neighborhood revitalization.

3. An applicant shall receive 15 points if it shows that minimum other funds are committed which, in combination with Wisconsin development funds, will have a direct impact upon alleviating problem housing and related conditions, and that either previous actions have been taken or other programs are proposed to alleviate problem housing and related conditions.

SECTION 15. DOD 6.06 (3)(a) 1., 2. and 3. are amended to read:

DOD 6.06 (3)(a) 1. An applicant shall receive 100 points if it has identified, described and documented, by another agency where possible, the public facility deficiencies, has adopted a ~~multi-purpose~~ comprehensive plan or strategy for the elimination of public facility deficiencies, has proposed activities that ~~will-resolve-the-problem-to-a-greater-extent-than-other~~

~~proposals designed to meet similar needs, in relation to the amount requested~~
represent the most feasible solution to the identified problems after
considering a range of alternatives, has considered environmental factors and
involuntary displacement and has shown that the facility is necessary to
alleviate a an urgent problem which affects health and safety or is otherwise
essential to the community.

2. An applicant shall receive 75 points if it has identified, described
and documented the public facility deficiencies, has adopted a plan or
strategy for the elimination of ~~public facility~~ deficiencies in a single
public facility system and has shown that the activities will have a direct
impact on resolving the identified problems which affect health and safety or
are otherwise essential to the community.

3. An applicant shall receive 50 points if it has identified, described
and documented the public facilities deficiencies, has prepared a project plan
for each activity proposed and has shown that the proposed activities will
assist in alleviating the identified problem.

SECTION 16. DOD 6.06 (3)(b), 1., 2. and 3., and DOD 6.06 (3)(c), 1., 2. and
3. are amended to read:

DOD 6.06 (3)(b) (Title) Past Effort. Applicants shall receive 50,
35, 15 or zero points for ~~concentrated~~ past effort as follows:

1. An applicant shall receive 50 points if it has ~~proposed~~ described and
documented past activities that integrally relate to and support ~~other~~

~~activities that, in combination, will~~ each proposed activity and have that had a direct impact on alleviating ~~a substantial portion of~~ the identified community development need problems.

2. An applicant shall receive 35 points if it has ~~proposed~~ described past activities that relate to ~~other programs that will~~ the proposed activities and have ~~affected~~ affected the identified community development problems ~~and will alleviate at least a moderate portion of identified need~~.

3. An applicant shall receive 15 points if it has ~~proposed~~ described past activities that ~~support other activities which will assist in alleviating~~ community development problems which met its public facility needs in general.

(c) (Title) Present Efforts. Applicants shall receive 50, 35, 15 or zero points for ~~other~~ present efforts as follows:

1. An applicant shall receive 50 points if it has investigated alternative funding, has documented ~~previous~~ present efforts toward resolving the identified community facility deficiency, has received or made a commitment of substantial other funds ~~which contribute to resolving the~~ deficiency for the proposed activities and, if a service center, has identified committed funding for program operations.

2. An applicant shall receive 35 points if it has ~~made previous efforts~~ to resolve the deficiency investigated alternative funding and has made contributions of other funds to the ~~resolution of the deficiency~~ proposed activities or has documented present efforts toward resolving the identified community facility deficiency.

3. An applicant shall receive 15 points if it has ~~made previous efforts to resolve the deficiency~~ investigated other funding or has made contributions of other funds to the proposed activities or has documented present efforts toward resolving the identified community facility deficiency.

SECTION 17. DOD 6.07 is amended to read:

DOD 6.07 (Title) COMBINING OTHER FUNDS WITH WISCONSIN DEVELOPMENT FUNDS.

Applicants shall receive up to 50 points if they show with funds to be secured that the combination of those funds with ~~community development block grant~~ Wisconsin development funds will either expand results or will permit more aspects of need to be addressed by the applicant.

SECTION 18. DOD 6.07 (2) is amended to read:

DOD 6.07 (2) ALLOCATION OF POINTS. Points shall be allocated on the basis of the ratio of other funds to ~~community development block grant~~ Wisconsin development funds for each impact category. Those applications with a ratio of 2 1.0 or greater shall receive 50 points. ~~Those from 1.0 to 1.99 shall receive 40 points.~~ Those from .50 to .99 shall receive ~~30~~ 35 points. Those from .25 to .49 shall receive 20 points. Those from .10 to .24 shall receive 10 points. Those below .10 shall receive zero points. ~~An applicant that addresses more than one impact category shall receive a score that equals the average of the scores received for each impact category.~~

SECTION 19. DOD 6.11 (2) is amended to read:

DOD 6.11 (2) OVERALL COMPARISON. For the purpose of determining the overall ranking of applications, ~~all comprehensive-applications-shall-be compared-to-and-compete-against-each-other-and~~ all single-purpose applications shall be compared to and compete against each other.

SECTION 20. DOD 6.115 is repealed and recreated to read:

DOD 6.115 BENEFIT TO LOW- AND MODERATE-INCOME PERSONS. The percentage of the requested funds to be used for the direct benefit of low- and moderate-income people shall not be less than the percentage specified in the application manual prepared by the department.

SECTION 21. DOD 6.12 (1), (2) and (3) are repealed and DOD 6.12 is recreated to read:

DOD 6.12 DISTRIBUTION OF FUNDS. (1) MAXIMUM GRANT SIZE. The maximum amount available is \$750,000 to an applicant that successfully addresses one program impact category. The maximum amount available to an applicant that successfully addresses both program impact categories is \$1 million, with not more than \$750,000 for either impact category.

(2) REPORT TO THE LEGISLATURE. The department shall report annually to the chairs of the economic development standing committees of the Legislature on the status of the program.

SECTION 22. DOD 6.13 (1) is amended to read:

DOD 6.13 APPLICATION PROCESS. (1) MANUAL. ~~Annually, the~~ The department shall annually prepare a manual that contains the ~~small-city-block~~ Wisconsin development fund grant application procedures. The department may update the manual as needed. The manual shall be available to all eligible applicants not later than two months prior to the deadline for receipt of applications.

SECTION 23. DOD 6, Subchapter II (title) and DOD 6.14 and 6.15 are amended to read:

Subchapter II (title)
Economic Development Program

DOD 6.14 APPLICABILITY. Sections DOD 6.01, 6.02, 6.03 ~~(1) and (1q), (2), (2m), to (5), (7) to (10) (8), (14) and (16), 6.05, 6.11-(1), 6.115~~ and the provisions of this subchapter apply to the ~~continuous~~ continuous economic development competition program.

DOD 6.15 SCORING SYSTEM. The allocation of ~~small-city-community development-block-grant-funds~~ federal Wisconsin development fund monies distributed under the ~~continuous~~ continuous economic development competition program shall be based upon the rating of applications against ~~scoring-criteria~~ minimum requirements contained in ~~ss. s. 6.05, 6.16 and 6.19.~~

SECTION 24. DOD 6.16 is repealed and recreated to read:

DOD 6.16 MINIMUM REQUIREMENTS. All applicants shall meet each of the following minimum requirements:

(1) COMMUNITY DEVELOPMENT PLAN. An applicant must have a community development plan, as described in the housing and community development act of 1974, 42 USC 5306 (d)(2)(D).

(2) LOW- AND MODERATE-INCOME BENEFIT. The percentage of all jobs created and retained by a project that are available to low- and moderate-income people shall exceed the percentage specified in the application manual prepared by the department.

(3) PRIVATE FUNDS LEVERAGED. An applicant must leverage a minimum of one dollar of private funds for each dollar of Wisconsin development funds requested. An applicant shall leverage one dollar of private funds for each dollar of Wisconsin development funds requested for the working capital portion of a project.

(4) COST PER JOB CREATED OR RETAINED. The cost for each job that is created or retained shall not exceed \$20,000 in Wisconsin development funds.

(5) DEMONSTRATION OF NEED. To demonstrate need, an application shall show evidence that the project on behalf of which the grant is requested is not eligible for financing from any other source on reasonably equivalent terms and that it requires the proposed assistance to enable it to be competitive within the industry to which it belongs.

(6) FINANCIAL FEASIBILITY AND BUSINESS VIABILITY. Applicants shall demonstrate that the business that will receive funds is viable and has the economic ability to repay the funds.

(7) EQUITY INVESTMENT. The department may require a minimum equity investment for a project.

SECTION 25. DOD 6.17 is amended to read:

DOD 6.17 APPLICATION MANUAL. The department shall annually prepare an application manual which it may update quarterly as needed. The manual will contain the application procedures, requirements and standards, ~~the minimum number of points necessary for funding and the minimum impact score necessary~~ instructions for funding under the ~~continuous~~ economic development ~~competition~~ program.

SECTION 26. DOD 6.18 (1) is amended to read:

DOD 6.18 DISTRIBUTION OF FUNDS. (1) Out of each annual allotment of ~~small cities community development block grant funds made available to the state~~ federal Wisconsin development funds, the department may set aside between 23 percent and 53 percent for the ~~continuous~~ economic development ~~competition~~ program. The department shall announce the amount of the set aside not later than August 1, of ~~that~~ the preceding year ~~except for the first year to which this rule applies when the department shall announce the amount of the set aside not later than 10 days after the rule takes effect~~. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program.

SECTION 27. DOD 6.18 (2) is repealed.

SECTION 28. DOD 6.18 (3), (4), (5) and (6) are renumbered DOD 6.18 (2), (3), (4) and (5) and DOD 6.18 (2), (3), (4)(a) 3., 4., 5. and (4)(c), as renumbered, are amended to read:

DOD 6.18 (2). The maximum amount available to any ~~applicant~~ business under the ~~continuous~~ economic development ~~competition~~ program is \$750,000. The maximum amount available to any community is \$1.5 million per calendar year.

(3) Each applicant may retain a cumulative amount of program income from all grants awarded after January 1, 1987 subject to sub. ~~(6)~~ (4) and ~~(6)~~ (5) for the purpose of establishing an economic development revolving loan fund. The fund must comply with requirements established by the federal government and the department.

(4)(a) 3. \$250,000 for an applicant with a population of ~~more-than~~ 2,000 or more but less than 4,000.

4. \$500,000 for an applicant with a population of ~~more-than~~ 4,000 or more but less than 10,000.

5. \$750,000 for an applicant with a population of ~~more-than~~ 10,000 or more.

(4)(c) An applicant which will generate program income in excess of the amounts allowed in this section from grants awarded prior to January 1, 1987 is not eligible to retain program income from grants awarded after January 1, 1987, except as provided in (b).

SECTION 29. DOD 6.19 is repealed.

SECTION 30. DOD 6.20 to 6.24 are renumbered DOD 6.30 to 6.34.

SECTION 31. DOD 6.20, 6.21, 6.22, 6.23 and 6.24 are created to read:

DOD 6.20 SELECTION. (1) Applications will be reviewed on a continual basis. However, if the department has applications for funds in excess of the amount available, the department may determine which applications will receive priority based on distress indicators, percent of jobs created or retained for low- and moderate-income persons and cost per job.

(2) After 80 percent of the current federal fiscal year allocation for economic development projects has been expended, the department will give preference to those applications from communities that have the highest distress scores.

DOD 6.21 BUSINESS RELOCATION. Funds shall not be provided for projects that involve the relocation of a business or industry from one municipality to another municipality within the state, if the relocation results in the displacement of workers. This restriction may be waived by the secretary of the department if it is determined to be in the best interest of the state.

DOD 6.22 TYPE OF ASSISTANCE. The assistance provided to the business shall require the payment of principal and interest or the equivalent.

DOD 6.23 UNFAIR COMPETITION. Funds shall not be awarded for projects

that will provide a business with an unreasonable competitive advantage over other Wisconsin businesses in the same industry. Providing assistance at market rates or at rates that will enable the business to perform at industry averages shall not be considered as providing an unreasonable competitive advantage.

DOD 6.24 EMPLOYMENT COMMITMENTS. Employers shall document job creation and job retention with a list of jobs or positions that specifies job titles, the number of full-time equivalent positions to be filled or retained under each title, job skills and wages or salaries.

SECTION 32. DOD 8 is repealed.

SECTION 33. Subch. IV (title) and DOD 6.40 to 6.51 are created to read.

Subchapter IV (title)

Customized Labor Training Fund

DOD 6.40 PURPOSE. The purpose of this subchapter is to establish the procedure for the administration of labor training fund grants or loans by the department of development, as provided by s. 560.63, Stats.

DOD 6.41 DEFINITIONS. The definitions in this section apply only in this subchapter.

(1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.42 containing all elements required in s. DOD 6.46.

(2) "Board" means the development finance board as defined in s. 15.155 (1), Stats.

(3) "Business" means a company located in this state, a company which has made a firm commitment to locate a facility in this state or a group of companies at least 80 percent of which are located in this state.

(4) "Department" means the department of development.

(5) "Financial audit" means an audit performed in accordance with the standards adopted by the American institute of certified public accountants on the revenues and expenditures made in association with a grant or loan under this fund.

(6) "Financing is unavailable from any other source on reasonably equivalent terms" means any of the following:

(a) Financing has been declined for the major economic development project.

(b) The maturity, rate or the amount of available financing or requirements related to the financing, such as collateral, equity, closing costs, service charges and repayment schedules offered on such financing are materially different from the financing available from the Wisconsin development fund.

(7) "Fund" means the labor training fund.

(8) "Job" means a position providing full-time equivalent employment for one individual for one year, beginning after a project is completed. It does not include initial training before an employment position begins.

(9) "Occupational classification" means a type of job for which the department of industry, labor and human relations has certain descriptive specifications and maintains vacancy rate information on a substate regional basis which may be obtained from a local Wisconsin job service office.

(10) "Program report" means a report to the department describing progress made toward achieving goals specified under s. DOD 6.46.

(11) "Training" means to teach or to demonstrate skills necessary for successfully performing a task associated with a product, process or service of a business.

DOD 6.42 ELIGIBLE APPLICANTS. Any business that has made a firm commitment to locate in Wisconsin, a business that is expanding within Wisconsin, or a business that is upgrading a product, process or service that requires training in new technology and industrial skills for its employees may apply for a grant or loan under this subchapter.

DOD 6.43 ELIGIBLE PROVIDERS. Applicant businesses may provide the training funded under the program utilizing their own resources, another business, a consultant or contractor, a local vocational, technical and adult education school, or a public or private secondary or post-secondary school.

DOD 6.44 GRANT AND LOAN AMOUNTS AND RESTRICTIONS. (1) The amount of funding for a project and a determination as to whether the project will be funded as a grant or loan will be at the discretion of the board. Insofar as it is practical, the board will require repayment of the funds plus a reasonable return on the investment. The repayment provisions shall be determined on a case-by-case basis by the board.

(2) As provided by s. 560.63 (3), Stats., funds shall not be available for any of the following costs incurred by a vocational, technical and adult education district or by a public secondary or post-secondary institution:

(a) The cost, incurred before the beginning of the labor training program, of recruiting program instructors.

(b) The cost of developing a labor training program curriculum.

(c) The cost of recruiting, screening and counseling program trainees.

(d) The cost of a financial audit.

(e) The cost of renting instructional equipment and training facilities owned or leased by the district or institution, unless the equipment or facilities are rented only for the labor training program.

DOD 6.45 MATCH REQUIREMENTS. The applicant business shall provide a match for the grant or loan received. The match shall be in cash or in kind and shall not be less than 50 percent of the value of the training provided.

Up to 20 percent of the contribution of a participating business may consist of funds which the business receives under the federal job training partnership act, 29 USC 1501 to 1781.

DOD 6.46 APPLICATION CONTENT. Applications from eligible businesses shall be submitted to the department. Each application shall contain all of the following:

(1) A description of a training program which details the kind of specialized training to be provided, the number of trainees, the name and qualifications of the proposed provider, the equipment and the facilities needed, and the location and duration of the proposed training.

(2) An explanation of why Wisconsin development fund assistance is needed.

(3) A statement, including supporting documentation, that the applicant is financially sound.

(4) An itemized estimate of the proposed cost of the training and a description of the proposed cash or in kind match.

(5) A statement guaranteeing a job in the state of Wisconsin for those successfully completing the training program supported by the proposed grant or loan.

(6) An explanation of how the proposed training project addresses the standards established in s. DOD 6.47.

(7) A statement that the proposed training is not available to the applicant through the applicant's existing training programs and that the training will not supplant training provided by any other federal, state or local public or private program.

(8) A plan for conducting a financial audit of the grant and for submitting program reports to the department on the results of the training.

(9) A statement that job orders for new hires will be placed with the Wisconsin job service, and that, to the extent possible, new hires will be recruited through the job service.

(10) A statement regarding the repayment of the grant or loan including proposed terms.

(11) Documentation from a financial institution that financing is unavailable from any other source on reasonably equivalent terms.

(12) Employers shall document job creation and job retention with a list of jobs or positions that specifies job titles, the number of full-time equivalent positions to be filled or retained under each title, job skills and wages or salaries both before and after the proposed training.

(13) Other information as may be required by the board.

DOD 6.47 EVALUATION CRITERIA. (1) The board shall determine the following before funding a project:

(a) That the project serves a public purpose.

(b) That the project will retain or increase employment in this state.

(c) That the project is not likely to occur in this state without the grant or loan.

(d) That financing is unavailable from any other source on reasonably equivalent terms.

(e) That funds from the grant or loan under this subchapter will not be used to pay overhead costs or to replace funds from any other source.

(f) That the project will not displace any workers in this state.

(2) The board shall consider the following before funding a project:

(a) The extent to which the project will contribute to the economic growth of this state and the well-being of the residents of this state.

(b) Whether the project will be located in an area of high unemployment or low average income.

(c) The financial soundness of the business.

(d) The intention of the eligible recipient to repay the grant or loan.

(e) The ratio of state dollars requested to the number of jobs created or retained by the project.

(f) The ratio of the annual wages resulting from the project to the state dollars requested.

(g) The ratio of capital investment to the state dollars requested.

(h) The ratio of the state dollars requested to the private dollars committed to the project.

(i) The extent to which the business exports goods or services outside state borders.

(j) The likely economic benefits of the project compared with the public costs of the project.

(k) The extent to which the project is likely to contribute to the growth of existing Wisconsin businesses or is likely to spur the creation of new Wisconsin business.

DOD 6.48 CONTRACTS. Successful applicants shall be required to enter into a contract with the department for the purposes of implementing the proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the business, or by their authorized representatives. The department may void a contract and seek a return of any funds released under the contract for failure by the business to

perform its obligations under the contract. Amendments to these contracts may be adopted by the consent of both of the original signatories. However, no change may be authorized if the jobs for which the training is provided are to be moved out of state or the job classification or the skill levels are to be downgraded. Any relocation from Wisconsin to any other state of the jobs for which the training is provided or any change in the job classifications or skill level involved shall void the contract and all funds paid to date shall be refunded to the department for use in support of other applications to the fund. These restrictions apply only to jobs described in the training application provided in s. DOD 6.46 and apply only for a term subject to negotiation between the successful applicant and the department.

DOD 6.49 REPORTING AND AUDITING. Successful applicants will be required to provide the department periodic financial and program reports. A financial audit and final program report shall be submitted at the end of the contract. The cost of the audit may be covered by the grant or loan except as provided under s. DOD 6.44 (2)(d). The financial reports, audit and the program reports shall be submitted to the department as specified in the contract. The financial audit and the program reports become the property of the department and are open to public inspection.

DOD 6.50 ADMINISTRATION. The department shall be responsible for soliciting applications for the fund, reviewing applications, making recommendations to the board on the disposition of applications, authorizing payments and otherwise implementing contractual obligations entailed in grants or loans made under the terms of this subchapter, monitoring the provision of the training, receiving and reviewing the financial reports and program

reports submitted under s. DOD 6.49 and for collecting any repayments of grants and loans from successful applicants. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program.

DOD 6.51 BOARD OPERATIONS. The board shall consider the recommendation of the department relating to the criteria under s. DOD 6.47. A majority of the members of the board shall approve an application before the department can enter into a contract under the terms of the fund. The department shall maintain records of its proceedings and provide other staff support as may be necessary to the board.

SECTION 34. Subch. IV (title) and DOD 6.60 to 6.72 are created to read:

Subchapter V (title)
Technology Development Fund

DOD 6.60 PURPOSE. The purpose of this subchapter is to establish the procedure for the administration of technology development fund grants or loans by the department of development, as provided by s. 560.62, Stats.

DOD 6.61 DEFINITIONS. The definitions in this section apply only in this subchapter.

(1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.62 containing all elements required in s. DOD 6.65.

(2) "Board" means the development finance board as defined in s. 15.155 (1), Stats.

(3) "Business" means a company located in this state, a company which has made a firm commitment to locate a facility in this state or a group of companies at least 80 percent of which are located in this state.

(4) "Consortium" means an association of a business and a higher educational institution, which association is subject to an agreement complying with this subchapter.

(5) "Department" means the department of development.

(6) "Financial audit" means an audit performed in accordance with the standards adopted by the American institute of certified public accountants on the revenues and expenditures made in association with a grant or loan under this fund.

(7) "Financing is unavailable from any other source on reasonably equivalent terms" means any of the following:

(a) Financing has been declined for the major economic development project.

(b) The maturity, rate or the amount of available financing or requirements related to the financing, such as collateral, equity, closing costs, service charges and repayment schedules offered on such financing are

materially different from the financing available from the Wisconsin development fund.

(8) "Fund" means the technology development fund.

(9) "Higher educational institution" means any of the following:

(a) The university of Wisconsin system.

(b) An institution which is located in this state and offers a post-baccalaureate or professional degree program.

(10) "Program report" means a report to the department describing progress made toward achieving goals specified under s. DOD 6.65.

(11) "Royalty" means a share of future profits from, or an interest in, a product or process.

DOD 6.62 ELIGIBLE APPLICANTS. Any consortium with a proposed technical research project that is intended to result in the development of a new, or the improvement of, an existing industrial product or process may apply for a grant or loan under this subchapter.

DOD 6.63 GRANT AND LOAN AMOUNTS. Wisconsin development funds expended or encumbered under this subchapter in any fiscal year for grants and loans may not exceed 40 percent of the total budgets of all technical research projects awarded grants or loans under this section in that fiscal year. A

determination as to whether the project will be funded as a grant or loan will be at the discretion of the board. Insofar as it is practical, the board will require repayment of the funds plus a reasonable return on the investment. The repayment provisions shall be determined on a case-by-case basis by the board.

DOD 6.64 MATCH REQUIREMENTS. The consortium shall provide a match for the grant or loan received. The match shall be in cash or in kind and shall not be less than 25 percent of the value of the research project. The board may establish a higher match requirement.

DOD 6.65 APPLICATION CONTENT. Applications from eligible applicants shall be submitted to the department. Each application shall contain all of the following:

(1) The composition of the consortium including the location of the businesses and the higher educational institution and the extent of participation of each in the consortium.

(2) A written agreement specifying all of the following:

(a) The ownership of any patents or licenses which result from the technical research.

(b) Dissemination of information relating to the technical research.

(c) The responsibilities of persons conducting the technical assistance.

(3) A statement of explanation of the way in which the funded activity will advance the research aims of the higher educational institution involved.

(4) A timetable for completion of grant- or loan-supported activities.

(5) A description of the new product or process and of the research and development activities to be supported by the consortium and a budget for those activities.

(6) An estimate of the potential benefit to the economy of the state of Wisconsin in terms of new jobs, increased productivity, expansion into new markets inside or outside the state or the initiation of new enterprises within the state.

(7) A statement, including supporting documentation, that the involved businesses are financially sound and a statement that no part of the grant funds will be used for purposes other than research and development of the new product or process for which the grant or loan is to be awarded.

(8) An explanation of why Wisconsin development fund assistance is needed.

(9) A description of the proposed match to be provided by the business.

(10) A schedule for repayment of the total funds plus any royalty; more than one schedule for repayment may be included, varying with and in relation to the standards for the product or process success.

(11) A plan for conducting a financial audit of the grant or loan and for submitting program reports to the department on the results of the project.

(12) A pledge by the applicant business to maintain operations in the state after completion of activities supported by this grant.

(13) A summary of related research indicating the uniqueness of the proposed research and development activities.

(14) An explanation of how the proposed project addresses the standards under s. DOD 6.66.

(15) A plan for evaluating and reporting on the effectiveness of the activities supported by the grant as measured by the production or introduction of a new process or of a saleable new product into the market and for reporting progress in completing activities described in the timetable.

(16) Documentation from a financial institution that financing is unavailable from any other source on reasonably equivalent terms.

(17) Other information as may be required by the board.

DOD 6.66 EVALUATION CRITERIA. (1) The board shall give priority to proposals which have the potential for future federal or private sector support or for encouraging future federal or private sector support of related research.

(2) The board shall determine the following before funding a project:

(a) That the project will serve a public purpose.

(b) That the project will retain or increase employment in this state.

(c) That the project is not likely to occur in this state without the grant or loan.

(d) That financing is unavailable from any other source on reasonably equivalent terms.

(e) That funds from the grant or loan under this subchapter will not be used to pay overhead costs or to replace funds from any other source.

(f) That the project will not displace any workers in this state.

(3) The board shall consider the following before funding:

(a) The extent to which the project will contribute to the economic growth of this state and the well-being of the residents of this state.

(b) Whether the project will be located in an area of high unemployment or low average income.

(c) The financial soundness of the business.

(d) The intention of the eligible recipient to repay the grant or loan.

(e) The extent to which the business pledges to maintain operations in this state after completion of the technical research supported by grant funds.

(f) The technical soundness of the proposed research.

(g) The degree to which technological developments likely to come from the proposed research will be used in and be of benefit to the economy of this state.

(h) The contribution of the proposed research to the research aims of the higher educational institution.

(i) The time frame for repayment of the grant or loan funds and the amount of any additional royalties.

(j) The ratio of state dollars requested to the estimated number of jobs to be created or retained by the project, if successful.

(k) The ratio of the estimated annual wages resulting from the project, if successful, to the state dollars requested.

(l) The ratio of estimated future capital investment to the state dollars requested over a five-year period.

(m) The ratio of the state dollars requested to the private dollars committed to the project.

(n) The extent to which the business exports goods or services outside state borders and the extent to which the new product or process, if successful, will be exported outside state borders.

(o) The likely economic benefits of the project compared with the public cost of the project.

(p) The extent to which the project is likely to contribute to the growth of existing Wisconsin businesses or is likely to spur the creation of new Wisconsin businesses.

DOD 6.67 CONTRACTS. Successful applicants shall be required to enter into a contract with the department for the purpose of implementing the proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the eligible recipient, or by their authorized representatives. The department may void a contract and seek a return of any funds released under the contract for failure by the business to perform its obligations under the contract. Amendments to these contracts may be adopted by the consent of both of the original signatories.

DOD 6.68 REPORTING AND AUDITING. Successful applicants will be required to provide the department periodic financial and program reports. A financial audit and final program report shall be submitted at the end of the contract. The cost of the audit may be covered by the grant or loan. The financial

reports, audit and the program reports shall be submitted to the department by a date specified in the contract. The financial audit and the program reports become the property of the department and are open to public inspection.

DOD 6.69 ADMINISTRATION. The department shall be responsible for soliciting applications from eligible applicants, reviewing applications, making recommendations to the board on the disposition of applications, entering into contracts with successful applicants, authorizing payments and otherwise implementing contractual obligations entailed in grants or loans made under this subchapter, for receiving the financial reports and program reports submitted under s. DOD 6.68 and for collecting any repayments of grants and loans from successful applicants. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program.

DOD 6.70 BOARD OPERATIONS. The board shall consider the recommendation of the department relating to the criteria under s. DOD 6.66. A majority of the members of the board shall approve an application before the department can enter into a contract under the terms of the fund. The department shall maintain records of its proceedings and provide other staff support as may be necessary to the board.

SECTION 35. Subch. VI (title) and DOD 6.80 to 6.90 are created to read:

Subchapter VI (title)
Major Economic Development Fund

DOD 6.80 PURPOSE. The purpose of this subchapter is to establish a procedure for the administration of major economic development grants or loans by the department of development, as provided by ss. 560.62, 560.63 or 560.66, Stats., that are funded under 20.143 (1)(d).

DOD 6.81 DEFINITIONS. The definitions in this section apply only in this subchapter.

(1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.82 containing all elements required in s. DOD 6.84.

(2) "Board" means the development finance board as defined in s. 15.155 (1), Stats.

(3) "Business" means a company located in this state, a company which has made a firm commitment to locate a facility in this state or a group of companies at least 80 percent of which are located in this state.

(4) "Consortium" means an association of a business and a higher educational institution, which association is subject to an agreement complying with this subchapter.

(5) "Department" means the department of development.

(6) "Financial audit" means an audit performed in accordance with the standards adopted by the American institute of certified public accountants on the revenues and expenditures made in association with a grant or loan under this fund.

(7) "Financing is unavailable from any other source on reasonably equivalent terms" means any of the following:

(a) Financing has been declined for the major economic development project.

(b) The maturity, rate or the amount of available financing or requirements related to the financing, such as collateral, equity, closing costs, service charges and repayment schedules offered on such financing are materially different from the financing available from the Wisconsin development fund.

(8) "Governing body" means a county board, city council, village board, town board, regional planning commission or transit commission under ss. 59.967 or 66.943.

(9) "Higher educational institution" means any of the following:

(a) The university of Wisconsin system.

(b) An institution which is located in this state and offers a post-baccalaureate or professional degree program.

(10) "Job" means a position providing full-time equivalent employment for one individual for one year, beginning after a project is completed. It does not include initial training before an employment position begins.

(11) "Local infrastructure" means the real property, buildings and improvements owned, constructed, managed, or operated by a political subdivision.

(12) "Major economic development project" means a project to which any of the following applies:

(a) The program is necessary to retain a significant number of jobs in a political subdivision.

(b) The project is necessary to significantly increase the number of jobs in a political subdivision.

(c) The project will lead to significant capital investment in this state by a business.

(d) The project will make a significant contribution to the economy of this state.

(13) "Political subdivision" means a county, city, town or village.

(14) "Project" means a business development that increases the productivity of a business or its employees in this state, leads to significant capital investment in a business in this state, leads to the retention of existing jobs in this state or creates new jobs in this state.

DOD 6.82 ELIGIBLE APPLICANTS. Any business, consortium or governing body that is not eligible for a grant or loan under subchapters IV and V may apply

for a grant or loan under this subchapter.

DOD 6.83 MATCH REQUIREMENTS. Applicants shall provide a match for the grant or loan received. The match may be in cash or in kind and shall be a minimum of 25 percent of the project cost. The board may establish a higher match requirement. A determination as to whether the project will be funded as a grant or loan will be at the discretion of the board. Insofar as it is practical, the board will require repayment of the funds plus a reasonable return on the investment. The repayment provisions shall be determined on a case-by-case basis by the board.

DOD 6.84 APPLICATION CONTENT. Applications from eligible applicants shall be submitted to the department. Each application shall contain all of the following:

(1) The name, address and designated contact person of the eligible applicant.

(2) A description of the proposed project, including all of the following:

(a) The location and duration of the project.

(b) The number of jobs to be created or retained.

(c) The value of the capital investment which the eligible applicant will make in the project.

(d) The value of the expenditures required for local infrastructure relating to the project.

(e) The immediate and continuing effects of the project upon the political subdivisions within which it will be located.

(3) A statement, including supporting documentation, that the applicant is financially sound.

(4) An itemized estimate of the proposed cost of the project and a description of the proposed match.

(5) An explanation of how the proposed project addresses the standards established in s. DOD 6.85.

(6) An explanation of why Wisconsin development fund assistance is required.

(7) Statements that funding is not available at reasonably equivalent terms from any other source, that any state funds received under this subchapter will not replace funds from any other source, and that the project is not likely to take place without the grant or loan.

(8) A statement that the proposed project will not displace any workers in Wisconsin.

(9) A plan for conducting a financial audit of the grant or loan and for submitting program reports to the department on the results of the project.

(10) A statement that job orders for new hires will be placed with the Wisconsin job service, and that, to the extent possible, new hires will be recruited through the job service.

(11) A statement regarding the repayment of the grant or loan including proposed terms.

(12) Documentation from a financial institution that financing is unavailable from any other source on reasonably equivalent terms.

(13) Employers shall document job creation and job retention with a list of jobs or positions that specifies job titles, the number of full-time equivalent positions to be filled or retained under each title, job skills and wages or salaries.

(14) For applicants requesting \$1 million or more of funds, the following additional information shall be supplied.

(a) An explanation as to how this project fosters the short-term and long-term economic growth of this state.

(b) An explanation of each of the other alternatives the applicant has explored for financing the project.

(c) A discussion of possible risks associated with the project and a comparison of those risks with the benefits to the state for providing the assistance.

(d) A discussion of any residual benefits to the state if the specified project benefits are not attained.

(e) An explanation of any undesirable effects the project may have on the environment, land use policies, public and private utility services and adjacent residential, commercial or industrial areas.

(f) A detailed explanation of all the assumptions used in arriving at the information provided under DOD. 6.84.

(15) Other information as may be required by the board.

DOD 6.85 EVALUATION CRITERIA. (1) The board shall determine the following before funding a project:

(a) That the project serves a public purpose.

(b) That the project will retain or increase employment in this state.

(c) That the project is not likely to occur in this state without the grant or loan.

(d) That financing is unavailable from any other source on reasonably equivalent terms.

(e) That funds from the grant or loan under this subchapter will not be used to pay overhead costs or to replace funds from any other source.

(f) That the project will not displace any workers in this state.

(2) The board shall consider the following before funding a project:

(a) The extent to which the project will contribute to the economic growth of this state and the well-being of the residents of this state.

(b) Whether the project will be located in an area of high unemployment or low average income.

(c) The financial soundness of the applicant.

(d) The intention of the eligible recipient to repay the grant or loan.

(e) The ratio of state dollars requested to the number of jobs created or retained by the project.

(f) The ratio of the annual wages resulting from the project to the state dollars requested.

(g) The ratio of capital investment to the state dollars requested.

(h) The ratio of the state dollars requested to the private dollars committed to the project.

(i) The extent to which the business exports goods or services outside state borders.

(j) The unemployment and poverty rates of the political subdivision in which the project is located, if available.

(k) The likely economic benefits of the project compared with the public costs of the project.

(l) The extent to which the project is likely to contribute to the growth of existing Wisconsin businesses or is likely to spur the creation of new Wisconsin business.

(m) The value of the expenditures required for local infrastructure relating to the major economic development project.

(n) The immediate and continuing effects of the major economic development project upon the affected political subdivisions within which it will be located.

(3) In awarding grants and loans under this section, the board may consider the effects of the project upon jobs, school, transportation, and law enforcement services and facilities.

(4) On projects where the applicant is requesting \$1 million or more of funds, the board shall also consider the information provided under DOD 6.84 (14).

DOD 6.86 CONTRACTS. Successful applicants shall be required to enter into a contract with the department for the purposes of implementing the

proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the successful applicant, or by their authorized representatives. The department may void a contract and seek a return of any funds released under the contract for failure by the business to perform its obligations under the contract. Amendments to these contracts may be adopted by the consent of both of the original signatories. Any relocation from Wisconsin to any other state of the jobs created or retained through the project shall void the contract, and all funds paid to date shall be refunded to the department for use in support of other applications to the Wisconsin development fund. These restrictions apply only to jobs described in the project application provided in s. DOD 6.84, and apply only for a term subject to negotiation between the successful applicant and the department.

DOD 6.87 REPORTING AND AUDITING. Successful applicants will be required to provide the department periodic financial and program reports. A financial audit and final program report shall be submitted at the end of the contract. The cost of the audit may be covered by the grant or loan. The financial reports, audit and the program reports shall be submitted to the department by a date specified in the contract. The financial audit and the program reports become the property of the department and are open to public inspection.

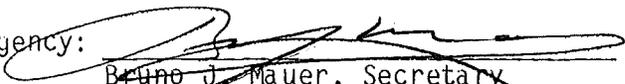
DOD 6.88 ADMINISTRATION. The department shall be responsible for soliciting applications, reviewing applications, making recommendations to the board on the disposition of applications, authorizing payments and otherwise implementing contractual obligations entailed in grants or loans made under the terms of this subchapter, monitoring project activities, receiving and reviewing the financial reports and program reports submitted under

s. DOD 6.87, and for collecting any repayments of grants and loans from successful applicants. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program.

DOD 6.89 BOARD OPERATIONS. The board shall consider the recommendations of the department relating to the criteria under s. DOD 6.85. A majority of the members of the board shall approve an application before the department can enter into a contract under s. DOD 6.86. The department shall maintain records of the board's proceedings and provide other staff support as may be necessary to the board.

The rules contained in this order shall take effect upon publication as provided in s. 227.22 (2)(intro.), Stats.

Dated: 12 FEB '88

Agency: 
Bruno J. Mauer, Secretary
Department of Development

LR:mdk

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Revisor of Statutes
Bureau

ORDER OF THE DEPARTMENT OF DEVELOPMENT

AMENDMENT AND CREATION OF RULES

UNDER DOD 6

WISCONSIN ADMINISTRATIVE CODE

Relating to rules for the Wisconsin Development Fund which includes federal community development block grant funds and state customized labor training, technology development and major economic development funds.

Analysis Prepared by the Department of Development

The Department proposes to change the title of the Small Cities Community Development Block Grant program to Wisconsin Development Fund, to amend the rules relating to the federally-funded portion of the Wisconsin Development Fund, to repeal and recreate the rules relating to customized labor training, and to create rules relating to technology development and major economic development projects.

1. Federal Funds Under the Wisconsin Development Fund

Housing and public facilities: Most of the changes in this subchapter are technical changes which clarify the rules. The changes include the following: (1) eliminates the comprehensive application which includes both housing and public facilities projects; (2) changes the target area definition to mean households rather than number of people and changes the limit of households in a target area to a maximum of 50 percent; (3) makes it clear that a community must commit other funds, in addition to federal funds, to the housing projects; (4) clarifies portions of the housing and public facilities scoring system.

Economic development program: Current rules relating to the economic development portion of the program provide a scoring system for rating applications for funds. The scoring system includes a range of points for the following areas: economic profile and needs, community economic development strategy, project strategy, project impact, private funds leveraged, public funds leveraged, cost per job created or retained, recruitment and job training, and distress indicators based on unemployment, poverty level, per capita income, housing assistance needs, full value per capita and net mill rate. The proposal eliminates the point system and establishes minimum standards for eligibility for the program. The minimum standards include the following provisions: submission of a community development plan, demonstration of need, provision of benefits to low- and moderate-income people, leveraging of private funds, proof of financial feasibility, and limitations on cost per job.

2. Customized Labor Training

The current rules for this program have been incorporated under the Wisconsin Development Fund. The rules specify the eligibility requirements, eligible providers and evaluation criteria. The scoring system for the Department's evaluation of applications has been eliminated.

3. Technology Development

There currently are no administrative rules for technology research and development grants. The rules specify the eligibility requirements, evaluation criteria, repayment requirements and department responsibilities for the program.

4. Major Economic Development

The 1987 budget authorized funding for major economic development projects. The rules specify the eligibility requirements, evaluation criteria and reporting requirements for eligible recipients.

Pursuant to the authority vested in the Department of Development by ss. 560.02 (4) and 560.685, Wis. Stats., the Department of Development amends and creates rules interpreting ss. 560.04 (2)(j), 560.61, 560.62, 560.63, and 560.66, Wis. Stats., as follows:

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