

CR 89-187

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CERTIFICATE

STATE OF WISCONSIN)

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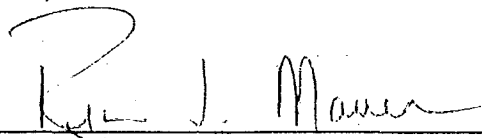
DEPARTMENT OF DEVELOPMENT)

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 community-based economic development were duly approved and adopted by this Department on April 6, 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 such original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand as Secretary at
123 West Washington Avenue in the
City of Madison, this 6th day of
April, 1990.



Bruno J. Mauer

18-007

6-1-90

ORDER OF THE DEPARTMENT OF DEVELOPMENT

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

Analysis Prepared by the Department of Development

Section 560.14, Stats., as affected by 1989 Wisconsin Act 31, creates a community-based economic development program and 560.14 (5)(b), Stats., as affected by 1989 Wisconsin Act 31, requires the department to adopt rules for the administration of the program. This proposed order establishes the procedures required to implement the Community-Based Economic Development program.

The program includes grants to community-based organizations to provide assistance to small businesses and business promotion activities within distressed areas of the state. The statutes and rules also provide for grants for the operation, construction and study of the need for business incubators located within distressed areas. Of the \$711,200 for 1989-90 and \$885,600 for 1990-91 appropriated under s. 20.143 (1)(fg), Stats., the department may set aside up to 60 percent of the funds for business incubator grants and the remainder for the grants to community-based organizations for the provision of small business assistance and promotion.

The proposed rules provide for an annual competition for the small business assistance and promotion grants and an annual competition for business incubator grants. The required contents of the application as well as the considerations the department must make before making grant determinations are included. The proposed rules provide for grant contracts between the department and the grant recipient and include auditing and reporting requirements for grant recipients.

Pursuant to the authority vested in the Department of Development by s. 560.14(5), Stats., the Department of Development hereby creates rules interpreting s. 560.14, Stats., as follows:

SECTION I. Chapter DOD 15 is created to read:

COMMUNITY BASED ECONOMIC DEVELOPMENT PROGRAM

DOD 15.01 PURPOSE	DOD 15.05 DISTRIBUTION OF FUNDS
DOD 15.02 DEFINITIONS	DOD 15.06 APPLICATION PROCEDURES
DOD 15.03 BUSINESS PROMOTION AND ASSISTANCE GRANTS	DOD 15.07 CONTRACTS
DOD 15.04 BUSINESS INCUBATOR GRANTS	DOD 15.08 REPORTING AND AUDITING

DOD 15.01 PURPOSE. The purpose of this chapter is to establish a procedure for the administration of community based economic development grants by the department as provided by s. 560.14, Stats.

DOD 15.02 DEFINITIONS. In this chapter:

(1) "Applicable median household income" has the meaning given in s. 560.14(1)(a), Stats.

(2) "Business Incubator" has the meaning given in s. 560.14(1)(b), Stats.

(3) "Community-based organization" has the meaning given in s. 560.14(1)(c), Stats.

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

(5) "Distressed area" has the meaning given in s. 560.14(1)(d), Stats.

(6) "Extreme financial hardship area" means an area to which s. 560.14(1)(d) 1., 2., 3. and 6., Stats., apply.

(7) "Job" means a position providing full-time equivalent employment for an individual for at least one year following the conclusion of a project funded under this chapter.

(8) "Municipality" has the meaning given in s. 560.14(1)(f), Stats.

(9) "Small business" means a business which employs 25 or fewer persons.

(10) "Unemployment rate" means the average unemployment rate for the distressed area which is proposed to be served by the grant or in which the incubator will be located during the 18 months immediately preceding the date of submission of the application.

DOD 15.03 BUSINESS PROMOTION AND ASSISTANCE GRANTS.

(1) The department may make a grant to a community-based organization to promote small business development in distressed areas or to provide assistance to businesses or entrepreneurs located within a distressed area.

(2) The maximum amount that may be granted for any project of small business promotion or small business assistance is \$30,000.

(3) An application by a community-based organization for a grant under this section shall be in such form as the department may require and shall include all of the following:

(a) A description of the level of distress in the area proposed to be served by the grant activities including a presentation of data and information for the area which addresses the criteria in s. 560.14(1)(d) 1. through 6., Stats.

(b) A discussion of the capacity of the community-based organization to undertake the activities proposed by the application.

(c) A description of the past experience of the community-based organization related to the proposed activities.

(d) A demonstration of the need for and feasibility of the activities proposed by the application.

(e) A description of the expected results to be achieved by the activities proposed in the application.

(f) Evidence of adequate financial support to carry out the proposed activities.

(g) A description of the qualifications of the persons who will provide the promotion or assistance.

(h) A description of the proposed project including a budget.

(i) A description of community support for the proposed project activities.

(j) Any other information the department may require to make a determination in accordance with s. 560.14(2), Stats., and this chapter.

(4) The department may award a grant under this section after examining the application and any other information it deems relevant and considering, in comparison to all other applications received during the year, each of the following:

(a) The level of distress in the area proposed to be served by the grant activities.

(b) The ability of the community-based organization to carry out the activities proposed in its application.

(c) The need for the activities being proposed.

(d) The need for state financial assistance.

(e) The anticipated results and the likelihood they will be achieved.

(f) The number of jobs that are likely to be created and retained as a result of the proposed activities and the number of jobs that are likely to be created and retained for low-income persons.

(g) The level and adequacy of financial support available to undertake the proposed activities.

(h) The degree of community support for the proposed activities.

(i) The level of representation on the community-based organization's governing body of low- and moderate-income persons and persons who live or work in the area proposed to be served.

(j) Whether or not the applicant is a nonstock, nonprofit corporation organized under Chapter 181, Stats., or a nonprofit corporate organized under Chapter 185, Stats.

(5) Grants to provide assistance to small businesses may be for direct management services including development of business plans, financial planning, assistance with preparation of loan applications, preparing feasibility studies, assistance in the review of in-house operating procedures such as accounting systems and inventory control and entrepreneurship training.

(6) Grants to promote small business development may be for any of the following:

(a) Assistance to plan economic and industrial development projects in distressed areas.

(b) Collection and dissemination of information regarding any of the following:

1. The advantages of economic and industrial development in a distressed area.

2. The availability of commercial and industrial development sites in the distressed area.

3. Sources of grants, loans and other financing available for economic and industrial development in the distressed area.

(c) The provision of management and entrepreneurial training and business finance seminars.

(d) Recruitment of small businesses to the distressed area.

DOD 15.04 BUSINESS INCUBATOR GRANTS.

(1) The department may make a grant to a community-based organization or a municipality for any of the following:

(a) To fund the operation of an existing business incubator.

(b) To provide technical assistance in the process of starting a business incubator, including planning, engineering, architectural and legal services, and assistance in preparation of feasibility studies and business plans.

(c) To start a new business incubator by financing the construction, rehabilitation or other development of a business incubator. To qualify under this paragraph, neither construction nor acquisition may have occurred prior to the date of the grant award unless the building is owned by a nonprofit, nonstock corporation or local government, limited or no rehabilitation has taken place as of the date of the application and the nonprofit, nonstock corporation or local government meets one of the following:

1. Received the building as a donation.
2. Is converting a building previously owned and utilized by for other purposes.
3. Purchased a vacant building at or below assessed value.

(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 the area where the incubator is or is proposed to be located is in extreme financial hardship in which case the department may consider in-kind contribution for all or part of the match requirement.

(3) The maximum grant under sub. (1)(a) is \$30,000 in any year. The maximum grant under sub. (1)(b) is \$25,000. The maximum grant under sub. (1)(c) is \$100,000 in any year and the maximum amount of such a grant that may be devoted to operating expenses is \$30,000. The department may not make grants under sub. (1)(a) to a particular business incubator in more than 5 years. A municipality or community-based organization is limited to one grant under sub. (1)(b) and any particular business incubator may receive no more than 2 grants under sub. (1)(c). A recipient of a grant under sub. (1)(c) may not receive a grant under sub. (1)(a) for the same business incubator in the same year.

(4) An application by a community based organization or a municipality for a grant under this section shall be in such form as the department may require and shall include all of the following:

(a) A description of the level of distress in the area which the incubator is or is proposed to be located including a presentation of the data and information for the area which addresses the criteria in s. 560.14(1)(d) 1. through 6., Stats.

(b) A showing of the need for state financial assistance.

(c) A discussion of the management capabilities of the organization that operates or will operate the business incubator.

(d) A description of community support, including financial support, for the incubator.

(e) Evidence of the viability of the project for which the grant is requested.

(f) The need for the project for which the grant is requested and the need for the incubator that will be assisted by the grant.

(g) A description of the proposed project including a budget.

(h) Evidence of financial support for continued operation of the incubator if the grant is made for a project under sub. (1)(b) or (c).

(i) A preliminary feasibility study if the grant is for a project under sub. (1)(b).

(j) A feasibility study, business plan and financial projections if the grant is for a project under sub. (1)(c).

(k) A description of the services to be provided to the tenants of the incubator.

(l) A listing of the businesses expected to become tenants of the incubator.

(m) 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.

(n) A discussion of the jobs anticipated to be created by the operation of the incubator and its tenants including jobs for low income persons.

(o) An explanation of how the benefits of the grant will be passed on to the business incubator tenants.

(p) Any other information the department may require to make a determination in accordance with s. 560.14(3), Stats., and this chapter.

(5) The department may not make a grant under this section unless it determines that the grant funds will be expended in a distressed area and that the applicant has a written policy relating to how stable, maturing businesses

in the business incubator will establish themselves outside of the business incubator within a reasonable period of time.

(6) The department may award a grant under this section after examining the application and any other information it deems relevant and considering, in comparison to all other applications within the same category received during the year, each of the following:

(a) The level of distress in the area proposed to be served by the grant activities.

(b) The need for state financial assistance.

(c) The management capabilities of the organization that operates or will operate the business incubator.

(d) The level of community support, including financial support, for the business incubator.

(e) The viability of the project for which the grant is requested and the viability of the business incubator that will be assisted by the grant.

(f) The need for the project for which the grant is requested and the need for the business incubator that will be assisted by the grant.

(g) The adequacy of financial support for continued operation of the business incubator if the grant is for a project under sub. (1)(b) or (c).

(h) The level and type of services to be provided by the business incubator to its tenants.

(i) The number of grant dollars for each job generated by the operation of the business incubator and its tenants.

(j) The degree to which persons of low and moderate income and persons who live or work in the area to be served have been and will be involved in the project's development and implementation.

(k) Whether or not the applicant is a nonstock, nonprofit corporation organized under Chapter 181, Stats., or a nonprofit corporative organized under Chapter 185, Stats.

(7) Grant proceeds may be used only as provided in s. 560.14(3)(a) and (d), Stats., and the contract signed under s. DOD 15.07.

DOD 15.05 DISTRIBUTION OF FUNDS. (1) Out of each annual appropriation under s. 20.143(1)(fg), Stats., the department shall set aside up to 60 percent for grants under s. DOD 15.04 and the remainder for grants under s. DOD 15.03.

(2) Grant funds received under this chapter shall not be used to replace funds from any other source.

DOD 15.06 APPLICATION PROCEDURES.

(1) The department shall prepare an application manual which it may update as needed. The manual shall contain the application procedures, requirements and instructions for funding under this chapter and shall be made available to potential applicants at least two months before the annual competition.

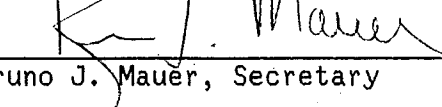
(2) The department shall hold an annual competition for grants under s. DOD 15.03 and an annual competition for grants under s. DOD 15.04. The competition for grants under s. DOD 15.04 shall be divided into 3 categories for ss. DOD 15.04(a), (b) and (c) grants determinations.

(3) Applications shall be submitted by the deadline and in accordance with the format contained in the manual.

DOD 15.07 CONTRACTS. Successful applicants shall be required to enter into a contract with the department for the purposes of implementing the proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the successful applicant, 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 applicant to perform its obligations under the contract. Amendments to these contracts may be adopted by the written consent of both parties.

DOD 15.08 REPORTING AND AUDITING. Each successful applicant shall provide the department periodic financial and program reports. A financial audit shall be submitted at the end of each contract. 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 administration register as provided in s. 227.22 (2) (intro.), Stats.

Dated: 4/6/90 Agency: 
Bruno J. Mauér, Secretary

18-004



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

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

April 5, 1990

Mr. Gary Poulson
Office of the Revisor of Statutes
30 West Mifflin Street
Madison, WI 53702

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APR 6 1990

Revisor of Statutes
Bureau

Dear Gary:

I would like to have the enclosed rules, development zones (89-210) and community based economic development (89-187), published in the next "End of the Month Register."

Rule 89-210 contained a typographical error when submitted to the standing committees. Wisconsin Administrative Code which is amended by Section 2 of the proposed rule contains a reference to s. DOD 12.10(1) Wisconsin Administrative Code. The draft which the standing committees received contained the incorrect reference [DOD 12.01(1)]. Before making the correction which appears in the enclosed document, I discussed the matter with Ron Sklansky of the Legislative Council. He felt that there was no need to go back to the standing committees but that I should apprise you of the change.

If you have any questions please call me at 266-6747.

Thanks.

A handwritten signature in cursive script, appearing to read 'Dennis Fay'.

Dennis Fay, Legal Counsel
Public & Governmental Relations

DF:bh

Enclosure