

CR 89-15

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CERTIFICATE

MAY 26 1989

W. J. Mauer
Revisor of Statutes
Bureau

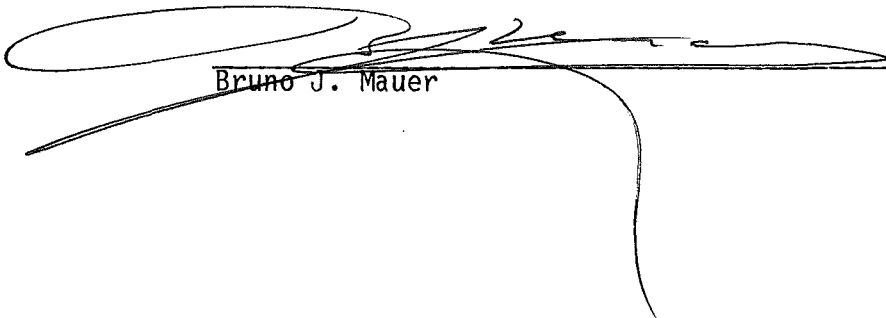
STATE OF WISCONSIN)
) SS
DEPARTMENT OF DEVELOPMENT)

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 small business innovation research bridge financing were duly approved and adopted by this Department on May 26, 1989.

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 26th day of May, 1989.


Bruno J. Mauer

7-1-89

ORDER OF THE DEPARTMENT OF DEVELOPMENT

CREATING SUBCHAPTER VII

OF CHAPTER DOD 6

WISCONSIN ADMINISTRATIVE CODE

The Department of Development adopts an order to create Subchapter VII of Chapter DOD 6 of the Wisconsin Administrative Code relating to small business innovation research bridge financing.

Analysis Prepared by the Department of Development

Section 560.625, Stats., authorizes the Wisconsin Development Finance Board to award research grants and loans through the Wisconsin Development Fund to small businesses to fund research having commercial potential. The research funds will be used to provide bridge financing to Wisconsin businesses participating in the federal Small Business Innovation Research (SBIR) program. Under the federal SBIR program, businesses which have successfully completed a Phase I feasibility study may submit a proposal for a Phase II research and development study. The gap between the submittal of a Phase II proposal and the notification of the award or denial of a Phase II grant typically runs six months.

The Wisconsin bridge financing program will assist small businesses keep their research teams intact during this gap in the federal funding.

Chapter DOD 6, Subchapter VII sets forth the procedures by which the Department will administer the bridge financing program. The rules establish the eligibility criteria, the award amounts, the award repayment requirements, match requirements, application content, eligible expenditures, reporting requirements and the administrative procedures.

Text of Rule

SECTION 1: Subchapter VII of Ch. DOD 6 is created to read:

Chapter DOD 6

Subchapter VII

SMALL BUSINESS INNOVATION RESEARCH BRIDGE FINANCING

DOD 6.90 Purpose	DOD 6.96 Application Contents
DOD 6.91 Definitions	DOD 6.97 Eligible and Ineligible Expenditures
DOD 6.92 Eligible Applicants	DOD 6.98 Reporting
DOD 6.93 Award Amounts	DOD 6.99 Administration
DOD 6.94 Repayment of Bridge Awards	
DOD 6.95 Match Requirements	

DOD 6.90 PURPOSE. The purpose of this subchapter is to establish the procedure for the administration of a small business innovation research bridge financing program by the department of development, under the provisions of s. 560.625, Stats, which authorizes the department to award research grants and loans to small businesses.

DOD 6.91 DEFINITIONS. In this subchapter:

(1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.92 containing all elements required by s. DOD 6.96.

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

(3) "Bridge award" means an award made by the department of development to a small business which has submitted a proposal for a Phase II award under the federal small business innovation research program.

(4) "Business" means a company operating for profit, which is either incorporated in Wisconsin or has Wisconsin as the principal place of business, and which has 250 or fewer employees, including employees of any subsidiary or affiliated organization.

(5) "Consumable item" means any item used and consumed as part of the scope of work available which no longer exists or which has no useful value at the end of the work effort and for which an invoice is available.

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

(7) "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 made under this subchapter.

(8) "Overhead" means any expense incurred for the normal conduct of business, but which, for practical reasons, is not allocated to a specific task.

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(9) "Phase I award" means an award made by a federal agency to a small business to conduct a feasibility study under the federal small business innovation research program.

(10) "Phase II award" means an award made by a federal agency to a small business to further develop the results of Phase I research under the federal small business innovation research program.

(11) "Program report" means a report to the department describing progress made toward achieving goals specified under s. DOD 6.96.

(12) "Small business innovation research program" means the federal program, enacted pursuant to 15 U.S.C. s. 638, which provides funds to small businesses to conduct innovative research having commercial application.

DOD 6.92 ELIGIBLE APPLICANTS. A business shall be eligible for a bridge award if it is a recipient of a Phase I award, has completed its Phase I research, has submitted a proposal for a Phase II award, intends to perform the research work primarily in Wisconsin and meets the applicable grant and loan eligibility criteria set forth in s. 560.605, Stats.

DOD 6.93 AWARD AMOUNTS. The bridge awards may not exceed \$40,000 nor cover more than 12 months of work effort. The board may consider the following factors in determining the actual award amount:

(1) Whether the business is applying for more than one bridge award and whether the business is currently receiving bridge financing.

(2) The financial need of the business for the bridge award.

(3) The potential commercial application and economic benefits to Wisconsin of the research results.

(4) The follow-on funding commitment for further development of the commercial potential after Phase II.

(5) The participation in the research work by a Wisconsin institution of higher education.

DOD 6.94 REPAYMENT OF BRIDGE AWARDS. The bridge award, plus a reasonable return on the investment as determined by the board, shall be repaid to the Wisconsin development fund upon commercialization of the research conducted under the small business innovation research program.

DOD 6.95 MATCH REQUIREMENTS. The business shall provide a match equal to 25 percent of the bridge award received. The match shall be in cash or in kind.

DOD 6.96 APPLICATION CONTENT. Applications submitted to the department shall contain all of the following:

(1) A copy of the final Phase I report, after it has been submitted to the federal agency.

(a) Whether the Phase I final report and Phase II proposal were properly submitted to the federal agency.

(b) Whether the conclusions of the Phase I final report support the continuation of the research effort.

(c) Whether the proposed state funded research is directly related to the small business innovation research program. The proposed state funded research shall be considered to be related if it includes either research into new applications of the technology developed under Phase I or research which represents an extension of the Phase I work but which is distinct and non-duplicative of the proposed Phase II work.

(d) Whether the project meets the criteria set forth in s. 560.605, Stats.

(e) Whether the business intends to perform the research work primarily in Wisconsin.

(2) Successful applicants shall be required to enter into a contract with the department for the purpose of implementing the proposed bridge award. The contract shall be signed by the secretary of development and the chief executive officer of the eligible recipient, or by their authorized representatives.

(3) The bridge award shall terminate when any of the following occur:

(a) The maximum bridge award amount awarded under the contract has been expended.

(b) The time limit for bridge award support under the contract has been reached.

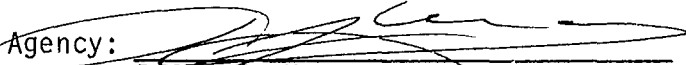
(c) The end of the business week in which the effective date of the Phase II grant or contract occurs.

(d) The end of the business week in which the business is notified of the denial of the Phase II award.

(e) The department determines that the work performed or to be performed with the bridge award is inconsistent with the application.

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., or on July 1, 1989, whichever is later.

Dated: 26 MAY '89

Agency: 

Bruno J. Mauer
Secretary

CG:yca
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123 West Washington Avenue
P.O. Box 7970
Madison, Wisconsin 53707
(608) 266-1018

Tommy G. Thompson, Governor
Bruno J. Mauer, Secretary

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May 26, 1989

Mr. Orlan L. Prestegard
Revisor of Statutes
30 West Mifflin Street, #906
Madison, WI 53702

Dear Mr. Prestegard:

Enclosed you will find a copy of the Department of Development's certified order creating rules relating to small business innovation research bridge financing.

If you have any questions, please call Dennis Fay at 608/266-6747.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Bruno J. Mauer', written over a horizontal line.

Bruno J. Mauer
SECRETARY

BJM:klh
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Enclosure