

CR 93-156

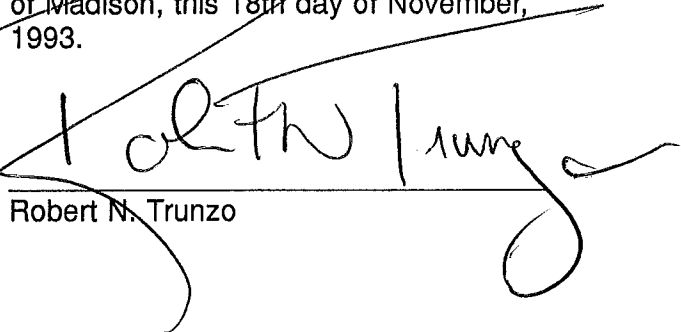
CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF DEVELOPMENT)

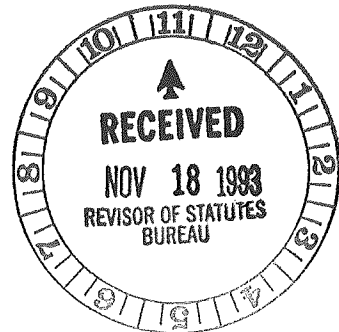
I, Robert N. Trunzo, Secretary and custodian of the official records of the Department of Development, do hereby certify that the annexed rules relating to the Community Based Economic Development Program were duly approved and adopted by this Department on November 18, 1993.

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 18th day of November,
1993.


Robert N. Trunzo

18-007



1-1-94

Text of Rule:

SECTION 1. DOD 15.02 (8) and (9) are repealed and recreated to read:

DOD 15.02(8) "Economic development diversification plan" means a plan which has as its goal and objectives the creation or retention of private sector employment or investment in the area to which the plan applies.

(9) "Extreme financial hardship area" means an area to which any 4 of the following paragraphs apply:

(a) The unemployment rate in the area is at least 150% of the state average.

(b) At least 40% of the persons residing in the area are members of households that have household income levels at or below 80% of the applicable median household income.

(c) The assessed value of real property in the area in the most recent assessment is less than the assessed value of that property in the assessment 2 years before the most recent assessment.

(d) The project will be located in an area that has been designated as a development zone.

(e) The percentage of households receiving aid to families with dependent children under s. 49.19, Stats., in the area is higher than the percentage of households receiving aid to families with dependent children in this state.

(f) In the 18 months immediately preceding the application, at least 5% of the members of the work force in a municipality where the area is located were permanently laid off by their employer.

(g) In the 3 years immediately preceding the application, the area has experienced an average unemployment rate of 20% or more.

SECTION 2. DOD 15.02 (11), (12) and (13) are renumbered DOD 15.02, (12), (14) and (18).

SECTION 3. DOD 15.02 (11), (13), (15), (16) and (17) are created to read:

DOD 15.02 (11) "Local economic development project" means a project specific plan for an industrial park, downtown business district, or public infrastructure project focusing on water, sewer or transportation or a training program for local economic development professionals.

(13) "Plan" means a document that is adopted by resolution of the governing body of an area and which documents input from area residents, identifies the economic development needs of the area, sets the goals, objectives and activities that address those needs and identifies the resources needed to implement the activities and attain the goals and objectives.

(15) "Technology based incubator" means a business incubator which serves new or expanding technically oriented businesses.

(16) "Technically oriented business" means a business which is part of a new or emerging industry and either sells a technically sophisticated service or product or, utilizes a technically sophisticated production process.

(17) "Tenant revolving loan fund" means a pool of dollars which is utilized by a business or technology based incubator to make small capital loans to tenant businesses that are not available from conventional lending institutions.

SECTION 4. DOD 15.03 (title), (1), (2), (3) (a) and (d) and (4) (intro.) and (c) are amended to read:

15.03 (title) BUSINESS ASSISTANCE GRANTS.

(1) The department may make a grant to a community-based organization to ~~promote small business development in distressed areas~~ conduct a local economic development project 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~~ local economic development or small business assistance is ~~\$30,000~~ the lesser of \$20,000 or 75% of the cost of the project for which the grant is made.

(3) (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~~ s. DOD 15.02(9).

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

(4) (intro.) The department may make a grant under this section after examining the application and any other information it deems relevant, if based upon the criteria contained in pars. (a) to (j), the application submitted by the community-based organization compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which, in its judgement, effectively address the criteria in pars. (a) to (j) even if the department's determination results in the expenditure of less than the total funding assigned under s. DOD 15.05 for grants under this section and s. DOD 15.035.

(c) The need and demand for the activities being proposed.

SECTION 5. DOD 15.035 is created to read:

DOD 15.035 ECONOMIC DIVERSIFICATION PLANNING GRANTS. (1) The department may make a grant to a political subdivision to develop a plan to diversify its economy.

(2) The maximum amount of a grant under this section is \$10,000 and may not exceed 75% of the cost of the project for which the grant is made.

(3) An application by a political subdivision 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. DOD 15.02 (9).

(b) A demonstration of need and demand for the plan.

(c) A demonstration of need for state financial assistance.

(d) A description of the qualifications of the person who will produce the plan.

(e) A description of the experience of the political subdivision related to the proposed activities.

(f) A budget for the plan.

(g) Evidence of adequate financial support to produce the plan.

(h) Evidence that local targeted groups will receive consideration in the plan.

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

(j) Any other information the department may require to make a determination in accordance with s. 560.14 (2) (a) 1 and(c) 1, Stats.

(4) The department may make a grant under this section if based upon the criteria contained in pars. (a) to (h), the application submitted by the political subdivision compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which, in its judgement, effectively address the criteria in pars (a) to (h) even if the department's determination results in the expenditure of less than the total funding assigned under s. DOD 15.05 for grants under this section and s. DOD 15.03.

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

(b) The need and demand for the plan.

(c) The need for state financial assistance.

(d) The qualifications of the persons who will produce the plan.

(e) The level and adequacy of financial support available to produce the plan.

(f) The degree to which the plan will consider impacts on targeted groups.

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

(h) The level of representation on the political subdivision's governing body of low-and moderate-income persons and persons who live and work in the proposed service area.

SECTION 6. DOD 15.04 (1), (3) and (4) (intro.), (a), (c), (d), (f) and (h) are amended to read:

DOD 15.04 (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 or existing technology based incubator.

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

(c) (intro.) To start a new business or technology based incubator by financing the construction, rehabilitation ~~or other development~~ expansion of a business or technology based 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 or for other purposes.
3. Purchased a vacant building at or below assessed value.

(d) To create a revolving loan fund for tenants of a business or technology based incubator.

(3) The maximum grant under sub. (1) (a) is \$30,000 in any year. The maximum grant under sub. (1) (b) is ~~\$25,000~~ \$10,000 in any year. 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 maximum grant under sub. (1) (d) is \$50,000 in any year. The department may not make grants under sub. (1) (a) to a particular business or technology based incubator in more than 5 years. ~~A municipality or community based organization is limited to 1 grant under sub. (1) (b) and any~~ Any particular business or technology based incubator may receive no more than 2 grants under ~~Sub~~ subs. (1) (b), (c) or (d). A recipient of a grant under sub. (1) (c) may not receive a grant under sub. (1) (a) for the same business or technology based incubator in the same year.

(4) (intro.) A 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~~ DOD 15.02 (9).

(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 ~~business~~ incubator.

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

(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) or (d).

SECTION 7. DOD 15.04 (4) (q) to (x) are created to read.

DOD 15.04 (4) (q) Evidence that the incubator serves or will serve new or expanding technically oriented businesses if the grant is for an existing or proposed technology based incubator.

(r) Evidence that the incubator facilitates or will facilitate the transfer of technologies developed in basic and applied research programs at higher educational institutions or federal laboratories to tenant businesses for commercialization if the grant is for an existing or proposed technology based incubator.

(s) Evidence of the need and demand for a tenant revolving loan fund.

(t) Evidence of local bank support for and a willingness to participate in the tenant revolving loan fund.

(u) Evidence that local professionals are willing to become involved in revolving loan fund activities.

(v) Evidence of successful operation of the incubator.

(w) An explanation of whether the request is to establish a new or recapitalize an existing revolving loan fund.

(x) An operating plan for the revolving loan fund.

SECTION 8. DOD 15.04 (5) and (6) (intro.) and (c) to (i) are amended to read:

DOD 15.04 (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 make a grant under this section after examining the application and any other information it deems relevant if, based upon the

criteria contained in pars. (a) to ~~(k)~~ (s), the application submitted by the community based organization ~~or municipality~~ compares favorably to other applications received during the fiscal year. The department shall fund only those proposals which, in its judgement, effectively address the criteria in pars. (a) to ~~(k)~~ (s) even if the department's determination results in the expenditure of less than the total funding assigned under s. DOD 15.05 for grants under this section.

(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 and demand 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) or (d).

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

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

SECTION 9. DOD 15.04 (6) (1) to (s) are created to read:

DOD 15.04 (6) (1) The degree to which the incubator serves or will serve new or expanding technically oriented businesses if the grant is for an existing or proposed technology based incubator.

(m) The degree to which the incubator facilitates or will facilitate the transfer of technologies developed in basic research programs at higher educational institutions or federal laboratories to tenant businesses for commercialization if the grant is for an existing or proposed technology based incubator.

(n) The need and demand for the tenant revolving loan fund.

(o) The degree to which a local bank supports and is willing to participate in the tenant revolving loan fund.

(p) The degree to which local professionals are willing to participate in revolving loan fund activities.

(q) Whether there has been successful operation of the incubator.

(r) Whether the requested funding is to establish a new or recapitalize an existing tenant revolving loan fund.

(s) The thoroughness of the operating plan for the tenant revolving loan fund.

SECTION 10. DOD 15.04 (8) is amended to read:

DOD 15.04 (8) (a) The department may make a grant under sub (1) (b) ~~or~~, (c) or (d) only if the applicant agrees to operate the ~~business~~ incubator for at least 5 years following receipt of the grant. Should the ~~business~~ incubator cease operations during the 5 year period, the department may require repayment as follows:

1. If the ~~business~~ incubator ceases operations during the first year, than the department may require repayment of up to 100% of grant funds received.
2. If the ~~business~~ incubator ceases operations during the second year, than the department may require repayment of up to 80% of grant funds received.
3. If the ~~business~~ incubator ceases operations during the third year, than the department may require repayment of up to 60% of grant funds received.
4. If the ~~business~~ incubator ceases operations during the fourth year, than the department may require repayment of up to 40% of grant funds received.
5. If the ~~business~~ incubator ceases operations during the fifth year, than the department may require repayment of up to 20% of grant funds received.

(b) If the ~~business~~ incubator is sold during the five years following receipt of a grant under sub. (1) (b) or (c), the applicant shall pay to the department the lesser of that part of the sale price which exceeds the original acquisition cost or the grant amount.

SECTION 11. DOD 15.06 (2) is amended to read:

DOD 15.06 (2) The department shall hold an annual competition for grants under s. DOD 15.03, an annual competition for grants under s. DOD 15.035 and an annual competition for grants under s. DOD 15.04. The completion for grants under s. DOD 15.04 shall be divided into ~~3~~ 4 categories for s. DOD 15.04 (1) (a), (b), ~~and~~ (c) and (d) grant determinations.

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: 11-18-93

Agency: Robert N. Trunzo
Robert N. Trunzo, Secretary

