

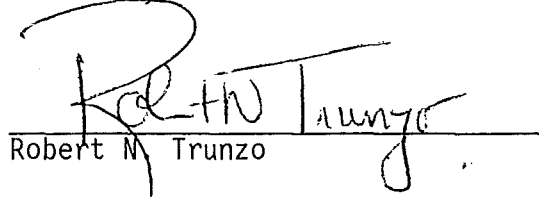
CERTIFICATE

STATE OF WISCONSIN )  
DEPARTMENT OF DEVELOPMENT ) SS

I, Robert N. Trunzo, 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 December 18, 1990.

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 the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand as Secretary at 123 West Washington Avenue in the City of Madison, this 18th day of December, 1990.

  
Robert N. Trunzo

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ORDER OF THE DEPARTMENT OF DEVELOPMENT  
AMENDING, REPEALING AND RECREATING CHAPTER DOD 6

The Wisconsin Department of Development adopts an order to amend DOD 6.82 and to repeal and recreate Subch. V of Ch. DOD 6 relating to the Wisconsin development fund program.

Analysis Prepared by the Department of Development

Section 560.64, Stats., creates the technology-based incubator grant and loan program and s. 560.665, Stats., creates the applied research in technology program. Section 560.685, Stats., provides the department with the authority to adopt rules to implement these programs.

The rules create two new programs which are being incorporated into the existing technology development rules. The technology development rules have not been changed in substance.

The technology-based incubator program provides grants of up to \$5,000 for a nonprofit business development organization to fund a feasibility study of the need for a technology-based incubator. This program also provides grants or loans of up to \$250,000 for the initial development and operation of a technology-based incubator.

The applied research in technology program provides grants to higher educational institutions for eligible researchers to support applied research projects. Grants of up to \$25,000 may be awarded for organization of a research team, for preparation of a plan for an applied research in technology project, for an assessment of the support of Wisconsin businesses for the research or for other activities determined to be appropriate by the Wisconsin development finance board. Grants of up to \$150,000 may be awarded to conduct the applied research, form an association with a higher educational institution or business to discover potential commercial applications of the applied research, defray costs associated with applying for other funds or for other activities determined to be appropriate by the Wisconsin development finance board.

The rules contain the eligibility requirements for the programs, the requirements for applications and the evaluation criteria the Wisconsin development finance board must use when considering applications under these programs.

Text of Rule

SECTION I. Subchapter V, Chapter DOD 6 is repealed and re-created to read:

Subchapter V – TECHNOLOGY DEVELOPMENT, TECHNOLOGY-BASED INCUBATOR AND APPLIED RESEARCH IN TECHNOLOGY FUND

DOD 6.60 PURPOSE	DOD 6.65 APPLICATION CONTENT
DOD 6.61 DEFINITIONS	DOD 6.66 EVALUATION CRITERIA
DOD 6.62 ELIGIBLE APPLICANTS	DOD 6.67 CONTRACTS
DOD 6.63 GRANT AND LOAN AMOUNTS	DOD 6.68 REPORTING AND AUDITING
DOD 6.64 MATCH REQUIREMENTS	DOD 6.69 ADMINISTRATION
	DOD 6.70 BOARD OPERATIONS

DOD 6.60 PURPOSE. The purpose of this subchapter is to establish the procedure for the administration of technology development grants or loans, technology-based incubator grants or loans and applied research in technology grants by the department of development, as provided by ss. 560.605, 560.62, 560.64 and 560.665, Stats.

DOD 6.61 DEFINITIONS. In this subchapter:

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

(2) "Applied research" has the meaning provided in s. 560.60 (1e), Stats.

(3) "Applied research in technology grant" means a grant made under this chapter as described in s. DOD 6.62 (3).

(4) "Biotechnology" has the meaning provided in s. 560.60 (1m), Stats.

(5) "Board" has the meaning provided in s. 560.60 (1), Stats.

(6) "Business" has the meaning provided in s. 560.60 (2), Stats.

(7) "Consortium" has the meaning provided in s. 560.60 (3), Stats.

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

(9) "Eligible researcher" has the meaning provided in s. 560.60 (4m), Stats.

(10) "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 subchapter.

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

(a) Financing has been declined for the 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.

(12) "Fund" means the technology development, technology based incubator and applied research in technology fund.

(13) "Higher educational institution" has the meaning provided in s. 560.60 (8), Stats.

(14) "Job" has the meaning provided in s. 560.60 (10), Stats.

(15) "Nonprofit business development organization" has the meaning provided in s. 560.60 (12), Stats.

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

(17) "Project" has the meaning provided in s. 560.60 (14), Stats.

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

(19) "Technically oriented business" has the meaning provided in s. 560.90, Stats.

(20) "Technology" includes biotechnology.

(21) "Technology-based incubator" has the meaning provided in s. 560.60 (18), Stats.

(22) "Technology-based incubator grant or loan" means a grant or loan made under this subchapter as described in s. DOD 6.63 (2).

(23) "Technology development grant or loan" means a grant or loan made under this subchapter as described in s. DOD 6.62 (1).

DOD 6.62 ELIGIBLE APPLICANTS. (1) 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 technology development grant or loan under this subchapter.

(2) Any nonprofit business development organization may apply for a technology-based incubator grant or loan under this subchapter.

(3) Any higher educational institution with a proposed applied research in technology project may apply for an applied research in technology grant under this subchapter.

DOD 6.63 GRANT AND LOAN AMOUNTS. (1) Wisconsin development funds expended or encumbered under this subchapter in any fiscal year for technology development grants and loans may not exceed 40 percent of the total budgets of all technical research projects awarded grants or loans under this subsection 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.

(2) The board may award a technology-based incubator grant of up to \$5,000 for a feasibility study of the need for and initial designs of a technology-based incubator in a particular region of the state. The board may make technology-based incubator awards of up to \$250,000 to fund the initial development and operation of a proposed technology-based incubator. The board shall determine the relevant terms of awards for the operation of technology based incubators in accordance with pars. (a) and (b).

(a) Terms shall be designed to make the operation of the proposed technology based incubator viable.

(b) Terms shall be designed, to the extent feasible, to produce repayment plus a reasonable return on the investment.

(3) The board may make one applied research in technology grant under s. 560.665 (2), Stats., of up to \$25,000 in connection with any applied research in technology proposal. The board may make one applied research in technology grant under s. 560.665 (3), Stats., of up to \$150,000 in connection with any applied research proposal.

DOD 6.64 MATCH REQUIREMENTS. (1) The consortium shall provide a match for the technology development grant or loan received. The match shall not be less than 25 percent of the value of the research project. The board may establish a higher match requirement.

(2) The nonprofit business development organization shall provide a match for the technology-based incubator grant or loan received. The match shall not be less than 50 percent of the cost of the project. The board may require a higher match to the extent that the financial documentation in the application indicates the ability on the part of the nonprofit business development organization to finance a greater share of the project.

DOD 6.65 APPLICATION CONTENT. Applications from eligible applicants shall be submitted to the department. (1) Each technology development application shall contain all of the following:

(a) 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.

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

1. The ownership of any patents or licenses which result from the technical research.

2. Dissemination of information relating to the technical research.
3. The responsibilities of persons conducting the technical assistance.

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

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

(e) 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.

(f) 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.

(g) 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.

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

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

(j) A schedule for repayment of the funds.

(k) 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.

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

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

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

(o) A plan for evaluating and reporting on the effectiveness of the activities supported by the award 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.

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

(q) Other information the board may require to make a determination under this subchapter and s. 560.62, Stats.

(2) Each technology-based incubator application shall contain an explanation of how the proposed project addresses the standards and considerations under s. 560.605 (1) and (2), Stats.

(a) If the application is to fund a feasibility study, the application shall also contain the following:

1. Each of the items listed under sub. (1) (d), (h), (i), and (k).
2. A general analysis outlining the need for a feasibility study.
3. A written commitment from a person with recognized expertise and experience necessary to conduct the feasibility study.
4. The resume of the person who will be conducting the feasibility study.
5. A statement, including supporting documentation, that the eligible applicant is financially sound and a statement that no part of the grant funds will be used for overhead costs or to replace other sources of funds.
6. Other information the board may require to make a determination under this subchapter and s. 560.64 Stats.

(b) If the application is to fund the initial development and operation of a proposed technology-based incubator, the application shall also contain the following:

1. Each of the items listed under s. 560.64 (2) (a) to (g), Stats.
2. Each of the items listed under sub. (1) (d), (f), (h) to (l), and (p).
3. A description of the location of the proposed incubator.
4. Evidence of financial support for continued operation of the incubator.
5. A feasibility study, business plan and financial projections for the incubator.
6. A description of the managing organization's access to technical expertise to support the businesses in the incubator, including the support and involvement of one or more higher educational institutions.
7. A list of the businesses by type or by specific name that are expected to become tenants of the incubator.
8. A written policy by the applicant which provides for the movement of maturing businesses out of the incubator to independent operation within a reasonable period of time.
9. Evidence that the funds will not be used to replace other sources of funds.

10. A copy of the applicant's eligibility requirements and acceptance policies for businesses moving into the incubator.

11. Other information the board may require to make a determination under this subchapter and s. 560.64, Stats.

(3) Each applied research in technology application shall contain all of the following:

(a) An explanation of how the proposed project addresses the standards under s. 560.605 (3) (a) to (j), Stats.

(b) Each of the items listed under sub. (1) (d), (k), (m) and (o).

(c) A detailed statement of the problem which the proposed applied research proposal will address.

(d) A statement of the specific objectives to be attained by the proposed project and a description of how these objectives relate to the state's economic development interests.

(e) A review of the literature pertinent to the proposed research, including an assessment of previous research efforts.

(f) An explanation of why the research is not eligible for a technology development grant or loan.

(g) Resumes of everyone who will be involved in the research.

(h) An explanation of the potential commercial applications of the research and the beneficial effects upon Wisconsin businesses.

(i) Other information the board may require to make a determination under this subchapter and s. 560.665, Stats.

#### DOD 6.66 EVALUATION CRITERIA.

(1) The board shall determine that the project meets the requirements of s. 560.605 (1) (a) to (h), Stats., before funding a technology development project.

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

(a) Each of the items contained in s. 560.605 (2) (a) to (e), Stats.

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

(c) The technical soundness of the proposed research.

(d) 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.



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

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

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

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

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

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

(k) 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.

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

(m) 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.

(3) The board shall determine whether the project meets the requirements of s. 560.605 (1) (a) to (f) and (h), Stats. before funding a technology-based incubator project.

(4) The board shall consider the following before funding a technology-based incubator project:

(a) Each of the items in sub. (3) (a), (f) to (j), (l) and (m).

(b) If the project is the initial development and operation of a proposed technology-based incubator, the board shall also consider the following:

1. Each of the items in s. 560.64 (2) (a) to (g), Stats.

2. The extent to which the applicant pledges to maintain the incubator operations in Wisconsin after completion of the project supported by the Wisconsin development fund.

3. The extent to which the businesses supported by the incubator anticipate to export goods or services outside state borders.

(5) The board shall determine the following before funding an applied research in technology project:

(a) Each of the items in s. 560.605 (3), Stats.

(b) That the project is not eligible for funding as a technology development project.

(6) The board shall consider the following before funding an applied research in technology project:

(a) Whether the applied research project will include personnel with the necessary skills.

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

(c) 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.

(d) Other financial support being contributed for the research project.

DOD 6.67 CONTRACTS. Successful applicants shall 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 grant or loan recipient to perform its obligations under the contract. Amendments to the contract may be adopted by the consent of both of the original signatories.

DOD 6.68 REPORTING AND AUDITING. Successful applicants shall 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 audit and the program reports become the property of the department and are open to public inspection.

DOD 6.69 ADMINISTRATION. The department is 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 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 2. DOD 6.82 is amended to read:

DOD 6.82 ELIGIBLE APPLICANTS. Any business, consortium, nonprofit business development organization as defined in s. 560.60 (12), Stats. 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.

NOTE: Written instructions for technology development, technology-based incubator and applied research in technology grant and loan applications may be obtained at no charge from the Department of Development, Bureau of Development Finance, P. O. Box 7970, Madison, Wisconsin 53707.

EFFECTIVE DATE: This rule shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22 (2) (intro.), Stats.

Dated 12/18/90

Agency Robert N. Trunzo, Secretary

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