

CR 94-001


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 Technology Development Fund were duly approved and adopted by this Department on April 11, 1994.

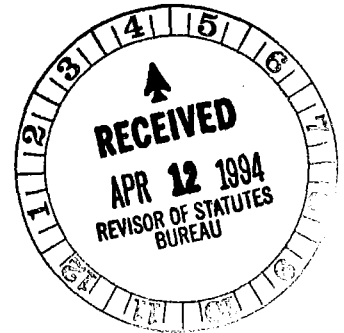
I further certify that said copy has been compared by me with the original on file in this Department and that the same is a true copy thereof, and of the whole of the original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand as Secretary at
123 West Washington Avenue in the City
of Madison, this 11th day of April, 1994.

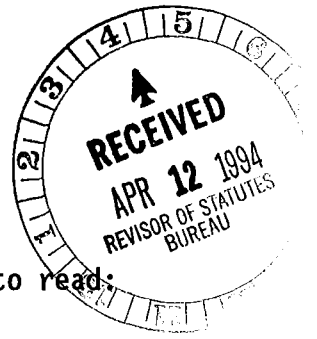


Robert N. Trunzo

18-007



6-1-94



Text of Rule:

SECTION 1. Subchapter V of Chapter DOD 6 is repealed and recreated to read:

CHAPTER DOD 6
WISCONSIN DEVELOPMENT FUND
SUBCHAPTER V-TECHNOLOGY DEVELOPMENT FUND

DOD 6.60 PURPOSE	DOD 6.66 EVALUATION CRITERIA
DOD 6.61 DEFINITIONS	DOD 6.67 CONTRACTS
DOD 6.62 ELIGIBLE APPLICANTS	DOD 6.68 REPORTING AND AUDITING
DOD 6.63 GRANT AND LOAN AMOUNTS	DOD 6.69 ADMINISTRATION
DOD 6.64 MATCH REQUIREMENTS	DOD 6.70 BOARD OPERATIONS
DOD 6.65 APPLICATION CONTENT	

DOD 6.60 PURPOSE. The purpose of this subchapter is to establish the procedure for the administration of technology development grants and loans and technology development follow-up loans by the department, as provided by ss. 560.605 and 560.62, Stats.

DOD 6.61 DEFINITIONS. In this subchapter:

- (1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.62 (1) or (2) containing all applicable elements required in s. DOD 6.65.
- (2) "Board" has the meaning provided in s. 560.60 (1s), Stats.
- (3) "Business" has the meaning provided in s. 560.60 (2), Stats.
- (4) "Consortium" has the meaning provided in s. 560.60 (3), Stats.
- (5) "Department" means the department of development.
- (6) "Financial audit" means an audit performed to the satisfaction of the department.
- (7) "Financing is unavailable from any other source on reasonably equivalent terms" means any of the following:
 - (a) Financing has been declined for the project.
 - (b) The maturity, rate or the amount of available financing or requirements related to the financing, such as collateral, equity, closing costs, service charges and repayment schedules offered on such financing are materially different from the financing available from the Wisconsin development fund.
- (8) "Fund" means the technology development fund.
- (9) "Higher educational institution" has the meaning provided in s. 560.60 (8), Stats.
- (10) "Job" has the meaning provided in s. 560.60 (10), Stats.

(11) "Program report" means a report to the department describing the results of the project supported by a technology development grant or loan or technology development follow-up loan.

(12) "Project" has the meaning provided in s. 560.60 (14), Stats.

(13) "Royalty" means a share of future profits from, or an interest in, a product or process.

(14) "Targeted area" means an area identified under s. 560.605 (2) (f) and (2m), Stats.

(15) "Technology development follow-up loan" means a loan made under this subchapter as described in s. DOD 6.62 (2).

(16) "Technology development fund" means the total of all grant and loan funds awarded under s. 560.62, Stats., and this subchapter.

(17) "Technology development grant or loan" means a grant or loan made under this subchapter as described in s. DOD 6.62 (1).

DOD 6.62 ELIGIBLE APPLICANTS. (1) Any consortium with a proposed technical research project that is intended to result in the development of a new, or the improvement of, an existing industrial product or process may apply for a technology development grant or loan under this subchapter.

(2) Any business which, as part of a consortium, received funding under s. DOD 6.63 and which, with such funding, developed a new or improved an existing industrial product or process may apply for a technology development follow-up loan under this subchapter.

DOD 6.63 GRANT AND LOAN AMOUNTS. (1) Wisconsin development funds expended or encumbered under this subchapter in any fiscal year for grant or loan projects located outside a targeted area may not exceed 40% of the total budgets of all grant and loan projects located outside a targeted area which are awarded grants or loans under this subchapter.

(2) A determination as to whether a technology development fund project shall be funded as a grant or loan shall be at the discretion of the board. Insofar as it is practical, the board shall require repayment of technology development fund loans and technology development follow-up loans plus a reasonable return on the investment. The repayment provision shall be determined on a case by case basis by the board.

(3) The proceeds of a technology development follow-up loan may be used only to pay those costs identified in s. 560.62 (1) (b) and (2m), Stats., and only in accordance with the terms of the contract required under s. DOD 6.67. The terms and conditions of each technology development follow-up loan, including repayment terms, shall be determined on a case by case basis by the board.

DOD 6.64 MATCH REQUIREMENTS. (1) The consortium shall provide a match for the technology development grant or loan received. The match shall not be less than 25% of the value of the research project. The board may establish a higher match requirement to the extent that the financial documentation in the application

indicates the ability on the part of the consortium to finance a greater share of the project.

(2) The business shall provide a match for the technology development follow-up loan received. The match shall not be less than 25% of the cost of the project. The board may require a higher match to the extent that the financial documentation in the application indicates the ability on the part of the business to finance a greater share of the project.

DOD 6.65 APPLICATION CONTENT. (1) Each technology development grant and loan application shall be in such form as the department may require and shall contain all of the following:

(a) The composition of the consortium including the location of the businesses and the higher educational institution and the extent of participation of each in the consortium.

(b) A written agreement specifying all of the following:

1. The ownership of any patents or licenses which result from the technical research.

2. Dissemination of information relating to the technical research.

3. The responsibilities of persons conducting the technical assistance.

(c) A timetable for completion of grant or loan supported activities.

(d) A description of the new product or process and of the research and development activities to be supported by the consortium and a budget for those activities.

(e) An estimate of the potential benefit to the economy of the state of Wisconsin in terms of new jobs, increased productivity, expansion into new markets inside or outside the state or the initiation of new enterprises within the state.

(f) An explanation of why Wisconsin development fund assistance is needed.

(g) A description of the proposed match to be provided by the business.

(h) A schedule for repayment of the funds.

(i) A pledge by the applicant business to maintain operations in the state after completion of activities supported by the grant or loan.

(j) A summary of related research indicating the uniqueness of the proposed research and development activities.

(k) An explanation of how the proposed project addresses the standards under s. DOD 6.66.

(l) A plan for evaluating and reporting on the effectiveness of the activities supported by the award as measured by the production or introduction of a new process or of a saleable new product into the market and for reporting progress

in completing activities described in the timetable.

(m) Documentation from a financial institution that financing is unavailable from any other source on reasonably equivalent terms.

(n) Other information the board may require to make a determination under this subchapter and s. 560.62, Stats.

(2) Each technology development follow-up loan application shall be in such form as the department may require and shall contain all of the following:

(a) An analysis of the need for funds for the production, marketing or sales of the new or improved product or process resulting from a technology development grant or loan project.

(b) A market analysis which shows demand for the product or process.

(c) Any other information the department may require to make a determination in accordance with the provisions of this subchapter and s. 560.62, Stats.

DOD 6.66 EVALUATION CRITERIA. (1) The board shall determine that the project meets the requirements of ss. 560.605 (1) (a) to (h) and 560.62 Stats., before making a technology development grant or loan.

(2) The board shall consider the following before making a technology development grant or loan:

(a) Each of the items contained in s. 560.605 (2) (a) to (f), (4), (5) and (5m), Stats.

(b) The extent to which the business pledges to maintain operations in this state after completion of the technical research supported by grant or loan funds.

(c) The technical soundness of the proposed research.

(d) The degree to which technological developments likely to come from the proposed research will be used in and be of benefit to the economy of this state.

(e) The time frame for repayment of the grant or loan funds and the amount of any additional royalties.

(f) The likely economic benefits of the project compared with the public cost of the project.

(g) The extent to which the project is likely to contribute to the growth of existing Wisconsin businesses or is likely to spur the creation of new Wisconsin businesses.

(3) The board shall determine that the project meets the requirements of ss. 560.605 (1) (a) to (h) and 560.62, Stats. before making a technology development follow-up loan.

(4) The board shall consider the following before making a technology development follow-up loan:

(a) Each of the items contained in s. 560.605 (2) (a) to (f), (4), (5) and (5m), Stats.

(b) The market for the product or process.

(c) The competition in the market for the product or process.

(d) The potential commercial success of the product or process.

DOD 6.67 CONTRACTS. Each successful applicant shall enter into a contract with the department for the purpose of implementing the proposed grant or loan under this subchapter. Each contract shall be signed by the secretary of development and the chief executive officer of the eligible recipient, or by the authorized representative of the eligible recipient. The department may void a contract and seek a return of any funds released under the contract for failure by the grant or loan recipient to perform its obligations under the contract.

DOD 6.68 REPORTING AND AUDITING. A successful applicant for a grant or loan under this subchapter shall provide the department periodic financial and program reports. A financial audit and final program report shall be submitted at the end of each contract. The cost of the audit may be covered by the grant or loan. The financial audit and the program reports become the property of the department and are open to public inspection.

DOD 6.69 ADMINISTRATION. The department is responsible for soliciting applications from eligible applicants; reviewing applications; making recommendations to the board on the disposition of applications; entering into contracts with successful applicants; authorizing payments and otherwise implementing contractual obligations entailed in grants or loans made under this subchapter; receiving the financial reports and program reports submitted under s. DOD 6.68 and for collecting any repayments of 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 technology development fund program.

DOD 6.70 BOARD OPERATIONS. The board shall consider the recommendation of the department relating to the criteria under s. DOD 6.66. The board shall approve an application before the department can enter into a contract for a grant or loan under this subchapter. The department shall maintain records of its proceedings and provide other staff support as may be necessary to the board.

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: 4-11-94

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

