

CR 90-120

RECEIVED

OCT 11 1990
2:50 pm
Revisor of Statutes
Bureau

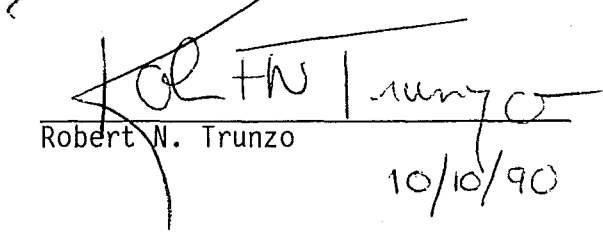
CERTIFICATE

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 business development initiative program were duly approved and adopted by this Department on October 10, 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 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 10th day of
October, 1990.


Robert N. Trunzo

10/10/90

2493a

12-1-90

ORDER OF THE DEPARTMENT OF DEVELOPMENT
CREATING CHAPTER DOD 17
WISCONSIN ADMINISTRATIVE CODE

The Department of Development adopts an order to create DOD Chapter 17 of the Wisconsin Administrative Code relating to the business development initiative program.

Analysis Prepared by the Department of Development

Sections 234.965 and 560.18, Stats., create a business development initiative program and s. 560.02(4), Stats., authorizes the department to adopt rules required to administer that program.

The proposed order establishes the procedures required to implement the business development initiative program.

The program provides for the department provision of technical assistance and technical assistance grants to individuals, non-profit organizations and small businesses for the purpose of developing and planning the start-up or expansion of for-profit businesses in Wisconsin. The assistance is intended to be directed at for-profit businesses which will create employment opportunities for persons with severe disabilities and particularly for minority group members with severe disabilities. The rules contain the application procedures and the basis for department determination in relation to applications for technical assistance and technical assistance grants.

The program also provides for funding from the department to the community development finance company to make equity investments in for-profit businesses that have received technical assistance or a technical assistance grant from the department and that have been recommended by the department to the community development finance company. Equity investments are limited to a maximum of \$25,000 to any for-profit business. Proceeds from such investments may be used by the community development finance company to make additional equity investments and for its own administrative costs related to operation of this program.

Finally, the rules provide that the department may expend up to 70 percent of the appropriation under s. 20.143, Stats., (\$150,000 in 1990-91) for technical assistance and technical assistance grants and the remainder for equity investment.

Text of Rule

SECTION 1. Chapter DOD 17 is created to read:

CHAPTER DOD 17
BUSINESS DEVELOPMENT INITIATIVE PROGRAM

| | |
|---|------------------------------|
| DOD 17.01 PURPOSE | DOD 17.05 EQUITY INVESTMENTS |
| DOD 17.02 DEFINITIONS | DOD 17.06 CONTRACTS |
| DOD 17.03 DISTRIBUTION OF FUNDS | DOD 17.07 REPORTING |
| DOD 17.04 TECHNICAL ASSISTANCE AND TECHNICAL ASSISTANCE GRANTS | DOD 17.08 ADMINISTRATION |
| DOD 17.09 APPLICATION MANUAL | |

DOD 17.01 PURPOSE. The purpose of this chapter is to establish a procedure for the administration of the business development initiative program as provided in ss. 234.965 and 560.20, Stats., and funded under s. 20.143(1)(en), Stats.

DOD 17.02 DEFINITIONS. In this chapter:

- (1) "Community development finance company" has the meaning given in s. 234.94(3), Stats.
- (2) "Department" means the department of development.
- (3) "Equity investment" has the meaning given in s. 560.20(1)(b), Stats.
- (4) "For profit business" has the meaning given in s. 560.20(1)(c), Stats.
- (5) "Liquid assets" means uncommitted cash or other personal assets that, in accordance with standard accounting practices, may be easily converted to cash.
- (6) "Managerial services" means the provision of assistance to establish or improve management systems in such areas as personnel, training, inventory control, production, strategic planning, purchasing, distribution, facilities design and information systems related to a business start-up or expansion.
- (7) "Minority group member" has the meaning given in s. 560.036(1)(f), Stats.
- (8) "Nonprofit organization" has the meaning given in s. 560.20(1)(d), Stats.
- (9) "Person with severe disabilities" has the meaning given in s. 560.20(1)(e), Stats.
- (10) "Small business" has the meaning given in s. 560.20(1)(f), Stats.

(11) "Technical assistance" includes each of the items listed in s. 560.20(1)(g) 1. to 4., Stats.

DOD 17.03 DISTRIBUTION OF FUNDS. From the appropriation under s. 20.143(1)(en), Stats., the department shall expend annually up to 70 percent on technical assistance and technical assistance grants and the remainder on equity investment grants.

DOD 17.04 TECHNICAL ASSISTANCE AND TECHNICAL ASSISTANCE GRANTS. (1) The department shall hold an annual competition for technical assistance and technical assistance grants and make an application manual available to all eligible applicants.

(2) The department shall provide technical assistance or technical assistance grants to individuals, small businesses or non-profit organizations in accordance with the provisions of this chapter for the purpose of developing and planning the start-up or expansion of a for-profit business that is or will be located in this state.

(3) Applications for technical assistance or technical assistance grants shall be submitted by the deadline and according to the procedures contained in the manual and, shall contain all of the following information:

(a) The ownership and ownership structure of the for-profit business that will be the beneficiary of the technical assistance or grant.

(b) The location of the proposed business venture.

(c) The product or service provided by the business.

(d) The market for the product or service, competition within the market and any competitive advantages of the business.

(e) An estimate of the gross revenue and profit that will be generated by the business over a period specified by the department.

(f) The process for manufacturing the product or providing the service.

(g) An estimate of the number of jobs expected to be created for persons with severe disabilities and the total number of jobs expected to be created.

(h) The agencies the applicant will utilize for referrals of persons with severe disabilities and minority group members with severe disabilities.

(i) The experience of the applicant or the small business on behalf of which application is being made, which is related to the proposed business venture.

(j) An estimate of the capital required to complete the proposed business venture.

(k) Potential sources of financing for the proposed business venture.

(l) If the applicant is a small business, the number of full-time employees of the applicant.

(m) If the applicant is a nonprofit organization, evidence of incorporation under ch. 181, Stats., or of tax exempt status under section 501(a) of the internal revenue code.

(n) Any other information the department may require to make a determination in accordance with 560.20, Stats., and this chapter.

(4) In deciding whether to provide technical assistance or make a technical assistance grant, the department shall compare the applications received during each annual competition on each of the following:

(a) The likelihood that the for-profit businesses will actually be profitable.

(b) The extent to which the expansion or creation of the for-profit businesses will increase employment in the state.

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

(d) The type of technical assistance needed.

(5) The maximum grant awarded under this section is \$15,000. A match equal to at least 25 percent of the grant amount is required. Up to 75 percent of the required match may be in the form of in-kind services. No more than 25 percent of the in-kind match may be provided directly by the applicant or the small business on behalf of which application is made. To be treated as in-kind match the services must be related to the success of the business start-up or expansion.

DOD 17.05 EQUITY INVESTMENTS. (1) The department may make a grant or grants to the community development finance company from the appropriation under s. 20.143(1)(en), Stats., for use by the community development finance company to make equity investments in for-profit businesses.

(2) Grant funds received by the community development finance company may only be used to make equity investments in a for-profit business if all of the requirements in s. 560.20(3)(b) 1. to 4., Stats., have been met and if the community development finance company determines that all of the conditions specified in s. 234.965(2)(a) to (f), Stats., are satisfied.

(3) Proceeds from any equity investments made by the community development finance company shall be used to make additional equity investments in accordance with the provisions of this chapter and ss. 234.965 and 560.20(3), Stats., and for reasonable administrative expenses.

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

(5) The community development finance company may apply to the department for a grant at any time. The application shall be in such form as the department may require and shall include the information necessary to insure

that the community development finance company complies with the provisions of this chapter and ss. 560.20(3) and 234.965(2)(a) to (f), Stats.

DOD 17.06 CONTRACTS. (1) Successful applicants for technical assistance or technical assistance grants shall be required to enter into a contract with the department. The contracts shall be signed by the secretary of the department 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.

(2) The community development finance company and the department shall enter into such contracts as are necessary to implement the equity investment grants. The contracts shall be signed by the secretary and the executive director of the community development finance company or by their authorized representatives. The community development finance company shall also contract with each for-profit business in which it makes an equity investment after receiving written approval of the terms of the contract from the department.

DOD 17.07 REPORTING. (1) Each successful applicant for technical assistance grants shall provide to the department periodic financial and program reports. The financial and program reports shall be submitted to the department by a date specified in the contract. The financial and program reports become the property of the department and are open to public inspection.

(2) The community development finance company shall provide to the department an annual financial and program report as specified in the contracts between the community development finance authority and the department.

DOD 17.08 ADMINISTRATION. The department shall solicit applications, review applications, make technical assistance and grant determinations, authorize payments and otherwise implement contractual obligations entailed in grants made under the terms of this chapter, monitor project activities, receive and review the financial reports and program reports submitted under s. DOD 17.07.

DOD 17.09 APPLICATION MANUAL. The department shall prepare an application manual for technical assistance and technical assistance grants which it may update as needed. The manual shall contain the application procedures, requirements and instructions for funding under this chapter.

NOTE: Written instructions for technical assistance and technical assistance grant applications may be obtained at no charge from the Department of Development, Bureau of Minority Business, P. O. Box 7970, Madison, WI 53707.

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: 10/10/90

Agency: Robert W. Jungo

18-008d