

# RULES CERTIFICATE

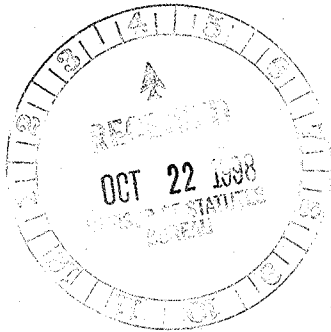
## Department of Commerce

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Philip Edw. Albert, Acting Secretary of the Department of Commerce,  
and custodian of the official records of said department, do hereby certify that the annexed rule(s) relating to  
Community-Based Economic Development Program  
(Subject)

were duly approved and adopted by this department.

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



IN TESTIMONY WHEREOF, I have hereunto set  
my hand at 201 West Washington Avenue  
in the city of Madison, this 22<sup>nd</sup>  
day of October A.D. 19 98

Philip Edw. Albert  
Secretary

# ORDER OF ADOPTION

## Department of Commerce

Pursuant to authority vested in the Department of Commerce by section(s) ss.560.14 (3m), (3r) (b), and

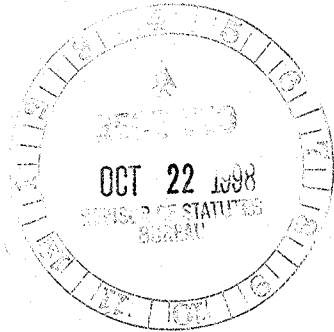
(bn), Stats., the Department of Commerce  creates;  amends;

repeals and recreates;  repeals and adopts rules of Wisconsin Administrative Code chapter(s):

Ch. Comm 115 Community-Based Economic Development Program  
(number) (Title)

The attached rules shall take effect on The first day of the month following publication in the Wisconsin

Administrative Register pursuant to section 227.22, Stats.



Adopted at Madison, Wisconsin this

date: 10/8/98

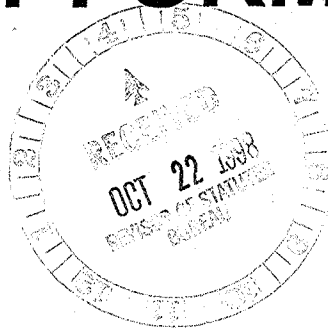
DEPARTMENT OF COMMERCE

Whitney R. Allen  
Secretary



State of Wisconsin \ Department of Commerce

# RULES in FINAL DRAFT FORM



**Rule No.:** Ch. COMM 115

**Relating to:** Community-Based Economic Development Program

**Clearinghouse Rule No.:** 98-074

# Department of Commerce

## Rule Relating to the Community-Based Economic Development Program

### Analysis of Rules

Statutory Authority: § 560.14 (3m), (3r) (b), (5) (b) and (bn), stats.

Statutes Interpreted: § 560.14, stats.

On May 12, 1998, the Wisconsin Department of Commerce submitted a proposed rule to the Legislative Council Rules Clearinghouse affecting Ch. COMM 115, Wis. Adm. Code, relating to the community-based economic development program.

Statutory Authority: Section 560.14, stats., creates the Community-Based Economic Development programs. Subsections 560.14 (3m), (3r) (b), (5) (b) and (bn), stats., authorize the Department to create administrative rules to interpret the section.

The proposed rule makes changes to the Community-Based Economic Development Program. The changes are the result of statutory changes made to the program in 1997 Wis. Act 27. The proposed rule also makes some technical changes to simplify the rule and to make the rules for this program more uniform with the rules for the Department's other financial assistance programs.

The significant changes in the proposed rule include:

1. Priority for funding under the program will be given to brownfield projects.
2. The definition for "extreme financial hardship area" is changed to delete the reference to households that receive aid to families with dependent children, because this program no longer exists under the W-2 initiative.
3. The definition of small business is changed from a business with 25 employees to a business with 100 or fewer employees.
4. The amount of funds that can be granted to a community-based organization for a development project or business assistance project is changed from \$20,000 to \$30,000.

5. The amount of funds that can be granted to a political subdivision for an economic diversification plan is changed from \$10,000 to \$30,000. In addition, community-based organizations are also eligible to apply for an economic diversification plan.

6. It establishes procedures for a new program that allows community-based organizations to apply for a grant to establish a revolving loan fund to make loans to small businesses.

7. It establishes procedures for a new program that allows a private, nonprofit foundation to apply for a grant to conduct an entrepreneurship training program for economically disadvantaged or socially at-risk children.

8. It establishes procedures for a new program that allows a community-based organization or private nonprofit organization to apply for a grant to conduct a venture capital development conference. The successful applicant must provide at least 50 percent of the cost of the project.

Pursuant to the authority vested in the Department of Commerce by ss. 560.02 (4), 560.14 (3m), 560.14 (3r) (b), 560.14 (5) (b), 560.14 (5) (bm), and 227.11 (2), Stats., the Department of Commerce hereby proposes an order to repeal Comm 115.02 (9) (e), 115.03 (3) and (6), 115.035 (3), 115.04 (3) and (4), 115.045 (2) (a), 115.05 (1) (a) 3. and 115.06; to amend Comm 115.02 (5), (9), (13) and (14), 115.03 (2), 115.035 (1) and (2), 115.04 (1) (c) and (6) (a) 1., 2., 3., 4. and 5., 115.05 (1), 115.07 (1), (2) and (3), 115.08 and 115.09; to repeal and recreate Comm 115.02 (15) and (16); and to create Comm 115.02 (2m) and (9m), 115.043, 115.046, 115.048 and 115.05 (1) (j) and (k) and (4), relating to the community-based economic development program.

SECTION 1. Comm 115.02 (2m) is created to read:

Comm 115.02 (2m) "Brownfields" has the meaning given in s. 560.60 (1v), Stats.

SECTION 2. Comm 115.02 (5) and (9) are amended to read:

Comm 115.02 (5) "Ceases operations" means the removal of all tenants from the business incubator, the cessation of shared services or managerial assistance by the business incubator, and, the conversion of the business incubator to some other use by the ~~applicant~~ recipient or the organization that operates the business incubator.

(9) "Extreme financial hardship area" means an area to which any 4 3 of the following paragraphs apply:

SECTION 3. Comm 115.02 (9) (e) is repealed.

SECTION 4. Comm 115.02 (9m) is created to read:

Comm 115.02 (9m) "In-kind contributions" means staff time, supplies, materials and services contributed to the project. Time volunteered by a non-staff person or an unpaid board member shall be considered an in-kind contribution, but the rate of pay for this contribution may not be calculated at a rate higher than any of the staff people working on the project.

SECTION 5. Comm 115.02 (13) and (14) are amended to read:

Comm 115.02 (13) "Plan" means a document that is adopted by resolution of the governing body of an area or a community-based organization and which documents input from area residents, identifies the economic development needs of the area, sets the goals, objectives and activities that address those needs and identifies the resources needed to implement the activities and attain the goals and objectives.

(14) "Small business" means a business which employs ~~25~~ 100 or fewer persons.

SECTION 6. Comm 115.02 (15) and (16) are repealed and recreated to read:

Comm 115.02 (15) "Technically oriented business" has the meaning given in s.560.90, Stats.

(16) "Technology-based incubator" has the meaning given in s. 560.14 (1) (h), Stats.

SECTION 7. Comm 115.03 (2) is amended to read:

Comm 115.03 (2) The maximum amount that may be granted for any ~~project of local economic development or small business assistance project~~ is the lesser of ~~\$20,000~~ \$30,000 or 75% of the cost of the project ~~for which the grant is made.~~

SECTION 8. Comm 115.03 (3) is repealed.

SECTION 9. Comm 115.03 (6) is repealed.

SECTION 10. Comm 115.035 (1) and (2) are amended to read:

Comm 115.035 (1) The department may make a grant to a community-based organization or a political subdivision to develop a plan to diversify its economy, attract new businesses and jobs and promote economic development.

(2) The maximum amount of a grant under this section is the lesser of ~~\$10,000 and may not exceed~~ \$30,000 or 75% of the cost of the project ~~for which the grant is made.~~

SECTION 11. Comm 115.035 (3) is repealed.

SECTION 12. Comm 115.04 (1) (c) is amended to read:

Comm 115.04 (1) (c) To start, expand or rehabilitate a new business or technology-based incubator ~~by financing the construction, rehabilitation or expansion of a business or technology-based incubator.~~ To qualify under this paragraph, neither construction nor acquisition may have occurred prior to the date of the grant award unless the building is owned by a nonprofit, nonstock corporation, and limited or no rehabilitation has taken place as of the date of the application and the nonprofit, nonstock corporation meets one of the following:

SECTION 13. Comm 115.04 (3) and (4) are repealed.

SECTION 14. Comm 115.04 (6) (a) 1., 2., 3., 4. and 5. are amended to read:

Comm 115.04 (6) (a) 1. If the incubator ceases operations during the first year, ~~than~~ the department may require repayment of up to 100% of grant funds received.

2. If the incubator ceases operations during the second year, ~~than~~ the department may require repayment of up to 80% of grants funds received.

3. If the incubator ceases operations during the third year, ~~than~~ the department may require repayment of up to 60% of grant funds received.

4. If the incubator ceases operations during the fourth year, ~~then~~ the department may require repayment of up to 40% of grant funds received.

5. If the incubator ceases operations during the fifth year, ~~then~~ the department may require repayment of up to 20% of grant funds received.

SECTION 15. Comm 115.043 is created to read:

**115.043 COMMUNITY-BASED REVOLVING LOAN FUND GRANTS.** (1) The department may make a grant to a community-based organization to establish a revolving loan fund to make loans to small businesses in its service area.

(2) The maximum amount that may be granted for a local revolving loan fund project is \$50,000 to an organization in one year. The applicant must provide a cash match of not less than 50% of the total cost of the project.

(3) The community-based organization may provide a loan to a business of not more than 60% of the total project cost.

(4) Before awarding a grant under this section, the department shall consider all of the following:

(a) The experience of the community-based organization in underwriting and servicing loans.

(b) The experience of the community-based organization in conducting economic development activities.

(c) The extent of the representation of the financial and business communities on the loan review board of the community-based organization.

(d) The effectiveness of the revolving loan fund operating procedures manual of the community-based organization.

(e) The experience of the community-based organization in working with small businesses.

(f) The need for a small business revolving loan fund in the service area of the community-based organization.

(g) The likelihood the loans will be made available to businesses located in a development zone, development opportunity zone, or main street business center.

(h) The types of activities for which the revolving loan funds will be used.

SECTION 16. Comm 115.045 (2) (a) is repealed.



SECTION 17. Comm 115.046 is created to read:

**115.046 ENTREPRENEURSHIP TEACHING GRANT.** (1) The department may make a grant under this section to a private, nonprofit foundation for an entrepreneurship training project for economically disadvantaged or socially at-risk children.

(2) Before awarding a grant under this section, the department shall consider all of the following:

(a) The extent to which the applicant will be partnering with an educational institution in the design and implementation of the project.

(b) The extent to which the applicant will be collaborating with area businesses in obtaining financial and operational support for the project.

(c) The extent to which the project will provide real-life experiences for the children.

(d) The extent to which the project will include placement and follow-up activities.

(e) The experience of the applicant in working with economically disadvantaged or socially at-risk children.

SECTION 18. Comm 115.048 is created to read:

**115.048 VENTURE CAPITAL DEVELOPMENT CONFERENCE.** (1) The department may make a grant under this section to a community-based organization or private nonprofit organization for a venture capital development conference.

(2) Before awarding a grant under this section, the department shall consider all of the following:

(a) The criteria in s. 560.14 (4m) (a) 1. to 3. and 5., Stats.

(b) The applicant's access to capital markets.

(c) The experience of the applicant in linking investors with emerging businesses.

(d) The experience of the applicant in providing business plan assistance.

(e) The size of the area in which the project will be located.

(f) The level of on-going assistance that will be provided to the entrepreneurs.

SECTION 19. Comm 115.05 (1) is amended to read:

Comm 115.05 (1) Before making a determination under s. Comm 115.03, 115.035, ~~or 115.04, 115.043, 115.045, or 115.046,~~ the department shall consider all of the following:

SECTION 20. Comm 115.05 (1) (a) 3. is repealed.

SECTION 21. Comm 115.05 (1) (a) (j) and (k) are created to read:

Comm 115.05 (1) (a) (j) The quality and effectiveness of the performance of the applicant on previous grants awarded under this chapter.

(k) The extent of the participation of the municipality in the design and implementation of the project.

SECTION 22. Comm 115.05 (4) is created to read:

Comm 115.05 (4) The department shall give priority under this chapter for projects related to brownfields redevelopment.

SECTION 23. Comm 115.06 is repealed.

SECTION 24. Comm 115.07 (1) to (3) are amended to read:

Comm 115.07 (1) The department shall prepare application manuals for grants under ~~ss. Comm 115.03, 115.035, 115.04, and 115.045~~ this chapter which it may update as needed. The manuals shall contain the application procedures, requirements and instructions for funding under this chapter.

(2) The department shall hold annual competitions for grants under ~~s. Comm 115.03, 115.035, 115.04 and 115.045~~ this chapter. The competition for grants under s. Comm 115.04 shall be divided into 4 categories for s. Comm 115.04 (1) (a), (b), (c) and (d) grant determinations.

(3) The department may make a grant under ~~ss. Comm 115.03, 115.035, 115.04 or 115.045~~ this chapter after examining the application and any other information it deems relevant if, ~~based upon the applicable criteria in ss. Comm 115.045 and 115.05,~~ the application submitted by the applicant compares favorably to other applications received ~~during the fiscal year.~~ The department shall fund only those proposals which, in its judgement, effectively address the applicable criteria even if the department's determination results in the expenditure of less than the total funding allocated for such grants under s. Comm 115.06 (1).

SECTION 25. Comm 115.08 and 115.09 are amended to read:

**115.08 Contracts.** Successful applicants shall ~~be required to~~ enter into a contract with the department for the purposes of implementing the proposed grant ~~or loan~~. The contracts shall be signed by the secretary of ~~development~~ the department and the ~~chief executive officer of the successful applicant, or by their authorized representatives~~ person or persons authorized by the

applicant to enter into the contract. The department may void a contract and seek a return of any funds released under the contract for failure by the applicant to perform its obligations under the contract. Amendments to these contracts may be adopted by the written consent of both parties.

**115.09 Reporting and auditing.** Each successful applicant shall provide the department periodic financial reimbursement documentation and program reports. A financial audit and final program report shall be submitted at the end of each contract ~~that is for an amount greater than \$30,000.~~ The financial audit shall be performed to the satisfaction of the department. The cost of the audit may be covered by the grant. ~~The financial reports reimbursement documentation,~~ audit and the program reports shall be submitted to the department by a date specified in the contract. The reimbursement documentation, financial audit and the program reports become the property of the department and are open to public inspection.

(END)

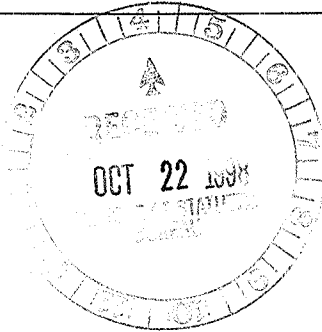
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These rules shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22 (2) (intro.), Stats.

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October 5, 1998



Gary Poulson  
Assistant Revisor of Statutes  
Suite 800  
131 West Wilson Street  
Madison, Wisconsin 53703-3233

Douglas LaFollette  
Secretary of State  
10th Floor  
30 West Mifflin Street  
Madison, Wisconsin 53703

Dear Messrs. Poulson and LaFollette:

**TRANSMITTAL OF RULE ADOPTION**

CLEARINGHOUSE RULE NO.: 98-074

RULE NO.: Ch. Comm 115

RELATING TO: Community-Based Economic Development Program

Pursuant to section 227.20, Stats., agencies are required to file a certified copy of every rule adopted by the agency with the offices of the Secretary of State and the Revisor of Statutes.

At this time, the following material is being submitted to you:

1. Order of Adoption.
2. Rules Certificate Form.
3. Rules in Final Draft Form.

Pursuant to section 227.114, Stats., a summary of the final regulatory flexibility analysis is also included.

Respectfully submitted,

Philip Edw. Albert  
Acting Secretary