

## Chapter Comm 124

### FORWARD INNOVATION FUND

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**Comm 124.01 Purpose and authority. (1) PURPOSE.** The purpose of this chapter is to set forth the criteria the department will use to administer the Forward Innovation Fund Program established under subch. II of ch. 560, Stats.

**(2) AUTHORITY.** This chapter is promulgated under the authority in s. 560.301, Stats.

**History:** EmR1008: cr. eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.02 Definitions.** In this chapter:

**(1)** “Business” means a company located in this state, a company that has made a firm commitment to locate a facility in this state, or a group of companies at least 80 percent of which are located in this state.

**(2)** “Cluster” means a geographic, categorical, horizontal, or vertical concentration of interconnected, interdependent, or synergistic businesses, industries, research centers, or venues for the performance, creation, or display of the arts.

**(3)** “Community-based organization” means an organization that is involved in economic development and helps businesses which are likely to employ persons.

**(4)** “Department” means the department of commerce.

**(5)** “Economically distressed area” means an area designated by the department using the methodology established under s. Comm 124.04.

**(6)** “Eligible activity” means any of the following:

(a) The start-up, expansion, or retention of minority businesses.

(b) The start-up, expansion, or retention of businesses in economically distressed areas.

(c) Innovative proposals to strengthen inner cities or rural municipalities or to address economically distressed areas.

(d) Innovative programs to strengthen clusters or promote industry partnerships.

(e) Innovative proposals to strengthen entrepreneurship.

**(7)** “Eligible recipient” means any of the following:

(a) A business or small business.

(b) The governing body of a municipality.

(c) A community-based organization.

(d) A cooperative or association incorporated under ch. 185, Stats., or organized under ch. 193, Stats.

(e) A local development corporation.

(f) A nonprofit organization whose primary purpose is to promote the economic development of or community development in a particular area or region in this state.

**(8)** “Governing body” means a county board, city council, village board, or town board.

**(9)** “Local development corporation” means any of the following:

(a) The elected governing body of a federally recognized American Indian tribe or band in this state or any business created by the elected governing body.

(b) A corporation organized under ch. 181, Stats., which is a nonprofit corporation, as defined in s. 181.0103 (17), Stats., and which is at least 51 percent controlled and actively managed by minority group members, and which does all of the following:

1. Operates primarily within specific geographic boundaries.

2. Promotes economic development and employment opportunities for minority group members or minority businesses within the specific geographic area.

3. Demonstrates a commitment to or experience in promoting economic development and employment opportunities for minority group members or minority businesses.

**(10)** “Minority business” has the meaning given in s. 560.036 (1) (e) 1., Stats.

**Note:** Section 560.036 (1) (e) 1. of the Statutes reads as follows: “ ‘Minority business’ means a sole proprietorship, partnership, limited liability company, joint venture or corporation that fulfills both of the following requirements: a. It is at least 51% owned, controlled and actively managed by a minority group member or members who are U.S. citizens or persons lawfully admitted to the United States for permanent residence, as defined under 8 USC 1101 (a) (20). b. It is currently performing a useful business function.”

**(11)** “Minority group member” has the meaning given in s. 560.036 (1) (f), Stats.

**Note:** Section 560.036 (1) (f) of the Statutes reads as follows: “ ‘Minority group member’ means any of the following: 1. A Black. 2. A Hispanic. 3. An American Indian. 4. An Eskimo. 5. An Aleut. 6. A native Hawaiian. 7. An Asian-Indian. 8. A person of Asian-Pacific origin.”

**(12)** “Municipality” means a county, city, village, or town.

**(13)** “Project” means a business development activity that increases the productivity of a business or its employees in this state, leads to significant capital investment in a business in this state, leads to the retention of existing jobs in this state, or creates new jobs in this state.

**(14)** “Rural municipality” means any of the following:

(a) A municipality that is located in a county with a population density of less than 150 persons per square mile.

(b) A municipality with a population of 6,000 or less.

**(15)** “Small business” means a business with fewer than 100 employees, including employees of any subsidiary or affiliated organization.

**History:** EmR1008: cr. eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.03 Economic development objectives.**

**(1) GENERAL.** The department shall consider and may approve projects that have one or more of the following objectives:

(a) The start-up, expansion, or retention of minority businesses.

(b) The start-up, expansion, or retention of businesses in economically distressed areas.

(c) Strengthening inner cities.

(d) Strengthening rural municipalities.

(e) Strengthening clusters or promoting industry partnerships.

(f) Strengthening entrepreneurship.

**(2) PRIORITY.** Projects with the highest potential for innovatively fostering business and community investment, job creation

or retention, workforce development, or diversification of this state's economy shall have the highest priority for funding.

**History:** EmR1008: cr. eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.04 Methodology for designating an area as economically distressed.** The department shall consider the most current data available for the area and for this state on the following indicators in determining whether to designate an area as economically distressed:

- (1) Unemployment rate.
- (2) Percentage of families with incomes below the poverty line established under 42 USC 9902 (2).
- (3) Median family income.
- (4) Median per capita income.
- (5) Average annual wage.
- (6) Real property values.
- (7) Other significant or irregular indicators of economic distress, such as a natural disaster.

**History:** EmR1008: cr. eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.05 Procedures, policies, and standards.** The department shall prepare application materials that set forth the following requirements for funding under this chapter:

- (1) The process for submitting applications for grants and loans by eligible recipients.
- (2) The criteria for evaluating applications and determining whether to award a grant or loan under this chapter, which may include the following:
  - (a) Whether the eligible activity proposed to be conducted by the eligible recipient serves a public purpose.
  - (b) Whether the eligible activity proposed to be conducted by the eligible recipient will retain or increase employment in this state.
  - (c) Whether the eligible activity proposed to be conducted by the eligible recipient is likely to occur without the grant or loan.
  - (d) Whether and the extent to which the eligible activity proposed to be conducted by the eligible recipient will contribute to the economic growth of this state and the well-being of residents of this state.
  - (e) Whether the eligible activity proposed to be conducted by the eligible recipient will be located in an economically distressed area.
  - (f) The economic condition of the community in which the eligible activity proposed to be conducted by the eligible recipient is proposed to occur.
  - (g) The potential of the eligible activity proposed to be conducted by the eligible recipient to promote the employment of minority group members.
  - (h) Any other criteria established by the department by rule, including the types of projects that are eligible for funding and the types of eligible projects that will receive priority.

**History:** EmR1008: cr. eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.06 Contracts.** Successful applicants shall enter into a contract with the department, that includes all of the following:

- (1) The terms and conditions applicable to the grants and loans. The department shall require, as a condition of a grant or loan, that an eligible recipient contribute cash to a project in an amount that is not less than 25 percent of the amount of the grant or loan. The department shall also specify procedures relating to obtaining any reimbursement of grants and loans provided under this chapter. This reimbursement may include full repayment of the principal amount of the grant or loan plus interest, a share of future profits from or an interest in a product or process, or other payment acceptable to the department.

**Note:** See chapter Comm 149 for additional requirements relating to (1) contracts between the Department and recipients of economic-development grants, loans or tax credits; (2) submittal of statements for such grants and loans; and (3) penalties for submitting false or misleading information, or for failing to comply with the terms of a contract.

- (2) The process for monitoring project performance, including the procedures for verification of economic growth, job creation, and the number and percentage of newly created jobs for which residents of this state are hired.

- (3) The process for auditing the grants and loans.

**Note:** Section 560.305 (1) of the Statutes requires the Department to encourage and assist small businesses in applying for grants and loans under this chapter.

**History:** EmR1008: cr. eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.07 Administrative expenditures.** In each biennium, the department may expend or encumber up to a total of 1 percent of the moneys appropriated under s. 20.143 (1) (fi), Stats., for that biennium for any of the following:

- (1) Evaluations of proposed technical research projects.
- (2) Evaluation costs, collection costs, foreclosure costs, and other costs associated with administering the loan portfolio under this chapter, excluding staff salaries.

**History:** EmR1008: emerg. cr. as s. Comm 124.06, eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.08 Fees.** The department may charge a grant or loan recipient an origination fee of not more than 2 percent of the grant or loan amount if the grant or loan equals or exceeds \$100,000. The department shall deposit all origination fees collected under this subsection into the appropriation account under s. 20.143 (1) (gm), Stats.

**History:** EmR1008: emerg. cr. as s. Comm 124.07, eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 124.09 Biennial plan.** Before the commencement of each odd-numbered fiscal year, the department shall develop a plan for awarding grants and making loans and shall submit this plan to the governor and to the chief clerk of each house of the legislature for distribution to the appropriate standing committees under s. 13.172 (3), Stats.

**History:** EmR1008: emerg. cr. as s. Comm 124.08, eff. 3-22-10; CR 10-044: cr. Register May 2011 No. 665, eff. 6-1-11.