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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Joint

(Assembly, Senate or Joint)

Committee for Review of Administrative Rules ...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (June 2012)

August 30, 2010

Robert Marchant
Senate Chief Clerk
B20 Southeast, State Capitol
P.O. Box 7882
Madison, Wisconsin 53707-7882

Patrick Fuller
Assembly Chief Clerk
Room 401
17 West Main Street
Madison, Wisconsin 53703

Dear Chief Clerks:

NOTICE OF ADMINISTRATIVE RULES IN FINAL DRAFT FORM

CLEARINGHOUSE RULE NO.: 10-080

RULE NO.: Chapter Comm 126

RELATING TO: The Wisconsin Venture Fund

Section 227.19, Stats., requires agencies to submit proposed rules in final draft form to the chief clerk of each house for referral to the appropriate legislative standing committees.

The following information, as required by law, is being submitted to you.

1. Rules in final draft form (in triplicate).
2. Report consisting of:
 - a) Rule Report.
 - b) Public Hearing Attendance Record.
 - c) Public Hearing Comment and Agency Response Form.
 - d) Legislative Council Rules Clearinghouse Report.
 - e) Response to Legislative Council Rules Clearinghouse Report.
 - f) Fiscal Estimate.
 - g) Final Regulatory Flexibility Analysis.

If you have any questions regarding this matter, please do not hesitate to contact us.

Respectfully submitted,


Aaron Oliver
Secretary

RULE REPORT

Department of Commerce

Clearinghouse Rule No.: 10-080

Rule No.: Chapter Comm 126

Relating to: The Wisconsin Venture Fund

Contact person for substantive questions:

Contact person for internal processing:

Name Sam Rockweiler

Name (same)

Title Code Development Consultant

Title _____

Telephone Number 266-0797

Telephone Number _____

1. Basis and purpose of the proposed rule.

These rules are needed for administering the annual Wisconsin Angel Network grant under section 560.255 of the Statutes, and the capital connections grants and venture seed fund grants under section 560.277 of the Statutes.

2. How the proposed rule advances relevant statutory goals or purposes.

The proposed rules are consistent with all of the related goals and purposes of sections 560.255 and 560.277 of the Statutes.

3. Changes to the rule analysis or fiscal estimate that was prepared for public hearing.

No substantive changes were made to the rule analysis or fiscal estimate.

FISCAL ESTIMATE
DOA-2048 (R06/99)

ORIGINAL
 CORRECTED

UPDATED
 SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
Chapter Comm 126
Amendment No. if Applicable

Subject

The Wisconsin Venture Fund

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

- Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No
- Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive Mandatory

- 3. Increase Revenues
 - Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
- Counties Others _____
- School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

Although the rules will newly result in review of documentation relating to applications and reports for grants under this chapter, the time needed for these reviews is expected to be spent by current employees. Therefore, the proposed rules are not expected to have any significant fiscal effect on the Department.

The proposed rules are not expected to impose any significant costs on the private sector because the rules address submittal of documentation, and other activities, only by entities that choose to pursue obtaining grants under this chapter.

Long-Range Fiscal Implications
None known.

Agency/Prepared by: (Name & Phone No.)
Commerce/Jim O'Keefe 264-7837

Authorized Signature/Telephone No.

James O'Keefe 264-7837

Date

6/29/10

FISCAL ESTIMATE WORKSHEET
 Detailed Estimate of Annual Fiscal Effect
 DOA-2047(R06/99)

ORIGINAL
 CORRECTED

UPDATED
 SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
 Chapter Comm 126

Amendment No.

Subject

The Wisconsin Venture Fund

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 None known.

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs By Category		
State Operations - Salaries and Fringes	\$0	-\$0
(FTE Position Changes)	(0.00 FTE)	(- 0.00 FTE)
State Operations - Other Costs	\$0	-\$0
Local Assistance	\$0	-\$0
Aids to Individuals or Organizations	\$0	-\$0
TOTAL State Costs By Category	\$0	-\$0
B. State Costs By Source of Funds	Increased Costs	Decreased Costs
GPR	\$0	-\$0
FED	\$0	-\$0
PRO/PRS	\$0	-\$0
SEG/SEG-S	\$0	-\$0
III. State Revenues- Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$0	-\$0
GPR Earned	\$0	-\$0
FED	\$0	-\$0
PRO/PRS	\$0	-\$0
SEG/SEG-S	\$0	-\$0
TOTAL State Revenues	\$0	-\$0

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Agency/Prepared by: (Name & Phone No.)

Commerce/ Jim O'Keefe 264-7837

Authorized Signature/Telephone No.

James O'Keefe 264-7837

Date

6/29/10

**DEPARTMENT OF COMMERCE
SUMMARY OF PUBLIC HEARING COMMENTS AND AGENCY RESPONSE**

Clearinghouse Rule Number: 10-080		Hearing Location: Madison	
Rule Number: Chapter Comm 126		Hearing Date: August 10, 2010	
Relating to: The Wisconsin Venture Fund			
Comments: Oral or Exhibit No.	Presenter, Group Represented, City and State	Comments/Recommendations	Agency Response
No comments were received.			

File Reference: Comm 126/Hearing Summary

FINAL REGULATORY FLEXIBILITY ANALYSIS

Department of Commerce

CLEARINGHOUSE RULE NO.: 10-080

RULE NO.: Chapter Comm 126

RELATING TO: The Wisconsin Venture Fund

Final regulatory flexibility analysis not required. (Statement of determination required.)

1. Reason for including or failing to include the following methods for reducing impact of the rule on small businesses: Less stringent compliance or reporting requirements; less stringent schedules or deadlines for compliance or reporting requirements; simplification of compliance or reporting requirements; establishment of performance standards to replace design or operational standards; exemption from any or all requirements.

Less stringent requirements are not proposed for small businesses because the directives under which these rules are proposed, in sections 560.255 and 560.277 of the Statutes, do not provide such flexibility.

2. Issues raised by small businesses during hearings, changes in proposed rules as a result of comments by small businesses and reasons for rejecting any alternatives suggested by small businesses.

No issues were raised.

3. Nature and estimated cost of preparation of any reports by small businesses.

No substantive reporting would be imposed on small businesses.

4. Nature and estimated cost of other measures and investments required of small businesses.

The rules are not expected to impose significant costs on small businesses for other measures because the rules address submittal of documentation, and other activities, only by the Wisconsin Angel Network and by applicants that choose to pursue capital connections grants and venture seed fund grants.

5. Additional cost to agency of administering or enforcing a rule which includes any of the methods in 1. for reducing impact on small businesses.

None of the methods listed in 1. for reducing small-business impacts are included in the proposed rules.

6. Impact on public health, safety and welfare caused by including any of the methods in 1. for reducing impact on small businesses.

None of the methods listed in 1. for reducing small-business impacts are included in the proposed rules.



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

Ronald Sklansky
Clearinghouse Director

Terry C. Anderson
Legislative Council Director

Richard Sweet
Clearinghouse Assistant Director

Laura D. Rose
Legislative Council Deputy Director

CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 10-080

AN ORDER to create chapter Comm 126, relating to the annual Wisconsin angel network grant under section 560.255 of the statutes, and to capital connections grants and venture seed fund grants under section 560.277 of the statutes, and affecting small businesses.

Submitted by **DEPARTMENT OF COMMERCE**

06-30-2010 RECEIVED BY LEGISLATIVE COUNCIL.

07-22-2010 REPORT SENT TO AGENCY.

RNS:SG

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]
Comment Attached YES NO
2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]
Comment Attached YES NO
3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]
Comment Attached YES NO
4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]
Comment Attached YES NO
5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]
Comment Attached YES NO
6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]
Comment Attached YES NO
7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]
Comment Attached YES NO



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

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CLEARINGHOUSE RULE 10-080

Comments

[NOTE: All citations to “Manual” in the comments below are to the Administrative Rules Procedures Manual, prepared by the Legislative Reference Bureau and the Legislative Council Staff, dated September 2008.]

1. Statutory Authority

a. Section 560.255, Stats., specifies a grant of \$60,000 to the Wisconsin angel network, not a grant of “up to” \$60,000. The section also instructs the department that it shall enter into a contract with the angel network. It does not refer to contracts with authorized representatives. What is the department’s basis for authority to include language referencing authorized representatives in s. Comm 126.03 (2)?

b. In s. Comm 126.04 (1), the department repeats statutory text found in s. 560.277 (2), Stats., with slight modifications, such as inclusion of “for-profit” and “Wisconsin,” and substitution of “or” for “and.” The department should further explain the basis for these changes, or revise the proposed rule to more closely match the statute.

2. Form, Style and Placement in Administrative Code

a. Throughout the proposed rule, the department should not capitalize “angel network” or “venture fund.” Also, in s. Comm 126.07 (title), “Council” should be lower case.

b. In s. Comm 126.02 (2), does the department intend to define “early stage entity” as the term is used in other economic development programs? Similarly, the department also may wish to define “new business idea.”

c. In s. Comm 126.03 (2), the use of the phrase “the deliverables” is vague and should be clarified.

d. Section Comm 126.07 (2) (e) is confusing. Is the department proposing that the advisory council would be required to make recommendations to the department on annual reporting to the advisory council? What types of annual reporting to the advisory council does the department anticipate?

4. Adequacy of References to Related Statutes, Rules and Forms

The department should conform with s. 227.14 (3), Stats., with regard to forms referenced in s. Comm 126.06.

RESPONSE TO LEGISLATIVE COUNCIL CLEARINGHOUSE REPORT

Department of Commerce

CLEARINGHOUSE RULE NO.: 10-080

RULE NO.: Chapter Comm 126

RELATING TO: The Wisconsin Venture Fund

Agency contact person for substantive questions.

Name: Sam Rockweiler

Title: Code Development Consultant

Telephone No. 266-0797

Legislative Council report recommendations accepted in whole.

Yes No

1. Review of statutory authority [s. 227.15(2)(a)]

- a. Accepted
- b. Accepted in part
- c. Rejected
- d. Comments attached

2. Review of rules for form, style and placement in administrative code [s. 227.15(2)(c)]

- a. Accepted
- b. Accepted in part
- c. Rejected
- d. Comments attached

3. Review rules for conflict with or duplication of existing rules [s. 227.15(2)(d)]
- a. Accepted
 - b. Accepted in part
 - c. Rejected
 - d. Comments attached
4. Review rules for adequate references to related statutes, rules and forms [s. 227.15(2)(e)]
- a. Accepted
 - b. Accepted in part
 - c. Rejected
 - d. Comments attached
5. Review language of rules for clarity, grammar, punctuation and plainness [s. 227.15(2)(f)]
- a. Accepted
 - b. Accepted in part
 - c. Rejected
 - d. Comments attached
6. Review rules for potential conflicts with, and comparability to, related federal regulations [s. 227.15(2)(g)]
- a. Accepted
 - b. Accepted in part
 - c. Rejected
 - d. Comments attached
7. Review rules for permit action deadline [s. 227.15(2)(h)]
- a. Accepted
 - b. Accepted in part
 - c. Rejected
 - d. Comments attached

RESPONSE COMMENTS TO LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

Clearinghouse comment 1. a. The reference in section Comm 126.03 (2) to entering into a contract with an authorized representative of the Wisconsin angel network is needed at this time because WAN is currently not a legal entity. The Department anticipates this representative will be the Wisconsin Technology Council, which is the legal entity that currently houses WAN. The Department's authority for including this reference is contained in section 227.11 (2) (a) of the Statutes.

Clearinghouse comment 1. b. The requirements in section Comm 126.04 (1) for creating or running a network only in Wisconsin; and for creating an activity, event, or strategy only in Wisconsin are intended to direct the corresponding Wisconsin-taxpayer funds only to Wisconsin entities. The Department's authority for including these requirements is contained in section 227.11 (2) (a) of the Statutes.

Clearinghouse comment 2. b. "Early stage" entities and "new business idea" are referenced but not defined in chapter 560 of the Statutes. "Early stage" entities are currently referenced but not defined in chapter Comm 129, and are not defined in any other Department codes. The Department does not see a need to define these two terms in chapter Comm 126 at this time.

Clearinghouse comment 2. c. The reference in section Comm 126.03 (2) to the deliverables being specified in a contract with the Department is consistent with corresponding additional requirements in section Comm 149.40 (1) (c) for such contracts and deliverables. The informational note under section Comm 126.06 advises referring to chapter Comm 149 for these additional requirements. The Department prefers to address these deliverables in further detail in these contracts, rather than in additional code text, in order to retain the flexibility needed for adequately addressing the range of items and practices that may be addressed by these contracts, and in order to reduce the potential for the rules to become outdated and misleading as administrative and business practices evolve.

File reference: Comm 106/Legislative Review Clghse



State of Wisconsin \ Department of Commerce

RULES IN FINAL DRAFT FORM

Rule No.: Chapter Comm 126

Relating to: The Wisconsin Venture Fund

Clearinghouse Rule No.: 10-080

**PROPOSED ORDER OF THE
DEPARTMENT OF COMMERCE**

CREATING RULES

The Wisconsin Department of Commerce proposes an order to create chapter Comm 126 relating to the annual Wisconsin Angel Network grant under section 560.255 of the Statutes, and to capital connections grants and venture seed fund grants under section 560.277 of the Statutes, and affecting small businesses.

Rule Summary

1. Statutes Interpreted.

Sections 560.255 and 560.277, as created in 2009 Wisconsin Act 28.

2. Statutory Authority.

Sections 227.11 (2) (a), 560.255 and 560.277 (4) and (5).

3. Explanation of Agency Authority.

Section 227.11 (2) (a) of the Statutes authorizes the Department to promulgate rules interpreting the provisions of any Statute administered by the Department. Section 560.255 directs the Department to promulgate rules for administering Wisconsin Angel Network grants. Sections 560.277 (4) and (5) direct the Department to promulgate rules for administering capital connections grants and venture seed fund grants, and for establishing a Wisconsin venture fund advisory council.

4. Related Statute or Rule.

The Department has various rules for administering several economic development programs, but those rules do not specifically include the rule text in this order for (1) the Wisconsin Angel Network, (2) connecting business ventures and entrepreneurs with capital, (3) institutions that fund new businesses or determine proof of concept and feasibility of new business ideas, and (4) a Venture Fund Advisory Council.

5. Plain Language Analysis.

The rules in this order set forth the criteria the department will use for (1) providing an annual grant to the Wisconsin Angel Network, (2) funding eligible institutions that connect business ventures and entrepreneurs with capital, (3) providing matching funds to eligible institutions that fund new businesses or determine proof of concept and feasibility of new business ideas, and (4) establishing and interacting with a Venture Fund Advisory Council.

6. Summary of, and Comparison With, Existing or Proposed Federal Regulations.

The Department is not aware of any existing or proposed federal regulation that addresses the content of these proposed rules.

7. Comparison With Rules in Adjacent States.

WISCONSIN ANGEL NETWORK (WAN)

Iowa: The Venture Network of Iowa provides a forum through which inventors and entrepreneurs interact in the hope of forging profitable, long-term business relationships. VNI has been a catalyst in the formation of new, viable businesses throughout Iowa by facilitating networking meetings for Iowa entrepreneurs, investors and business advisors. However, no state-level rules were found for VNI.

The remaining adjacent states typically have organizations like the Wisconsin Technology Council that houses WAN, but do not have a program like WAN to support angel networks.

Illinois: The Illinois Venture Capital Association is a nonprofit trade organization for Illinois venture-capital and private-equity professionals. IVCA enhances the growth of Illinois' \$77 billion venture-capital and private-equity community by advocating on behalf of the industry. IVCA promotes institutional investment in local private equity firms, provides networking opportunities for Midwest-based firms, supports public-policy initiatives for making Illinois an appealing financial center, shares up-to-the-minute news on local venture-capital/private-equity firms and professional service providers, facilitates intermediaries' and entrepreneurs' identification of appropriate venture-capital or private-equity firms for a given investment, and communicates the substantial economic value of a strong private-equity community. No state-level rules were found for IVCA.

Minnesota: The Minnesota High Tech Association supports the growth, sustainability and global competitiveness of Minnesota's technology-based economy through advocacy, collaboration and education. MHTA advocates for technology growth that benefits the full spectrum of technology companies as well as organizations which are dependent on technology. No state-level rules were found for MHTA.

Michigan: Michigan provides funds for the Michigan Venture Capital Association, which advocates for the private-equity/venture-capital industry. MVCA is a nonprofit trade organization designed to bring together venture-capital industry participants. The organization's goal is to grow and sustain a vibrant venture-capital community. Membership includes private-venture capital funds, corporate-venture capital funds, private-equity firms, angel investors, and entrepreneurial infrastructure participants. MVCA is a vehicle to bring together industry participants and to provide a concerted voice for Michigan's venture-capital industry. The Michigan Economic Development Corporation is a founding member of MVCA and has aggressively supported the growth of angel networks to fill the gap in seed-stage financing. No state-level rules were found for MVCA.

CAPITAL CONNECTIONS GRANTS AND VENTURE SEED FUND GRANTS

Iowa: No similar state-level program or rules were found.

Illinois: No similar state-level program or rules were found.

Minnesota: No similar state-level program or rules were found.

Michigan: The Venture Michigan Fund invests in venture-capital firms that target seed and early-stage investments. Moneys for the \$95 million fund are provided by private investors who receive State-based single-business tax credits for investing in the fund. The 21st Century Investment Fund is funded by \$109 million of tobacco-settlement money. This fund invests in both venture-capital and private-equity companies and in both Michigan companies and out-of-state companies. No state-level rules were found for either of these programs.

8. Summary of Factual Data and Analytical Methodologies.

The data and methodology for developing these rules were derived from and consisted of (1) applying the corresponding provisions in 2009 Wisconsin Act 28; (2) incorporating applicable best practices the Department has developed in administering similar programs for economic development and business development; and (3) reviewing Internet-based sources of related federal, state, and private-sector information.

9. Analysis and Supporting Documents Used to Determine Effect on Small Business or in Preparation of an Economic Impact Report.

The primary document that was used to determine the effect of the rules on small business was 2009 Wisconsin Act 28. The proposed rules and the applicable portion of this Act apply their private-sector requirements only to entities that choose to pursue a corresponding grant. No economic impact report was prepared.

10. Effect on Small Business.

The rules are expected to result in only beneficial effects on small business because the rules only address grants for the Wisconsin Angel Network and for research institutions or nonprofit organizations that are involved in economic development.

11. Agency Contact Person.

Shelly Harkins, Wisconsin Department of Commerce, Bureau of Business Finance and Compliance, P.O. Box 7970, Madison, WI, 53707-7970; telephone (608) 266-0346; e-mail Shelly.Harkins@wi.gov.

File reference: Comm 126/rules, analysis LR

SECTION 1. Chapter Comm 126 is created to read:

CHAPTER Comm 126, WISCONSIN VENTURE FUND

Comm 126.01 Purpose. The purpose of this chapter is to set forth the criteria the department will use to administer the Wisconsin venture fund for the annual Wisconsin angel network grant awarded under s. 560.255, Stats., and the capital connections grants and venture seed fund grants awarded under s. 560.277, Stats.

Comm 126.02 Definitions. In this chapter:

(1) "Department" means the department of commerce.

(2) "Eligible business" means a for-profit early stage entity which has or will have a majority of its operations located in this state and which is determining proof of concept and feasibility of a new business idea.

(3) "Eligible entrepreneur" means an individual who is determining proof of concept and feasibility of a new business idea for a for-profit early stage entity that has or will have a majority of its operations located in this state.

(4) "Eligible institution" means a research institution or nonprofit organization involved in economic development.

(5) "Eligible investment" means funding provided from a venture seed fund to an eligible business or eligible entrepreneur.

(6) "Nonprofit" means a nonprofit corporation as defined in s. 181.0103 (17), Stats., or an organization described in 26 USC 501(c)(3) that is exempt from federal income tax under 26 USC 501(a).

(7) "Venture seed fund" means both the venture seed fund grant and cash match that are used to make eligible investments.

(8) "Venture seed fund grant" means funding provided by the department to an eligible institution to make eligible investments.

Comm 126.03 Wisconsin angel network. (1) From the appropriation under s. 20.143 (1) (bk), Stats., the department shall make an annual grant of \$60,000 to the Wisconsin angel network.

(2) The department and the Wisconsin angel network or its authorized representative shall annually enter into a contract that specifies the uses for the grant issued under this section, the deliverables, and the reporting and auditing requirements.

Comm 126.04 Capital connections grants. (1) From the appropriation under s. 20.143 (1) (bk), Stats., the department may award a capital connections grant to an eligible institution to fund a project that does any of the following:

(a) Expands access for Wisconsin business ventures and entrepreneurs to existing capital networks.

(b) Creates or runs a Wisconsin network to connect Wisconsin business ventures and entrepreneurs with available capital.

(c) Creates an activity, event, or strategy in this state to connect Wisconsin business ventures and entrepreneurs with available capital.

(2) Prior to receiving a grant, an eligible institution shall demonstrate that it will provide a cash match of at least 50% of eligible project costs from sources other than the state.

Comm 126.05 Venture seed fund grants. (1) From the appropriation under s. 20.143 (1) (bk), Stats., the department may award a venture seed fund grant to an eligible institution to establish a venture seed fund if the department determines the venture seed fund will do all of the following:

(a) Increase the amount of funding, or leverage private investment for an eligible business or eligible entrepreneur.

(b) Facilitate the creation of jobs in this state by an eligible business or eligible entrepreneur.

(2) An application for a venture seed fund grant shall include all of the following:

(a) Demonstration that the eligible institution has the financial, administrative, and legal capacity to administer a venture seed fund.

(b) Documentation that the eligible institution has a minimum \$1 to \$1 cash match for the venture seed fund grant, from sources other than the state, which will be placed into the venture seed fund.

(c) Agreement that the venture seed fund will be used to make eligible investments and will not be used for administration and overhead costs. Any cash match raised over the \$1 for \$1 amount in par. (b) may be used to pay for administrative and overhead costs.

(d) Agreement that all eligible investments will be in the form of a loan, convertible debt, or equity instrument.

(e) Agreement that eligible investments will not be made to eligible businesses or eligible entrepreneurs that have tax liens or delinquent taxes, are in default, or are not registered to do business in Wisconsin.

(f) Agreement that all repayments from eligible investments; proceeds from mergers, sales or acquisitions; fees; or liquidity proceeds will be deposited back into the venture seed fund, unless otherwise approved by the department.

(g) Any other items deemed necessary by the department.

Comm 126.06 Procedures, policies, and standards. The department shall prepare application materials that set forth the following requirements, as applicable, for obtaining a grant from the department under this chapter:

(1) The process for submitting applications.

(2) The criteria used for evaluating applications and determining whether to award a grant.

(3) The maximum funding levels for each grant.

(4) The terms and conditions applicable to the grants.

(5) The process for monitoring performance, including the procedures for verification of economic growth, job creation, or the number and percentage of newly created jobs for which residents of this state are hired.

(6) The reporting and servicing requirements.

(7) The process for auditing.

Note: The application manual may be obtained at no charge from the Department of Commerce, Bureau of Business Development, at P.O. Box 7970, Madison, Wisconsin 53707, or telephone 608/266-1018 or Contact Through Relay.

Note: See chapter Comm 149 for additional requirements relating to (1) contracts between the Department and recipients of economic-development grants; (2) submittal of statements for such grants; and (3) penalties for submitting false or misleading information, or for failing to comply with the terms of a contract.

Comm 126.07 Advisory Council. (1) The department shall establish a Wisconsin venture fund advisory council that shall consist of the secretary of the department of commerce, the secretary of the department of financial institutions or its designee, and other qualified persons as deemed necessary by the department.

(2) The Wisconsin venture fund advisory council shall make recommendations to the department on all of the following for grants under this chapter:

(a) A process by which the department, the department of financial institutions, and other qualified persons may review proposals.

(b) The maximum amount of the grants awarded.

(c) Requirements that applicants secure funding from sources other than the state to match a portion of the grants awarded.

(d) Monitoring of projects funded by the grants, including monitoring of job creation.

(e) Criteria for annual reports to the Wisconsin venture fund advisory council.

Note: The Department anticipates annually developing reports for the council that address the awards made; the entities' names; the purposes, terms, conditions, deliverables, and match amounts of the grants; any repayments; and the jobs created.

(END)

EFFECTIVE DATE

Pursuant to s. 227.22 (2) (intro.), Stats., these rules shall become effective on the first day of the month commencing after the date of publication in the Wisconsin administrative register.

File reference: Comm 126/rules LRac