

(c) The cost of recruiting, screening and counseling program trainees.

(d) The cost of a financial audit.

(e) The cost of renting instructional equipment and training facilities owned or leased by the district or institution, unless the equipment or facilities are rented only for the labor training program.

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

DOD 6.45 Match requirements. The applicant business shall provide a match for the grant or loan received. The match shall be in cash or in kind and shall not be less than 50% of the value of the training provided. Up to 20% of the contribution of a participating business may consist of funds which the business receives under the federal job training partnership act, 29 USC 1501 to 1781.

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

DOD 6.46 Application content. Applications from eligible businesses shall be submitted to the department. Each application shall contain all of the following:

(1) A description of a training program which details the kind of specialized training to be provided, the number of trainees, the name and qualifications of the proposed provider, the equipment and the facilities needed, and the location and duration of the proposed training.

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

(3) A statement, including supporting documentation, that the applicant is financially sound.

(4) An itemized estimate of the proposed cost of the training and a description of the proposed cash or in kind match.

(5) A statement guaranteeing a job in the state of Wisconsin for those successfully completing the training program supported by the proposed grant or loan.

(6) An explanation of how the proposed training project addresses the standards established in s. DOD 6.47.

(7) A statement that the proposed training is not available to the applicant through the applicant's existing training programs and that the training will not supplant training provided by any other federal, state or local public or private program.

(8) A plan for conducting a financial audit of the grant and for submitting program reports to the department on the results of the training.

(9) A statement that job orders for new hires will be placed with the Wisconsin job service, and that, to the extent possible, new hires will be recruited through the job service.

(10) A statement regarding the repayment of the grant or loan including proposed terms.

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

(12) Employers shall document job creation and job retention with a list of jobs or positions that specifies job titles, the number of full-time equivalent positions to be filled or retained under each title, job skills and wages or salaries both before and after the proposed training.

(13) Other information as may be required by the board.

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

DOD 6.47 Evaluation criteria. (1) The board shall determine the following before funding a project:

(a) That the project serves a public purpose.

(b) That the project will retain or increase employment in this state.

(c) That the project is not likely to occur in this state without the grant or loan.

(d) That financing is unavailable from any other source on reasonably equivalent terms.

(e) That funds from the grant or loan under this subchapter will not be used to pay overhead costs or to replace funds from any other source.

(f) That the project will not displace any workers in this state.

(2) The board shall consider the following before funding a project:

(a) The extent to which the project will contribute to the economic growth of this state and the well-being of the residents of this state.

(b) Whether the project will be located in an area of high unemployment or low average income.

(c) The financial soundness of the business.

(d) The intention of the eligible recipient to repay the grant or loan.

(e) The ratio of state dollars requested to the number of jobs created or retained by the project.

(f) The ratio of the annual wages resulting from the project to the state dollars requested.

(g) The ratio of capital investment to the state dollars requested.

(h) The ratio of the state dollars requested to the private dollars committed to the project.

(i) The extent to which the business exports goods or services outside state borders.

(j) The likely economic benefits of the project compared with the public costs of the project.

(k) 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 business.

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

DOD 6.48 Contracts. Successful applicants shall be required to enter into a contract with the department for the purpose of implementing the Register, February, 1989, No. 398

proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the business, or by their authorized representatives. The department may void a contract and seek a return of funds released under the contract for failure by the business to perform its obligations under the contract. Amendments to these contracts may be adopted by the consent of both of the original signatories. However, no change may be authorized if the jobs for which the training is provided are to be moved out of state or the job classification or the skill levels are to be downgraded. Any relocation from Wisconsin to any other state of the jobs for which the training is provided or any change in the job classifications or skill level involved shall void the contract and all funds paid to date shall be refunded to the department for use in support of other applications to the fund. These restrictions apply only to jobs described in the training application provided in s. DOD 6.46 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 6.49 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 except as provided under s. DOD 6.44 (2) (d). The financial reports, audit and the program reports shall be submitted to the department as 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 6.50 Administration. The department shall be responsible for soliciting applications for the fund, 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 the provision of the training, receiving and reviewing the financial reports and program reports submitted under s. DOD 6.49 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 6.51 Board operations. The board shall consider the recommendation of the department relating to the criteria under s. DOD 6.47. A majority of the members of the board shall approve an application before the department can enter into a contract under the terms of the fund. The department shall maintain records of its 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 V — Technology Development, Technology-Based Incubator and Applied Research in Technology Fund

DOD 6.60 Purpose. The purpose of this subchapter is to establish the procedure for the administration of technology development grants or

loans, technology-based incubator grants or loans and applied research in technology grants by the department of development, as provided by ss. 560.605, 560.62, 560.64 and 560.665, Stats.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.61 Definitions. In this subchapter.

(1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.62 containing all applicable elements required in s. DOD 6.65.

(2) "Applied research" has the meaning provided in s. 560.60 (1e), Stats.

(3) "Applied research in technology grant" means a grant made under this chapter as described in s. DOD 6.62 (3).

(4) "Biotechnology" has the meaning provided in s. 560.60 (1m), Stats.

(5) "Board" has the meaning provided in s. 560.60 (1), Stats.

(6) "Business" has the meaning provided in s. 560.60 (2), Stats.

(7) "Consortium" has the meaning provided in s. 560.60 (3), Stats.

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

(9) "Eligible researcher" has the meaning provided in s. 560.60 (4m), Stats.

(10) "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 under this subchapter.

(11) "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.

(12) "Fund" means the technology development, technology based incubator and applied research in technology fund.

(13) "Higher educational institution" has the meaning provided in s. 560.60 (8), Stats.

(14) "Job" has the meaning provided in s. 560.60 (10), Stats.

(15) "Nonprofit business development organization" has the meaning provided in s. 560.60 (12), Stats.

(16) "Program report" means a report to the department describing progress made toward achieving goals specified under s. DOD 6.65.

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

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

(19) "Technically oriented business" has the meaning provided in s. 560.90, Stats.

(20) "Technology" includes biotechnology.

(21) "Technology-based incubator" has the meaning provided in s. 560.60 (18), Stats.

(22) "Technology-based incubator grant or loan" means a grant or loan made under this subchapter as described in s. DOD 6.63 (2).

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

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

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 nonprofit business development organization may apply for a technology-based incubator grant or loan under this subchapter.

(3) Any higher educational institution with a proposed applied research in technology project may apply for an applied research in technology grant under this subchapter.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.63 Grant and loan amounts. (1) Wisconsin development funds expended or encumbered under this subchapter in any fiscal year for technology development grants and loans may not exceed 40% of the total budgets of all technical research projects awarded grants or loans under this subsection in that fiscal year. A determination as to whether the project will be funded as a grant or loan will be at the discretion of the board. Insofar as it is practical, the board will require repayment of the funds plus a reasonable return on the investment. The repayment provisions shall be determined on a case-by-case basis by the board.

(2) The board may award a technology-based incubator grant of up to \$5,000 for a feasibility study of the need for and initial designs of a technology-based incubator in a particular region of the state. The board may make technology-based incubator awards of up to \$250,000 to fund the initial development and operation of a proposed technology-based incubator. The board shall determine the relevant terms of awards for the operation of technology-based incubators in accordance with pars. (a) and (b).

(a) Terms shall be designed to make the operation of the proposed technology-based incubator viable.

(b) Terms shall be designed, to the extent feasible, to produce repayment plus a reasonable return on the investment.

(3) The board may make one applied research in technology grant under s. 560.665 (2), Stats., of up to \$25,000 in connection with any applied research in technology proposal. The board may make one applied research in technology grant under s. 560.665 (3), Stats., of up to \$150,000 in connection with any applied research proposal.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.64 Match requirements. 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.

(2) The nonprofit business development organization shall provide a match for the technology-based incubator grant or loan received. The match shall not be less than 50% 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 nonprofit business development organization to finance a greater share of the project.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.65 Application content. Applications from eligible applicants shall be submitted to the department.

(1) Each technology development application 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 statement of explanation of the way in which the funded activity will advance the research aims of the higher educational institution involved.

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

(e) 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.

(f) 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.

(g) A statement, including supporting documentation, that the involved businesses are financially sound and a statement that no part of the grant funds will be used for purposes other than research and devel-

opment of the new product or process for which the grant or loan is to be awarded.

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

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

(j) A schedule for repayment of the funds.

(k) A plan for conducting a financial audit of the grant or loan and for submitting program reports to the department on the results of the project.

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

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

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

(o) 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.

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

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

(2) Each technology-based incubator application shall contain an explanation of how the proposed project addresses the standards and considerations under s. 560.605 (1) and (2), Stats.

(a) If the application is to fund a feasibility study, the application shall also contain the following:

1. Each of the items listed under sub. (1) (d), (h), (i), and (k).

2. A general analysis outlining the need for a feasibility study.

3. A written commitment from a person with recognized expertise and experience necessary to conduct the feasibility study.

4. The resume for the person who will be conducting the feasibility study.

5. A statement, including supporting documentation, that the eligible applicant is financially sound and a statement that no part of the grant funds will be used for overhead costs or to replace other sources of funds.

6. Other information the board may require to make a determination under this subchapter and s. 560.64, Stats.

(b) If the application is to fund the initial development and operation of a proposed technology-based incubator, the application shall also contain the following:

1. Each of the items listed under s. 560.64 (2) (a) to (g), Stats.

2. Each of the items listed under sub. (1) (d), (f), (h) to (l), and (p).
 3. A description of the location of the proposed incubator.
 4. Evidence of financial support for continued operation of the incubator.
 5. A feasibility study, business plan and financial projections for the incubator.
 6. A description of the managing organization's access to technical expertise to support the businesses in the incubator, including the support and involvement of one or more higher educational institutions.
 7. A list of the businesses by type or by specific name that are expected to become tenants of the incubator.
 8. A written policy by the applicant which provides for the movement of maturing businesses out of the incubator to independent operation within a reasonable period of time.
 9. Evidence that the funds will not be used to replace other sources of funds.
 10. A copy of the applicant's eligibility requirements and acceptance policies for businesses moving into the incubator.
 11. Other information the board may require to make a determination under this subchapter and s. 560.64, Stats.
- (3) Each applied research in technology application shall contain all of the following:
- (a) An explanation of how the proposed project addresses the standards under s. 560.605 (3) (a) to (j), Stats.
 - (b) Each of the items listed under sub. (1) (d), (k), (m) and (o).
 - (c) A detailed statement of the problem which the proposed applied research proposal will address.
 - (d) A statement of the specific objectives to be attained by the proposed project and a description of how these objectives relate to the state's economic development interests.
 - (e) A review of the literature pertinent to the proposed research, including an assessment of previous research efforts.
 - (f) An explanation of why the research is not eligible for a technology development grant or loan.
 - (g) Resumes of everyone who will be involved in the research.
 - (h) An explanation of the potential commercial applications of the research and the beneficial effects upon Wisconsin businesses.
 - (i) Other information the board may require to make a determination under this subchapter and s. 560.665, Stats.

DOD 6.66 Evaluation criteria. (1) The board shall determine that the project meets the requirements of s. 560.605 (1) (a) to (h), Stats., before funding a technology development project.

(2) The board shall consider the following before funding a technology development project:

(a) Each of the items contained in s. 560.605 (2) (a) to (e), Stats.

(b) The extent to which the business pledges to maintain operations in this state after completion of the technical research supported by grant 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 contribution of the proposed research to the research aims of the higher educational institution.

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

(g) The ratio of state dollars requested to the estimated number of jobs to be created or retained by the project, if successful.

(h) The ratio of the estimated annual wages resulting from the project, if successful, to the state dollars requested.

(i) The ratio of estimated future capital investment to the state dollars requested over a five-year period.

(j) The ratio of the state dollars requested to the private dollars committed to the project.

(k) The extent to which the business exports goods or services outside state borders and the extent to which the new product or process, if successful, will be exported outside state borders.

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

(m) 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 whether the project meets the requirements of s. 560.605 (1) (a) to (f) and (h), Stats. before funding a technology-based incubator project.

(4) The board shall consider the following before funding a technology-based incubator project:

(a) Each of the items in sub. (2) (a), (f) to (j), (l) and (m).

(b) If the project is the initial development and operation of a proposed technology-based incubator, the board shall also consider the following:

1. Each of the items in s. 560.64 (2) (a) to (g), Stats.

2. The extent to which the applicant pledges to maintain the incubator operations in Wisconsin after completion of the project supported by the Wisconsin development fund.

3. The extent to which the businesses supported by the incubator anticipate to export goods or services outside state borders.

(5) The board shall determine the following before funding an applied research in technology project:

(a) Each of the items in s. 560.605 (3), Stats.

(b) That the project is not eligible for funding as a technology development project.

(6) The board shall consider the following before funding an applied research in technology project:

(a) Whether the applied research project will include personnel with the necessary skills.

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

(c) 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.

(d) Other financial support being contributed for the research project.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.67 Contracts. Successful applicants shall enter into a contract with the department for the purpose of implementing the proposed grant or loan. The contracts shall be signed by the secretary of development and the chief executive officer of the eligible recipient, 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 grant or loan recipient to perform its obligations under the contract. Amendments to the contracts may be adopted by the consent of both of the original signatories.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.68 Reporting and auditing. Successful applicants shall 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 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; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

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; for 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 program.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.70 Board operations. The board shall consider the recommendation of the department relating to the criteria under s. DOD 6.66. A majority of the members of the board shall approve an application before the department can enter into a contract under the terms of the fund. The department shall maintain records of its proceedings and provide other staff support as may be necessary to the board.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

Subchapter VI — Major Economic Development Fund

DOD 6.80 Purpose. The purpose of this subchapter is to establish a procedure for the administration of major economic development grants or loans by the department of development, as provided by s. 560.62, 560.63 or 560.66, Stats., that are funded under s. 20.143 (1) (d), Stats.

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

DOD 6.81 Definitions. The definitions in this section apply only in this subchapter.

(1) "Application" means a proposal from an eligible applicant as specified in s. DOD 6.82 containing all elements required in s. DOD 6.84.

(2) "Board" means the development finance board as defined in s. 15.155 (1), Stats.

(3) "Business" means a company located in this state, a company which has made a firm commitment to locate a facility in this state or a group of companies at least 80% of which are located in this state.

(4) "Consortium" means an association of a business and a higher educational institution, which association is subject to an agreement complying with this chapter.

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

(6) "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 under this fund.

(7) "Financing is unavailable from any other source on reasonably equivalent terms" means any of the following:

(a) Financing has been declined for the major economic development 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) "Governing body" means a county board, city council, village board, town board, regional planning commission or transit commission under s. 59.967 or 66.943, Stats.

(9) "Higher educational institution" means any of the following:

(a) The university of Wisconsin system.

(b) An institution which is located in this state and offers a post-baccalaureate or professional degree program.

(10) "Job" means a position providing full-time equivalent employment for one individual for one year, beginning after a project is completed. It does not include initial training before an employment position begins.

(11) "Local infrastructure" means the real property, buildings and improvements owned, constructed, managed, or operated by a political subdivision.

(12) "Major economic development project" means a project to which any of the following applies:

(a) The program [project] is necessary to retain a significant number of jobs in a political subdivision.

(b) The project is necessary to significantly increase the number of jobs in a political subdivision.

(c) The project will lead to significant capital investment in this state by a business.

(d) The project will make a significant contribution to the economy of this state.

(13) "Political subdivision" means a county, city, town or village.

(14) "Project" means a business development that increases the productivity of a business or its employes 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.

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

DOD 6.82 Eligible applicants. Any business, consortium, nonprofit business development organization as defined in s. 560.60 (12), Stats. or governing body that is not eligible for a grant or loan under subchs. IV and V may apply for a grant or loan under this subchapter.

Note: Written instruction for technology development, technology-based incubator and applied research in technology grant and loan applications may be obtained at no charge from the Department of Development, Bureau of Development Finance, P.O. box 7970, Madison, Wisconsin 53707.

History: Cr. Register, March, 1988, No. 387, eff. 4-1-88; r. and recr. Register, February, 1991, No. 422, eff. 3-1-91.

DOD 6.83 Match requirements. Applicants shall provide a match for the grant or loan received. The match may be in cash or in kind and shall be a minimum of 25% of the projected cost. The board may establish a higher match requirement. A determination as to whether the project will be funded as a grant or loan will be at the discretion of the board. Insofar as it is practical, the board will require repayment of the funds

Register, February, 1991, No. 422

plus a reasonable return on the investment. The repayment provisions shall be determined on a case-by-case basis by the board.

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

DOD 6.84 Application content. Applications from eligible applicants shall be submitted to the department. Each application shall contain all of the following:

- (1) The name, address and designated contact person of the eligible applicant.
- (2) A description of the proposed project, including all of the following:
 - (a) The location and duration of the project.
 - (b) The number of jobs to be created or retained.
 - (c) The value of the capital investment which the eligible applicant will make in the project.
 - (d) The value of the expenditures required for local infrastructure relating to the project.
 - (e) The immediate and continuing effects of the project upon the political subdivisions within which it will be located.
- (3) A statement, including supporting documentation, that the applicant is financially sound.
- (4) An itemized estimate of the proposed cost of the project and a description of the proposed match.
- (5) An explanation of how the proposed project addresses the standards established in s. DOD 6.85.
- (6) An explanation of why Wisconsin development fund assistance is required.
- (7) Statements that funding is not available at reasonably equivalent terms from any other source, that any state funds received under this subchapter will not replace funds from any other source, and that the project is not likely to take place without the grant or loan.
- (8) A statement that the proposed project will not displace any workers in Wisconsin.
- (9) A plan for conducting a financial audit of the grant or loan and for submitting program reports to the department on the results of the project.

Next page is numbered 45

(10) A statement that job orders for new hires will be placed with the Wisconsin job service, and that, to the extent possible, new hires will be recruited through the job service.

(11) A statement regarding the repayment of the grant or loan including proposed terms.

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

(13) Employers shall document job creation and job retention with a list of jobs or positions that specifies job titles, the number of full-time equivalent positions to be filled or retained under each title, job skills and wages or salaries.

(14) For applicants requesting \$1 million or more of funds, the following additional information shall be supplied.

(a) An explanation as to how this project fosters the short-term and long-term economic growth of this state.

(b) An explanation of each of the other alternatives the applicant has explored for financing the project.

(c) A discussion of possible risks associated with the project and a comparison of those risks with the benefits to the state for providing the assistance.

(d) A discussion of any residual benefits to the state if the specified project benefits are not attained.

(e) An explanation of any undesirable effects the project may have on the environment, land use policies, public and private utility services and adjacent residential, commercial or industrial areas.

(f) A detailed explanation of all the assumptions used in arriving at the information provided under s. DOD 6.84.

(15) Other information as may be required by the board.

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

DOD 6.85 Evaluation criteria. (1) The board shall determine the following before funding a project:

(a) That the project serves a public purpose.

(b) That the project will retain or increase employment in this state.

(c) That the project is not likely to occur in this state without the grant or loan.

(d) That financing is unavailable from any other source on reasonably equivalent terms.

(e) That funds from the grant or loan under this subchapter will not be used to pay overhead costs or to replace funds from any other source.

(f) That the project will not displace any workers in this state.

(2) The board shall consider the following before funding a project:

(a) The extent to which the project will contribute to the economic growth of this state and the well-being of the residents of this state.

(b) Whether the project will be located in an area of high unemployment or low average income.

(c) The financial soundness of the applicant.

(d) The intention of the eligible recipient to repay the grant or loan.

(e) The ratio of state dollars requested to the number of jobs created or retained by the project.

(f) The ratio of the annual wages resulting from the project to the state dollars requested.

(g) The ratio of capital investment to the state dollars requested.

(h) The ratio of the state dollars requested to the private dollars committed to the project.

(i) The extent to which the business exports goods or services outside state borders.

(j) The unemployment and poverty rates of the political subdivision in which the project is located, if available.

(k) The likely economic benefits of the project compared with the public costs of the project.

(l) 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 business.

(m) The value of the expenditures required for local infrastructure relating to the major economic development project.

(n) The immediate and continuing effects of the major economic development project upon the affected political subdivisions within which it will be located.

(3) In awarding grants and loans under this section, the board may consider the effects of the project upon jobs, school, transportation, and law enforcement services and facilities.

(4) On projects where the applicant is requesting \$1 million or more of funds, the board shall also consider the information provided under s. DOD 6.84 (14).

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

DOD 6.86 Contracts. Successful applicants shall be required to enter into a contract with the department for the purpose of implementing the proposed grant or loan. The contracts shall be signed by the secretary of development 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 business to perform its obligations under the contract. Amendments to these contracts may be adopted by the consent of both of the original signatories. Any relocation from Wisconsin to any other state of the jobs created or retained through the project shall void the contract, and all funds paid to date shall be refunded to the department

Register, February, 1989, No. 398

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.

(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 employees, including employees 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.

(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.

(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.

DEPARTMENT OF DEVELOPMENT

DOD 6 48-3

(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.