

Chapter DOD 6

WISCONSIN DEVELOPMENT FUND

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Note: Chapter DOD 6 was repealed and recreated by emergency rule effective 5-18-83.

Subchapter I — Annual Housing and Public Facilities Competition

DOD 6.01 Purpose. The purpose of subchapters I, II and III is to set forth the criteria the department will use in administering the federal funds in the Wisconsin development fund.

History: Cr. Register, February, 1982, No. 314, eff. 3-1-82; emerg. am. eff. 10-6-87; am. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.02 Eligibility. Any city, village or town with a population of less than 50,000 that is not eligible to apply for or participate in the federal block grant entitlement program and any county, other than an urban

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county as defined by the United States department of housing and urban development, may apply for federal funds under the Wisconsin development fund.

History: Cr. Register, February, 1982, No. 314, eff. 3-1-82; emerg. am. eff. 10-6-87; am. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.03 Definitions. In subchs. I and II:

(1) "Annual housing and public facilities competition" means the single annual receipt and review of applications for housing activities and public facility improvements as provided in subch. I of this chapter.

(1f) "Application" means a request for funding for either housing or public facilities projects as provided in subch. I of this chapter. A community may submit one application for housing and one application for public facilities.

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

(2m) "Economic development program" means the continuous receipt and review of applications for economic development projects as provided in subch. II of this chapter.

(3) "Full value per capita" means the estimated market value of all taxable property in the municipality divided by the number of persons residing in the municipality.

(4) "Household in need of housing assistance" means a housing unit which houses a family with a household income below 80% of the median income for the area and which either lacks adequate plumbing facilities, has more than 1.25 persons per room, rents for a substantial percentage of the income of the family which occupies the unit or, if owner occupied, is aged and has a low estimated market value.

(5) "Metropolitan area" means any county which is within a standard metropolitan statistical area.

(7) "Net mill rate" means the total of all property taxes levied by the municipality for all purposes less general property tax relief payments divided by the estimated market value of taxable property in the municipality.

(8) "Non-metropolitan area" means any county not within a standard metropolitan statistical area.

(9) "Per capita income" means the average income of all persons residing in the municipality.

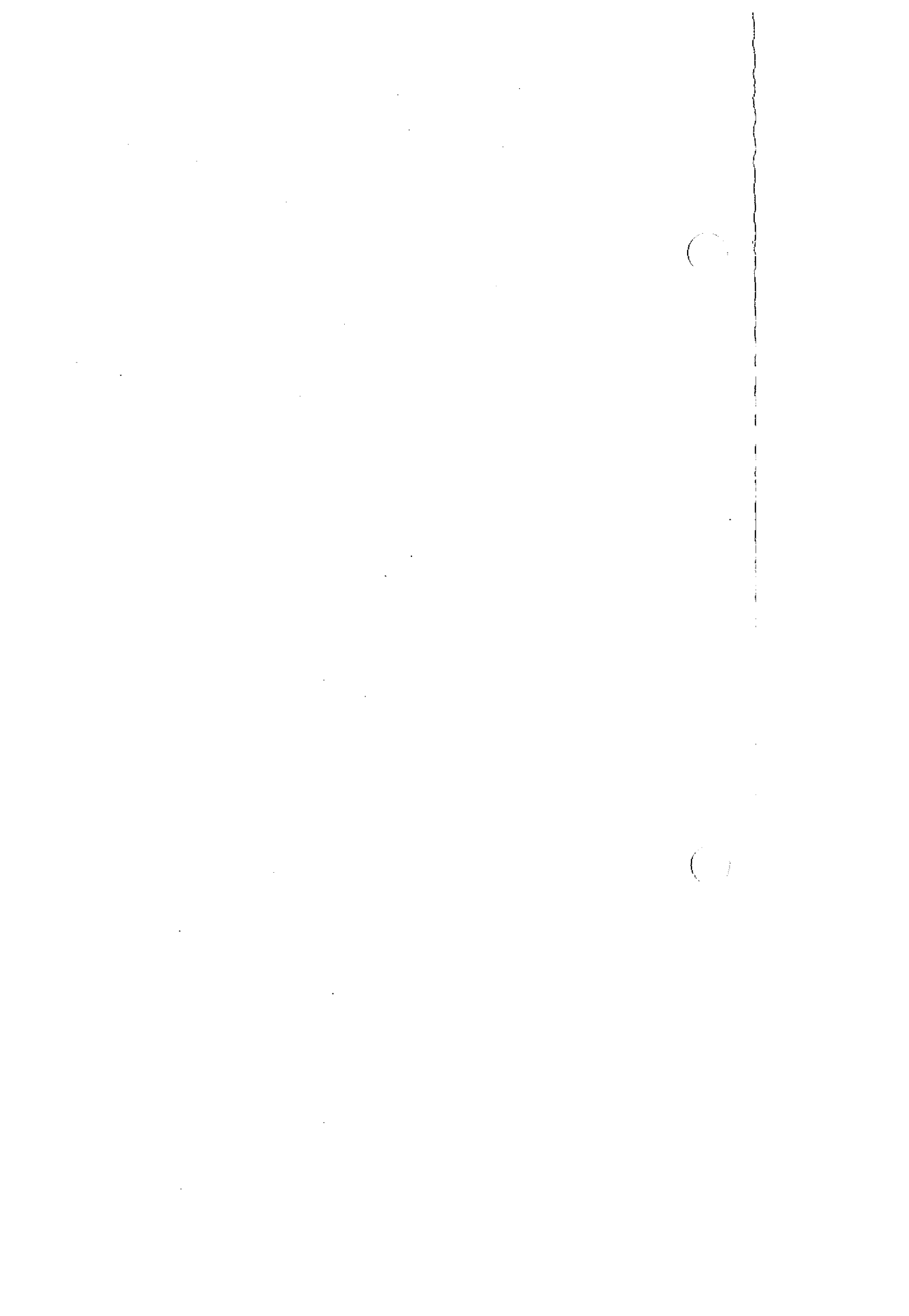
(10) "Percentage of persons in poverty" means the percent of persons residing in the municipality with incomes below the poverty level for the area as identified by the U.S. department of housing and urban development.

(11) "Public facility system" means the land, right-of-ways, structures and equipment needed to meet a particular community need, such as water supply or storm drainage.

(12) "Service center" means an elderly center, center for the handicapped or similar facility which requires continued administrative funding to support the services provided by the facility.

(14) "Target area" means an area or areas within the municipality which contain a concentration of low and moderate income or minority households, and which include not more than 50% of the households of the municipality.

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(2) **OVERALL COMPARISON.** For the purpose of determining the overall ranking of applications, all applications shall be compared to and compete against each other.

History: Cr. Register, February, 1982, No. 314, eff. 3-1-82; emerg. am. (2), eff. 10-6-87; am. (2), Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.115 Benefit to low- and moderate-income persons. The percentage of the requested funds to be used for the direct benefit of low- and moderate-income people shall not be less than the percentage specified in the application manual by the department.

History: Cr. Register, November, 1983, No. 335, eff. 12-1-83; emerg. r. and recr., eff. 10-6-87; r. and recr. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.12 Distribution of funds. (1) MAXIMUM GRANT SIZE. The maximum amount available is \$750,000 to an applicant that successfully addresses one program impact category. The maximum amount available to an applicant that successfully addresses both program impact categories is \$1 million, with not more than \$750,000 for either impact category.

(2) **REPORT TO THE LEGISLATURE.** The department shall report annually to the chairs of the economic development standing committees of the Legislature on the status of the program.

History: Cr. Register, February, 1982, No. 314, eff. 3-1-82; am. (2), Register, November, 1983, No. 335, eff. 12-1-83; emerg. r. and recr. eff. 10-6-87; r. and recr. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.13 Application process. (1) MANUAL. The department shall annually prepare a manual that contains the Wisconsin development fund grant application procedures. The department may update the manual as needed. The manual shall be available to all eligible applicants not later than 2 months prior to the deadline for receipt of applications.

(2) **SUBMISSION OF APPLICATIONS.** Applications shall be submitted by the deadline and in accordance with the procedures and format contained in the manual.

History: Cr. Register, February, 1982, No. 314, eff. 3-1-82; emerg. am. (1), eff. 10-6-87; am. (1), Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.135 Initial rehabilitation. (1) PURPOSE. The purpose of this section is to encourage participation in the Wisconsin development fund small cities housing program by those local units of government which have a high concentration of substandard housing and which have not received housing funds under this chapter.

(2) **APPLICABILITY.** Except as expressly stated in sub. (3), the other provisions of this subchapter do not apply to this section.

(3) **ELIGIBILITY.** Local units of government which are eligible under s. DOD 6.02 and which have not received funding for housing activities under the Wisconsin Development Fund are eligible for initial rehabilitation funding.

(4) **FUNDING.** Funding for the initial rehabilitation program shall consist of program income and recaptured monies returned to the department of development from programs funded under this subchapter.

(a) Grants shall range from \$50,000 to \$100,000. The amount of each grant will be based on population, capacity to manage a local program of

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housing rehabilitation, condition of housing and need for housing rehabilitation assistance.

(b) Grant funding shall be offered only when the department has at least \$50,000 of funding available.

(5) **SELECTION OF LOCAL GOVERNMENT GRANT RECIPIENTS.** Each eligible applicant under sub. (3) shall be assigned a score of up to 100 based upon the following measures:

(a) Forty for those with the highest percentage of persons in poverty to zero for those with lowest percentage of persons in poverty.

(b) Twenty for those with the lowest full value per capita to zero for those with highest full value per capita.

(a) Forty for those with the highest percentage of households in need of housing assistance to zero for those with lowest percentage of households in need of housing assistance.

(6) **GRANT AGREEMENTS.** (a) Grant offers shall be made to eligible applicants in rank order of score whenever sufficient funding is available as provided in sub. (4).

(b) The department shall negotiate a contract with each grant recipient that contains a budget, work program and timetable.

(c) The contract shall provide funds for deferred payment loans to rehabilitate low and moderate income owner occupied housing, loans to rehabilitate low and moderate income renter occupied housing when demand for such loans and capacity to service such loans is shown and, administrative costs of up to 15% of the rehabilitation portion of the contract budget.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

Subchapter II — Economic Development Program

DOD 6.14 Applicability. Sections DOD 6.01, 6.02, 6.03 (2), (2m), (5), (8), (16) and the provisions of this subchapter apply to the economic development program.

History: Cr. Register, November, 1984, No. 347, eff. 12-1-84; emerg. am. eff. 10-6-87; am. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.15 Scoring system. The allocation of federal Wisconsin development fund monies distributed under the economic development program shall be based upon the rating of applications against minimum requirements contained in s. DOD 6.16.

History: Cr. Register, November, 1984, No. 347, eff. 12-1-84; am. Register, January, 1987, No. 373, eff. 2-1-87; emerg. am., eff. 10-6-87; am. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.16 Minimum requirements. All applicants shall meet each of the following minimum requirements:

(1) **COMMUNITY DEVELOPMENT PLAN.** An applicant must have a community development plan, as described in the housing and community development act of 1974, 42 USC 5306 (d) (2) (D).

(2) **LOW- AND MODERATE-INCOME BENEFIT.** The percentage of all jobs created and retained by a project that are available to low- and moder-

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ate-income people shall exceed the percentage specified in the application manual prepared by the department.

(3) **PRIVATE FUNDS LEVERAGED.** An applicant must leverage a minimum of one dollar of private funds for each dollar of Wisconsin development funds requested. An applicant shall leverage one dollar of private funds for each dollar of Wisconsin development funds requested for the working capital portion of a project.

(4) **COST PER JOB CREATED OR RETAINED.** The cost for each job that is created or retained shall not exceed \$20,000 in Wisconsin development funds.

(5) **DEMONSTRATION OF NEED.** To demonstrate need, an application shall show evidence that the project on behalf of which the grant is requested is not eligible for financing from any other source on reasonably equivalent terms and that it requires the proposed assistance to enable it to be competitive within the industry to which it belongs.

(6) **FINANCIAL FEASIBILITY AND BUSINESS VIABILITY.** Applicants shall demonstrate that the business that will receive funds is viable and has the economic ability to repay the funds.

(7) **EQUITY INVESTMENT.** The department may require a minimum equity investment for a project.

History: Cr. Register, November, 1984, No. 347, eff. 12-1-84; am. (4) (intro.), (5) (intro.), (6) (intro.), (7) (intro.) and (8) (intro.), Register, January 1987, No. 373, eff. 2-1-87; emerg. r. and recr. eff. 10-6-87; r. and recr. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.17 Application manual. The department shall annually prepare an application manual which it may update as needed. The manual will contain the application procedures, requirements and instructions for funding under the economic development program.

History: Cr. Register, November, 1984, No. 347, eff. 12-1-84; emerg. am. eff. 10-6-87; am. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.18 Distribution of funds. (1) Out of each annual allotment of federal Wisconsin development funds, the department may set aside between 23% and 53% for the economic development program. The department shall announce the amount of the set aside not later than August 1 of the preceding year. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program.

(2) The maximum amount available to any business under the economic development program is \$750,000. The maximum amount available to any community is \$1.5 million per calendar year.

(3) Each applicant may retain a cumulative amount of program income from all grants awarded after January 1, 1987 subject to subs. (4) and (5) for the purpose of establishing an economic development revolving loan fund. The fund must comply with requirements established by the federal government and the department.

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for use in support of other applications to the Wisconsin development fund. These restrictions apply only to jobs described in the project application provided in s. DOD 6.84, and apply only for a term subject to negotiation between the successful applicant and the department.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.87 Reporting and auditing. Successful applicants will be required to provide the department periodic financial and program reports. A financial audit and final program report shall be submitted at the end of the contract. The cost of the audit may be covered by the grant or loan. 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.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.88 Administration. The department shall be responsible for soliciting applications, reviewing applications, making recommendations to the board on the disposition of applications, authorizing payments and otherwise implementing contractual obligations entailed in grants or loans made under the terms of this subchapter, monitoring project activities, receiving and reviewing the financial reports and program reports submitted under s. DOD 6.87, and for collecting any repayments of grants and loans from successful applicants. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88.

DOD 6.89 Board operations. The board shall consider the recommendations of the department relating to the criteria under s. DOD 6.85. A majority of the members of the board shall approve an application before the department can enter into a contract under s. DOD 6.86. The department shall maintain records of the board's proceedings and provide other staff support as may be necessary to the board.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88.

Subchapter VII — Small Business Innovation Research Bridge Financing

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.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

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.

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(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 employes, including employes 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.

(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.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

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.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

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.

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(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.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

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.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

DOD 6.95 Match requirements. The business shall provide a match equal to 25% of the bridge award received. The match shall be in cash or in kind.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

DOD 6.96 Application contents. 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.

(2) A copy of the Phase II proposal, after it has been submitted to the federal agency.

(3) A brief scope of work, including a timetable, covering the research activities to be performed with the bridge award. This work shall be related to the small business innovation research program and may include, but is not limited to, research into new applications of the technology developed under Phase I and research which represents an extension of the Phase I work but which is distinct and nonduplicative of the proposed Phase II work.

(4) A project budget, including a description of the proposed match to be provided by the business.

(5) Evidence that the project meets the criteria set forth in s. 560.605, Stats.

(6) A statement that the business intends to perform the research work primarily in Wisconsin.

(7) Other information as may be required by the department.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

DOD 6.97 Eligible and ineligible expenditures. (1) The following expenditures are eligible for funding:

(a) Salaries of research personnel who will be engaged in the research activity supported by the bridge award and in the Phase II research project.

(b) Other expenditures which are directly related to the research activity supported by the bridge award and which are segregated from other research activities. These expenditures may include, but are not limited to, consumable items and the use of equipment.

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(2) Travel and overhead are not eligible for funding.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

DOD 6.98 Reporting. (1) The business shall submit quarterly reports to the department which include a brief description of accomplishments over the previous three-month period, and a project financial report covering the previous three-month period.

(2) The business shall submit a final report to the department which includes the following:

(a) A discussion of research methodology, successful and unsuccessful technical approaches, accomplishments achieved and research conclusions.

(b) A one paragraph abstract of the project and its results, suitable for publication.

(c) A project financial report and a financial audit of the bridge award.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

DOD 6.99 Administration. (1) The application, and accompanying reports, shall be reviewed to determine:

(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.

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

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.