

SECTION 1. Chapter Comm 126 is created to read:

CHAPTER Comm 126, WISCONSIN VENTURE FUND

Comm 126.01 Purpose. The purpose of this chapter is to set forth the criteria the department will use to administer the Wisconsin Venture Fund for the annual Wisconsin Angel Network grant awarded under s. 560.255, Stats., and the capital connections grants and venture seed fund grants awarded under s. 560.277, Stats.

Comm 126.02 Definitions. In this chapter:

(1) “Department” means the department of commerce.

(2) “Eligible business” means a for-profit early stage entity which has or will have a majority of its operations located in this state and which is determining proof of concept and feasibility of a new business idea.

(3) “Eligible entrepreneur” means an individual who is determining proof of concept and feasibility of a new business idea for a for-profit early stage entity that has or will have a majority of its operations located in this state.

(4) “Eligible institution” means a research institution or nonprofit organization involved in economic development.

(5) “Eligible investment” means funding provided from a venture seed fund to an eligible business or eligible entrepreneur.

(6) “Nonprofit” means a nonprofit corporation as defined in s. 181.0103 (17), Stats., or an organization described in 26 USC 501(c)(3) that is exempt from federal income tax under 26 USC 501(a).

(7) “Venture seed fund” means both the venture seed fund grant and cash match that are used to make eligible investments.

(8) “Venture seed fund grant” means funding provided by the department to an eligible institution to make eligible investments.

Comm 126.03 Wisconsin Angel Network. (1) From the appropriation under s. 20.143 (1) (bk), Stats., the department shall make an annual grant of up to \$60,000 to the Wisconsin Angel Network.

(2) The department and the Wisconsin Angel Network or its authorized representative shall annually enter into a contract that specifies the uses for the grant issued under this section, the deliverables, and the reporting and auditing requirements.

Comm 126.04 Capital connections grants. (1) From the appropriation under s. 20.143 (1) (bk), Stats., the department may award a capital connections grant to an eligible institution to fund a project that does any of the following:

(a) Expands access for Wisconsin for-profit business ventures or entrepreneurs to capital networks.

(b) Creates or runs a Wisconsin network to connect Wisconsin for-profit business ventures or entrepreneurs with available capital.

(c) Creates an activity, event, or strategy in this state to connect Wisconsin for-profit business ventures or entrepreneurs with available capital.

(2) Prior to receiving a grant, an eligible institution shall demonstrate that it will provide a cash match of at least 50% of eligible project costs from sources other than the state.

Comm 126.05 Venture seed fund grants. (1) From the appropriation under s. 20.143 (1) (bk), Stats., the department may award a venture seed fund grant to an eligible institution to establish a venture seed fund if the department determines the venture seed fund will do all of the following:

(a) Increase the amount of funding, or leverage private investment for an eligible business or eligible entrepreneur.

(b) Facilitate the creation of jobs in this state by an eligible business or eligible entrepreneur.

(2) An application for a venture seed fund grant shall include all of the following:

(a) Demonstration that the eligible institution has the financial, administrative, and legal capacity to administer a venture seed fund.

(b) Documentation that the eligible institution has a minimum \$1 to \$1 cash match for the venture seed fund grant, from sources other than the state, which will be placed into the venture seed fund.

(c) Agreement that the venture seed fund will be used to make eligible investments and will not be used for administration and overhead costs. Any cash match raised over the \$1 for \$1 amount in par. (b) may be used to pay for administrative and overhead costs.

(d) Agreement that all eligible investments will be in the form of a loan, convertible debt, or equity instrument.

(e) Agreement that eligible investments will not be made to eligible businesses or eligible entrepreneurs that have tax liens or delinquent taxes, are in default, or are not registered to do business in Wisconsin.

(f) Agreement that all repayments from eligible investments; proceeds from mergers, sales or acquisitions; fees; or liquidity proceeds will be deposited back into the venture seed fund, unless otherwise approved by the department.

(g) Any other items deemed necessary by the department.

Comm 126.06 Procedures, policies, and standards. The department shall prepare application materials that set forth the following requirements, as applicable, for obtaining a grant from the department under this chapter:

(1) The process for submitting applications.

(2) The criteria used for evaluating applications and determining whether to award a grant.

(3) The maximum funding levels for each grant.

(4) The terms and conditions applicable to the grants.

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

(6) The reporting and servicing requirements.

(7) The process for auditing.

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

Comm 126.07 Advisory Council. (1) The department shall establish a Wisconsin venture fund advisory council that shall consist of the secretary of the department of commerce, the secretary of the department of financial institutions or its designee, and other qualified persons as deemed necessary by the department.

(2) The Wisconsin venture fund advisory council shall make recommendations to the department on all of the following for grants under this chapter:

(a) A process by which the department, the department of financial institutions, and other qualified persons may review proposals.

(b) The maximum amount of the grants awarded.

(c) Requirements that applicants secure funding from sources other than the state to match a portion of the grants awarded.

(d) Monitoring of projects funded by the grants, including monitoring of job creation.

(e) Annual reporting to the Wisconsin venture fund advisory council.

(END)

EFFECTIVE DATE

Pursuant to s. 227.22 (2) (intro.), Stats., these rules shall become effective on the first day of the month commencing after the date of publication in the Wisconsin administrative register.

File reference: Comm 126/rules PH