

1989 Assembly Bill 798

Date of enactment: April 27, 1990  
Date of publication: May 10, 1990

**1989 Wisconsin Act 342**  
(Vetoed in Part)

AN ACT *to create* 20.143 (1) (em), 234.965 and 560.18 of the statutes, *relating to* providing technical assistance, grants for technical assistance and grants for business investment to assist with the start-up or expansion of businesses and making appropriations.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

**20.143 Development,  
department of**

(1) ECONOMIC AND  
COMMUNITY DEVELOPMENT

(em) Business development  
initiative

1989-90

1990-91

GPR A

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150,000

SECTION 2. 20.143 (1) (em) of the statutes is created to read:

20.143 (1) (em) *Business development initiative*. The amounts in the schedule for grants under s. 560.18.

SECTION 3. 234.965 of the statutes is created to read:

**234.965 Grants for equity investments.** (1) In this section:

(a) "Equity investment" has the meaning given in s. 560.18 (1) (b).

(b) "For-profit business" has the meaning given in s. 560.18 (1) (c).

(2) From the grants received under s. 560.18 (3), the community development finance company may make equity investments in a for-profit business if the requirements of s. 560.18 (3) (b) 1 to 3 are satisfied and the community development finance company determines that all of the following conditions are satisfied:

(a) The plans to establish or expand the for-profit business conform to all applicable environmental, zoning, building, planning or sanitation laws.

(b) There is a reasonable expectation that the for-profit business will be successful.

(c) The equity investment is necessary for the successful completion of the start-up or expansion of the for-profit business because funding is unavailable in the traditional capital markets, or because credit has been offered on terms that would preclude the success of the for-profit business.

(d) Provision has been made by contract for adequate reporting of financial data by the for-profit business to the community development finance company. Those provisions may include a requirement for an annual or other periodic audit of the financial records of the for-profit business.

(e) The community development finance company will not own more than 49% of the voting stock in any enterprise as a result of the purchase.

(f) The proceeds of the purchase will be used solely in connection with the start-up or expansion of the for-profit business.

SECTION 4. 560.18 of the statutes is created to read:

**560.18 Business development initiative.** (1) DEFINITIONS. In this section:

(a) "Community development finance company" has the meaning given in s. 234.94 (3).

(b) "Equity investment" means the purchase of common or preferred capital stock or the purchase of

an option or other right to acquire common or preferred capital stock.

(c) "For-profit business" means any organization or enterprise operated on a for-profit or cooperative basis, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, cooperative or association.

(cm) "Minority group member" has the meaning given in s. 560.036 (1) (f).

(d) "Nonprofit organization" means a nonprofit corporation, as defined in s. 181.02 (8), and any organization described in section 501 (c) (3) of the internal revenue code that is exempt from federal income tax under section 501 (a) of the internal revenue code.

(e) "Person with severe disabilities" means an individual who is eligible for one or more programs or services under ch. 47 because he or she is a severely handicapped person, as defined in s. 47.01 (4).

(f) "Small business" means a for-profit business having fewer than 25 full-time employees.

(g) "Technical assistance" includes all of the following:

1. Preparation of preliminary feasibility studies, feasibility studies or business and financial plans.

2. Providing a financial package.

3. Engineering studies, appraisals or marketing assistance.

4. Related legal, accounting or managerial services.

(1m) EMPLOYMENT OPPORTUNITIES. The department shall develop a program consisting of technical assistance and grants described in subs. (2) and (3) for the purpose of assisting the expansion and creation of for-profit businesses that are expected to provide employment opportunities for persons with severe disabilities.

(2) TECHNICAL ASSISTANCE; GRANTS AND SERVICES.

(a) The department may provide technical assistance to an individual, small business or nonprofit organization. In addition to or in lieu of the technical assistance provided by the department, the department may make a grant to an individual, small business or nonprofit organization from the appropriation under s. 20.143 (1) (em) to partially fund technical assistance provided to the individual, small business or nonprofit organization. Technical assistance or a grant for technical assistance provided under this paragraph shall be for the purpose of developing and planning, at the preliminary stages, the start-up or expansion of a for-profit business that is or will be located in this state.

(b) In deciding whether to provide technical assistance or make a grant under par. (a), or both, the department shall consider all of the following:

1. The likelihood that the for-profit business will actually be profitable.

**Vetoed in Part** 2. The extent to which the expansion or creation of the for-profit business will increase employment among minority group members in this state.

3. The extent to which the expansion or creation of the for-profit business is expected to create employment opportunities for persons with severe disabilities, particularly persons with severe disabilities who are minority group members.

4. The type of technical assistance needed.

(c) The amount of each grant awarded under par. (a) may not exceed \$15,000. As a condition of receiving a grant, the individual, small business or nonprofit organization shall provide matching funds in an amount equal to at least 25% of the amount of the grant. The department may allow the individual, small business or nonprofit organization to satisfy the matching fund requirement by contributing, or having another person contribute on its behalf, services toward the technical assistance that have a value, as determined by the department, equal to at least 25% of the amount of the grant.

(d) The department shall do all of the following:

1. Develop an application form to be used by individuals, small businesses and nonprofit organizations seeking technical assistance and grants under par. (a) and furnish the application upon request.

2. Award grants under par. (a) on a competitive basis after evaluating applications received by the department for technical assistance and grants under par. (a).

**Vetoed in Part** (3) EQUITY INVESTMENTS. (a) The department may make grants to the community development finance company from the appropriation under s. 20.143 (1) (em) for use by the community development finance company in making equity investments in for-profit businesses as provided in pars. (b) and (d). The department shall allocate at least one-third of the amount appropriated under s. 20.143 (1) (em) for purposes of making grants under this paragraph.

(b) A grant received by the community development finance company under par. (a) may only be used to make equity investments in a for-profit business if all of the following are satisfied:

1. Developing and planning the start-up or expansion of the for-profit business was the subject of technical assistance or a grant for technical assistance provided under sub. (2) (a).

2. The for-profit business is or will be at least 51% owned by a handicapped person, as defined in s. 47.01 (3), or by a nonprofit organization that provides services to handicapped persons, as defined in s. 47.01 (3).

3. After considering the factors under par. (c), the department recommends the for-profit business to the community development finance company as a prospect for equity investment.

4. The community development finance company approves making equity investments in the for-profit business under s. 234.965.

(c) In deciding whether to recommend a for-profit business to the community development finance company under par. (b) 3, the department shall consider all of the following:

1. The likelihood that the for-profit business will actually be profitable.

**Vetoed in Part** 2. The extent to which the expansion or creation of the for-profit business will increase employment among minority group members in this state.

3. The extent to which the expansion or creation of the for-profit business is expected to create employment opportunities for persons with severe disabilities, particularly persons with severe disabilities who are minority group members.

4. The need for financial assistance.

(d) The community development finance company may not make an equity investment of more than \$25,000 in any single for-profit business.

**SECTION 5. Appropriation changes.** The dollar amounts in the schedule under section 20.005 (3) of the statutes for the appropriation to the department of development under section 20.143 (1) (a) of the statutes, as affected by the acts of 1989, are increased by \$148,700 for fiscal year 1990-91 to increase the authorized FTE positions for the department by 3.0 GPR positions to perform services related to the program created under section 560.18 of the statutes, as created by this act, and for other costs associated with the administration of that program.

**SECTION 6. Effective date.** This act takes effect on July 1, 1990, or the day after publication, whichever is later.