

Clearinghouse Rule 95-213

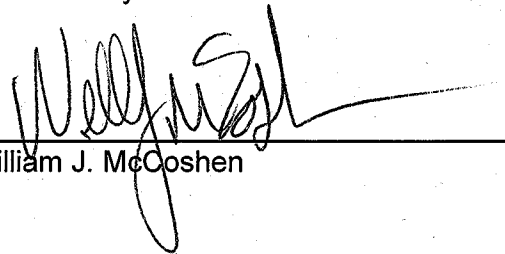
CERTIFICATE

STATE OF WISCONSIN)
) SS
DEPARTMENT OF DEVELOPMENT)

I, William J. McCoshen, Secretary and custodian of the official records of the Department of Development, do hereby certify that the annexed rules relating to the Community Development Block Grant portion of the Wisconsin Development Fund were duly approved and adopted by this Department on March, 14 1996.

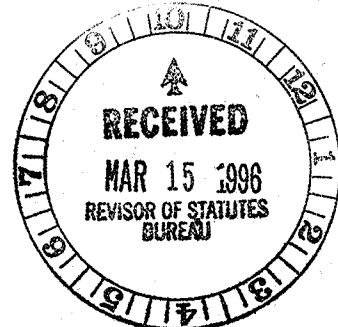
I further certify that said copy has been compared by me with the original on file in this Department and that the same is a true copy thereof, and of the whole of the original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand as Secretary at 123 West
Washington Avenue in the City of Madison,
this 14th day of March 1996.



William J. McCoshen

18-007



95-213
5-1-96

Text of Rule

SECTION 1. DOD 6.01 is amended to read:

DOD 6.01 PURPOSE. The purpose of subchapters I, II and III is to set forth the criteria the department will use in administering the federal funds ~~in the Wisconsin development fund~~ that the department receives pursuant to 42 USC 5301 to 5319 and 24 CFR ~~570.480 to 570.496~~ Part 570.

SECTION 2. DOD 6.03 (1r), (4r) and (14r) are created to read:

DOD 6.03 (1r) "CDBG funds" means community development block grant funds awarded to the department by the federal government pursuant to 42 USC 5301 to 5319.

(4r) "Local government" means a unit of general purpose local government that is eligible to apply for and receive CDBG funds under s. DOD 6.02.

(14r) "Target population" means persons with low to moderate income.

SECTION 3. DOD 6.03 (16) is renumbered 6.03 (13r) and as renumbered is amended to read:

DOD 6.03 (13r) "~~Wisconsin~~ Small cities development fund grant" means a grant ~~available to an eligible applicants as provided in s. DOD 6.02~~ local government for the purpose of undertaking economic development projects, public facilities projects that support economic development and public facilities projects.

SECTION 4. DOD 6.14 is repealed.

SECTION 5. DOD 6.15 and 6.16 are repealed and recreated to read:

DOD 6.15 ECONOMIC DEVELOPMENT PROGRAM. (1) The department may award a grant under the economic development program upon receipt and consideration of an application from an eligible local government if the department determines all of the following:

(a) The project serves a public purpose.

(b) The local government has a community development plan as required by 42 USC s. 5304 (m).

(c) The project costs are reasonable.

(d) All sources of project financing will be committed prior to the disbursement of the grant.

(e) The project is financially feasible.

(f) The business that will benefit from the economic development grant has the economic ability to repay the funds.

(g) The project will likely retain or create jobs in this state.

(h) The percentage of jobs retained or created that are made available to persons in the target population will likely exceed the percentage specified in the application manual.

(i) Financing for the project is unavailable from any other source on reasonably equivalent terms.

(j) The business that will benefit from the economic development grant will contribute at least 50% of the total cost of the project from private funding sources.

(k) The project includes job training, child care or transportation activities under 24 CFR 570.483 (b) (2) (v) designed to benefit low-and moderate-income persons, job creation or retention activities under 24 CFR 570.483 (b) (4) designed to benefit low-and moderate-income persons or other activities under 24 CFR Part 570 that meet the national objectives of benefit to low-and moderate-income persons through job creation.

(2) To make a determination under sub. (1) (a), the department shall consider all of the following:

(a) The extent of poverty and unemployment and other economic factors in the area of the project.

(b) The prospects for new investment and economic development in the area.

(c) The amount of investment that is likely to result from the project.

(d) The total cost per job created or retained.

(e) The amount of wages and benefits to be provided by the business.

(f) The willingness of the business to work cooperatively with local job service offices and private industry councils to identify and offer job opportunities to persons in the target population.

(g) The availability of satisfactory collateral and personal guarantees to assure repayment of the economic development grant.

(h) Whether the award will provide the business with an unreasonable competitive advantage over other similar Wisconsin businesses in the vicinity of the project.

(i) Whether the project will involve relocation of a business and displacement of jobs from one local government in Wisconsin to another local government in Wisconsin.

(3) The amount of funds requested for each job to be created or retained may not exceed \$20,000. The amount awarded shall depend upon the department's consideration of the factors in sub. (2).

DOD 6.16 PUBLIC FACILITIES ECONOMIC DEVELOPMENT PROGRAM. (1) The department may award a grant under the public facilities economic development program upon receipt and consideration of an application from an eligible local government if the department determines all of the following:

(a) Each of the items in s. DOD 6.15 (1) (a), (c), (d), (e), (g) and (h).

(b) The local government has a citizen participation plan as required under 24 CFR 570.486 (a).

(c) The local government will contribute at least 25% of the total cost of the project from funding sources other than the federal or state government.

(2) To make a determination under sub. (1) (a), the department shall consider each of the items in s. DOD 6.15 (2) (a) to (f), (h) and (i).

(3) The amount of public facility economic development program funds requested by an eligible local government may not exceed \$10,000 for each job created and retained. The amount awarded shall depend upon the department's consideration of the factors set forth in sub. (2).

SECTION 6. DOD 6.18 (1) to (4) (a) are amended to read:

DOD 6.18 (1) Out of each annual allotment ~~grant~~ of ~~federal Wisconsin development~~ CDBG funds ~~administered by the department from the federal government~~, the department may set aside up to 75% for the economic

development program, up to 20% for the public facilities economic development program, or and up to 75% for the public facilities competition program administered under subch. I. The department shall announce the amount of the set aside no later than August 1 of the preceding year. The department shall report semiannually to the chairs of the economic development standing committees of the legislature on the status of the program. Funds in Program income received by the department's revolving loan fund, consisting of department from repayments from of prior economic development program awards shall be used allocated for economic development, public facilities economic development or public facilities program awards.

(2) (a) The maximum amount available of CDBG funds that may be awarded to any local government for the purpose of making a loan to any a business under the economic development program is shall be \$750,000 \$1 million. The maximum amount available to any business during any 5 year period shall be \$1 million. The maximum aggregate amount available of CDBG funds that may be awarded under the economic development program to any local government, including any amount loaned to a business, is shall be \$1.5 million per calendar year.

(b) The maximum amount available to assist any of CDBG funds that may be awarded to any local government for the benefit of a business under the public facilities economic development program is \$750,000 shall be \$500,000. The maximum aggregate amount available of CDBG funds that may be awarded to any local government under the public facilities economic development program is \$1.5 shall be \$1 million per calendar year.

(3) Each recipient of eligible local government that is awarded economic development program funds may retain a cumulative amount of program income from all grants awarded after January 1, 1987 subject to subs. (4), and (5) and (6) for the purpose of establishing to establish and capitalize an economic development revolving loan fund. The recipient of funds must comply A local government that establishes an economic development revolving loan fund shall administer and use the fund in accordance with all of the requirements established by the federal government under 24 CFR 570.489 (f) and the procedures established by the department.

(4) (a) Retained Subject to pars. (am) to (e) and subs. (5) and (6), retained cumulative program income from grants awarded after January 1, 1987 may not exceed:

1. \$100,000 for an applicant a local government with a population of 1,000 or less.

2. \$150,000 for an applicant a local government with a population of more than 1,000 but less than 2,000.

3. \$250,000 for ~~an applicant~~ a local government with a population of 2,000 or more but less than 4,000.
4. \$500,000 for ~~an applicant~~ a local government with a population of 4,000 or more but less than 10,000.
5. \$750,000 for ~~an applicant~~ a local government with a population of 10,000 or more.

SECTION 7. DOD 6.18 (4) (am) is created to read:

DOD 6.18 (4) (am) As an alternative to the cumulative program income limits in par. (a) a local government may elect to retain program income from grants received prior to January 1, 1987 in excess of the limits in par. (a). A local government shall make the election on a form prescribed by the department. Any local government that makes the election under this paragraph, may not retain program income generated after the effective date of this paragraph from grants received on January 1, 1987 or thereafter except as provided in sub. (5).

Note: The form required under s. DOD 6.18 (4) (am) may be obtained at no charge from the Department of Development, Office of Development Finance, P.O. Box 7970, Madison, WI 53707.

SECTION 8. DOD 6.18 (4) (b) to (d) are amended to read:

(b) All program income ~~from grants~~ received by a local government in excess of ~~these amounts~~ the limits in par. (a) or (am), if the local government makes the election under par. (am), shall be ~~returned~~ paid to the state department within 30 days of receipt. The department shall use such program income to fund eligible economic development, public facilities economic development and public facilities activities, ~~except that the department may waive this requirement to the extent such income is applied to continue the activities from which the income was derived.~~

(c) A recipient of economic development program funds which will generate local government that will generate program income in excess of the amounts allowed in this section from grants awarded prior to January 1, 1987 ~~is par. (a) or (am)~~, if the local government makes the election under par. (am), shall not be eligible to retain the excess program income from grants awarded after January 1, 1987, except as provided in par. (b) sub (5).

(d) All program income ~~from grants awarded prior to January 1, 1987~~ shall be ~~retained~~ used by the recipient a local government in accordance with 24 CFR Part 570.489 (e) (2) and (f) and the local government's original contract

~~provisions with the department. The department may require the recipient to return any program income from grants awarded prior to January 1, 1987 if funds are not being spent in accordance with federal program regulations and contractual provisions or if program recordkeeping and reporting procedures are not being met.~~

SECTION 9. DOD 6.18 (4) (e) is created to read:

DOD 6.18 (4) (e) The department may require a local government to return program income if any of the following occurs:

1. The local government fails to use the funds in accordance with the requirements established by the federal government and the department.
2. The local government fails to comply with the recordkeeping and reporting requirements established by the federal government and the department.
3. The local government fails to make any economic development loans with the revolving loan fund for a period of two consecutive years and, after receiving a notice from the department, fails to make any economic development loans for a period of 6 months.
4. The local government discontinues its economic development program following the close out of its most recent contract with the department.

SECTION 10. DOD 6.18 (5) is renumbered (6) and as renumbered is amended to read:

DOD 6.18 (6) Any ~~municipality establishing~~ local government that establishes an economic development revolving loan fund pursuant to this subchapter shall report annually to the department on the use of such a fund on forms and at such times as prescribed by the department.

SECTION 11. DOD 6.18 (5) is created to read:

DOD 6.18 (5) (a) Any local government that desires to retain program income in excess of the limits established under sub. (4) (a) or (am) shall submit an application to the department setting forth the information as may be required by the department to justify the retention of 50% of the program income in excess of the limits.

(b) When evaluating applications under par. (a), the department shall consider the following factors:

1. Whether the local government has complied with the administrative, underwriting, recordkeeping and other requirements established by the federal government and the department.
2. The total number and amount of loans made by the local government using program income in the revolving loan fund.
3. The default rate on loans made by the local government using program income in the revolving loan fund.
4. The demonstrated need for an increase above the local government's program income limit.

(c) Any increase above a local government's original program income limit shall be made in increments equal to 25% of the limit established under sub (4) (a) or (am).

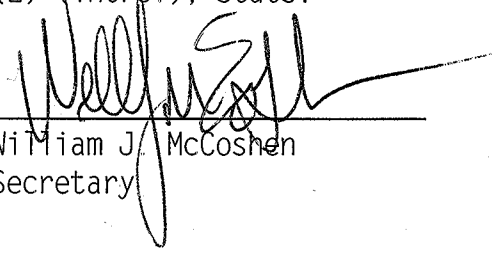
(d) Local governments authorized by the department to retain excess program income may keep 50% of the excess program income received, subject to the program income limits in par. (c). The balance of such program income shall be paid to the department within 30 days of receipt.

SECTION 12. DOD 6.20 to 6.23 are repealed.

SECTION 13. DOD 6.24 is renumbered 6.20.

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: 3-14-96

Agency: 
William J. McCoshen
Secretary

