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CERTIFICATE

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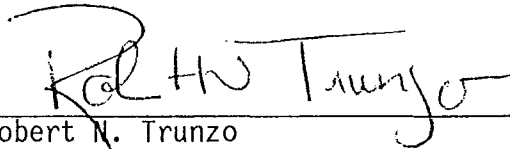
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Revisor of Statutes
Bureau

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 Community-Based Economic Development Program were duly approved and adopted by this Department on September 28, 1991.

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 here-
unto set my hand as Secretary at
123 West Washington Avenue in the
City of Madison, this 28th day of
September, 1991.


Robert N. Trunzo

18-007

12-1-91

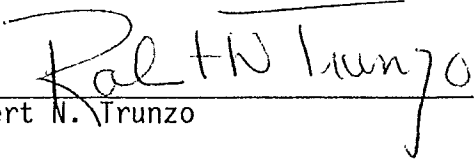
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Robert N. Trunzo

ORDER OF THE DEPARTMENT OF DEVELOPMENT
AMENDING CHAPTER DOD 15
WISCONSIN ADMINISTRATIVE CODE

The Department of Development adopts an order amending DOD Chapter 15 of the Wisconsin Administrative Code relating to the community based economic development program

Analysis Prepared by the Department of Development

Section 560.14, Stats., creates a community based economic development program and s. 560.14(5) authorizes the department to adopt rules required to administer that program.

The proposed order makes the following changes to Ch. DOD 15 and the program:

1. The amount required to be set aside for each of the two grant categories (business promotion and assistance and incubator grants) is 25% of each annual appropriation and the department is given the discretion to determine the distribution of the remaining 50% after it has examined the grant applications.
2. The uses to which business promotion and assistance grant funds can be put are more specifically identified.
3. An alternative to the 50 percent cash match requirement that is required for business incubator projects in an "extreme financial hardship area" is specified to be a 30 percent cash match or a 50 percent in-kind match.
4. Certain business incubator grant funds are required to be refunded to the department if the applicant does not maintain the business incubator for a minimum of 5 years following receipt of the grant.
5. The portion of any grant that may be used for grant administration by the applicant is limited to no more than 7 percent of the substantive portion of the grant.
6. The department is required to publish annually in the manual that contains the application procedures that portion of the appropriation that will be for business assistance and promotion and that portion that will be for business incubator grants.

Text of Rule:

SECTION 1. DOD 15.02(1) to (10) are renumbered respectively, (2) , (3) and (6) to (13).

SECTION 2. DOD 15.02(1), (4), and (5) are created to read:

DOD 15.02(1) "Acquisition" means the execution of a mortgage or lease through which the applicant acquires the rights to the property that will be used as a business incubator.

(4) "Cash match" means a cash contribution to an applicant's project.

(5) "Ceases operations" means the removal of all tenants from the business incubator , the cessation of shared services or managerial assistance by the business incubator and , the conversion of the business incubator to some other use by the applicant or the organization that operates the business incubator.

SECTION 3. DOD 15.02(9) as renumbered, is amended to read:

DOD 15.02(9) "Extreme financial hardship area" means an area to which ~~s. 560.14(1)(d) 1., 2., 3. and 6., Stats., apply any 4 of s. 560.14(1)(d) 1. to 6., Stats., apply, or an area which has experienced an average unemployment rate of 20% or more over the last 3 years preceding the date of application, and to which any 3 of s. 560.14(1)(d) 1. to 6., Stats., apply.~~

SECTION 4. DOD 15.03 (4) (intro.) (5) and (6) are repealed and recreated to read:

DOD 15.03(4) (intro.) The department may make a grant under this section after examining the application and any other information it deems relevant , if based upon the criteria contained in pars. (a) to (j) , the application submitted by the community-based organization compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which , in its judgement , effectively address the criteria in pars. (a) to (j) even if the department's determination results in the expenditure of less than the total funding assigned under s. DOD 15.05 for grants under this section.

(5) Grants to provide assistance to a specific small business planning a start-up or expansion project in the service area of the community-based organization may be for one or more of the following direct management services:

(a) Production of a feasibility study.

(b) Production of a financial plan, a financial projection, or both.

(c) Production of a business plan.

(d) Assistance with the preparation of loan applications.

(e) Assistance with the review of in-house operating procedures.

(f) Entrepreneurship and management training.

(6) Grants to promote small business development in the service area of the community-based organization may be for one or more of the following:

(a) Production of an economic profile.

(b) Production of a brochure which contains information on location advantages, available commercial and industrial sites or sources of grants, loans and other public and private financing.

(c) Production of a targeted industry study.

(d) Entrepreneurship training for the purpose of developing local expertise.

SECTION 5. DOD 15.03(7) is created to read:

DOD 15.03(7) The department shall specify an amount, not to exceed 7% of the non-administrative cost of the project, that may be used by a grant recipient to administer a grant made under this section.

SECTION 6. DOD 15.04(2) is amended to read:

DOD 15.04(2) A grant made under this section may not exceed 50 percent of the total cost. That portion of a grant made under this section for operating costs may not exceed 50 percent of the operating cost of the project for which the grant is made. The grant recipient shall provide at least a 50 percent cash match from its own resources or some other source unless the department determines that the area where in which the incubator is located or is proposed to be located is in an extreme financial hardship area in which case the department may consider a 30 percent cash match or a 50 percent in kind contribution for all or part of the as sufficient match requirement.

SECTION 7. DOD 15.04(6) (intro.) is repealed and recreated to read:

DOD 15.04(6) The department may make a grant under this section after examining the application and any other information it deems relevant if , based upon the criteria contained in pars (a) to (k) , the application submitted by the community-based organization or municipality compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which , in its judgement , effectively address the criteria in pars. (a) to (k) even if the department's determination results in the expenditure of less than the total funding assigned under s.DOD 15.05 for grants under this section.

SECTION 8. DOD 15.04(8) and (9) are created to read:

DOD 15.04(8) (a) The department may make a grant under sub. (1) (b) or (c) only if the applicant agrees to operate the business incubator for at least 5 years following receipt of the grant. Should the business incubator cease operations during the 5 year period, the department may require repayment as follows:

1. If the business incubator ceases operations during the first year, than the department may require repayment of up to 100 percent of grant funds received.
2. If the business incubator ceases operations during the second year, than the department may require repayment of up to 80 percent of grant funds received.
3. If the business incubator ceases operations during the third year, than the department may require repayment of up to 60 percent of grant funds received.
4. If the business incubator ceases operations during the forth year, than the department may require repayment of up to 40 percent of grant funds received.
5. If the business incubator ceases operations during the fifth year, than the department may require repayment of up to 20 percent of the grant funds received.

(b) If the business incubator is sold during the 5 years following receipt of a grant under sub. (1) (b) or (c), the applicant shall pay to the department the lesser of that part of the sale price which exceeds the original acquisition cost or the grant amount.

(9) The department shall specify an amount, not to exceed 7% of the non-administrative cost of the project, that may be used by a grant recipient to administer a grant made under this section.

SECTION 9. DOD 15.05(1) is repealed and recreated to read:

DOD 15.05(1) Out of each annual appropriation under s. 20.143(1)(fg), Stats., the department shall set aside no less than 25% for grants made under s. DOD 15.03 and no less than 25% for grants made under s. DOD 15.04. Following the receipt and examination of applications, the Department shall determine that part of the remainder of the appropriation that shall be used for grants under s. DOD 15.03 and that part that shall be used for grants under s. DOD 15.04.

SECTION. 10. DOD15.08 is amended to read:

DOD 15.08 Each successful applicant shall provide the department periodic financial and program reports. A financial audit shall be submitted at the end of each contract that is for an amount greater than \$30,000. The cost of the audit may be covered by the grant. 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.

EFFECTIVE DATE. The regulations set forth in this order shall be effective on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2)(intro.), Stats.

Dated: 9/28/91

Agency: Robert N. Trunzo
Robert N. Trunzo, Secretary