

Wisconsin Department of Agriculture, Trade and Consumer Protection

Business Impact Analysis¹

Rule Subject: Economic Development Grant and Loans;
Accountability Provisions
Adm. Code Reference: ATCP 161, subch. V
Rules Clearinghouse #: 10-120
DATCP Docket #: 09-R-4

Rule Summary

This rule implements 2007 Wisconsin Act 125, which requires new accountability measures related to state economic development grants and loans. This rule requires the following accountability provisions in each contract for a DATCP economic development grant or loan (other agencies that make economic development grants and loans must adopt similar rules):

- For a grant or loan of \$100,000 or more, a provision requiring the grant or loan recipient to give DATCP a verified statement signed by a certified public accountant (CPA) and a director or principal officer of the grant or loan recipient.
- Provisions allowing DATCP to withhold payments, to recover funds from, or impose financial penalties on grant or loan recipients who submit false information to DATCP or fail to honor the terms of the grant or loan contract.

Business Impact

This rule will affect businesses that receive economic development grants and loans from DATCP. Many of those businesses are “small businesses.” Grant and loan recipients voluntarily apply for the grants and loans, and receive a substantial financial benefit from the state.

This rule will not impose significant costs on grant and loan recipients, unless they violate the terms of their grant or loan contracts. DATCP already includes, in its grant and loan contracts, contract provisions that are similar to the provisions required by this rule. The rule provisions are mandated by state law, and are designed to ensure accountability in the use of state funds.

¹ This analysis includes, but is not limited to, a small business analysis (“regulatory flexibility analysis”) under ss. 227.114 and 227.19(3)(e), Stats.

Under this rule, a business receiving a grant or loan of over \$100,000 must submit a verified statement signed by a certified public accountant (CPA) and by a director or principal officer of the grant or loan recipient. This requirement may impose some additional costs on some grant or loan recipients. However, DATCP has awarded fewer than 5 grants or loans of this size in the past 20 years, so few recipients are likely to be affected by this requirement.

Conclusion

This rule will have minimal impact on business since it only applies to those businesses that voluntarily seek and are awarded grant or loan funds. In addition, since most of the reporting and most of the contract penalties applicable to grant and loan recipients are included in current DATCP grant and loan contracts, the impact even for that group will be minimal.

Dated this _____ day of _____, 2011

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

By _____
Perry Brown, Acting Administrator,
Division of Agricultural Development