

HOUSE BILL No. 5305

October 23, 1997, Introduced by Reps. Martinez, Freeman, Schauer, LaForge, Baird, Thomas, Goschka, Prusi, Cherry, Quarles, Brater, Mans, Price, Agee, Parks, Godchaux, Bogardus, Emerson, Hale, DeHart, Hanley, Rison, Jellema, Gire, Scott and Kilpatrick and referred to the Committee on Urban Policy and Economic Development.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2093) by adding chapter 8a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 CHAPTER 8A

2 SEC. 88A. (1) THE FUND SHALL OPERATE A CENTER FOR MICROEN-
3 TERPRISE DEVELOPMENT.

4 (2) AS USED IN THIS CHAPTER:

5 (A) "CENTER" OR "CENTER FOR MICROENTERPRISE DEVELOPMENT"
6 MEANS THE CENTER FOR MICROENTERPRISE DEVELOPMENT OPERATED UNDER
7 THE FUND.

8 (B) "COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION" MEANS A
9 NONGOVERNMENTAL, NONPROFIT ORGANIZATION THAT IS TAX-EXEMPT UNDER
10 SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE, THAT HAS AS ITS

1 PURPOSE THE SUPPORT OF ECONOMIC DEVELOPMENT AND EMPLOYMENT
2 OPPORTUNITIES.

3 (C) "MICROENTERPRISE BUSINESS" MEANS A NEW OR EXISTING BUSI-
4 NESS WITH 5 OR FEWER EMPLOYEES AND INCLUDES STARTUP, HOME-BASED,
5 AND SELF-EMPLOYED INDIVIDUALS.

6 (D) "MICROENTERPRISE DEVELOPMENT ADVISORY BOARD" OR
7 "ADVISORY BOARD" MEANS THE MICROENTERPRISE DEVELOPMENT ADVISORY
8 BOARD CREATED IN SECTION 88B.

9 (E) "MICROENTERPRISE DEVELOPMENT FUND" IS AN ACCOUNT WITHIN
10 THE FUND TO BE USED AS PROVIDED IN THIS CHAPTER.

11 (F) "MICROENTERPRISE DEVELOPMENT ORGANIZATION" MEANS A
12 COMMUNITY-BASED, NONPROFIT ORGANIZATION THAT IS TAX-EXEMPT UNDER
13 SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE THAT HAS A DEMON-
14 STRATED CAPACITY AND PLAN FOR PROVIDING BUSINESS TRAINING, TECH-
15 NICAL ASSISTANCE, AND BUSINESS LOANS TO MICROENTERPRISE
16 BUSINESS.

17 SEC. 88B. (1) THE CENTER FOR MICROENTERPRISE DEVELOPMENT IS
18 CREATED UNDER THE FUND.

19 (2) THE CENTER FOR MICROENTERPRISE DEVELOPMENT SHALL BE
20 FUNDED BY THE MICROENTERPRISE DEVELOPMENT FUND. COSTS FOR SUP-
21 PORTING THE ADMINISTRATION OF THE CENTER IN A YEAR SHALL NOT
22 EXCEED 10% OF THE FUNDS DISBURSED FROM THE MICROENTERPRISE DEVEL-
23 OPMENT FUND THROUGH LOANS AND GRANTS IN THAT YEAR.

24 (3) THE FUND SHALL DEPOSIT INTO THE MICROENTERPRISE DEVELOP-
25 MENT FUND ALL MONEY APPROPRIATED OR OTHERWISE PROVIDED BY THIS
26 STATE AND ANY OTHER MONEY MADE AVAILABLE TO THE FUND FOR THE

1 CENTER OR TO THE CENTER FROM ANY OTHER SOURCE, PUBLIC OR
2 PRIVATE.

3 (4) THE MICROENTERPRISE DEVELOPMENT ADVISORY BOARD IS CRE-
4 ATED TO ADVISE THE CENTER ON MICROENTERPRISE DEVELOPMENT POLICIES
5 AND GRANT AND LOAN ALLOCATIONS AND AWARDS.

6 (5) THE MEMBERS OF THE MICROENTERPRISE DEVELOPMENT ADVISORY
7 BOARD SHALL BE APPOINTED BY THE GOVERNOR AND SHALL SERVE WITHOUT
8 COMPENSATION. THE MEMBERS OF THE ADVISORY BOARD SHALL INCLUDE
9 ALL OF THE FOLLOWING:

10 (A) TWO REPRESENTATIVES OF MICROENTERPRISE DEVELOPMENT
11 ORGANIZATIONS.

12 (B) ONE REPRESENTATIVE OF A UNIVERSITY OR COMMUNITY COLLEGE
13 SMALL BUSINESS DEVELOPMENT CENTER.

14 (C) THE DIRECTOR OF THE FAMILY INDEPENDENCE AGENCY OR HIS OR
15 HER DESIGNEE.

16 (D) ONE REPRESENTATIVE OF A NONPROFIT COMMUNITY FINANCIAL
17 ORGANIZATION SERVING LOW-INCOME COMMUNITIES.

18 (E) TWO REPRESENTATIVES OF COMMUNITY ECONOMIC DEVELOPMENT
19 ORGANIZATIONS.

20 (F) THE DIRECTOR OF THE MICHIGAN STATE UNIVERSITY EXTENSION
21 OR HIS OR HER DESIGNEE.

22 (G) THE DIRECTOR OF THE MICHIGAN JOBS COMMISSION OR HIS OR
23 HER DESIGNEE AS A NONVOTING MEMBER OF THE ADVISORY BOARD.

24 (6) MEMBERS SHALL BE APPOINTED TO THE ADVISORY BOARD FOR A
25 TERM OF 3 YEARS, WITH TERMS EXPIRING ON A ROTATING BASIS. OF THE
26 MEMBERS FIRST APPOINTED TO THE ADVISORY BOARD, 1/3 SHALL BE

1 APPOINTED TO A TERM OF 1 YEAR, 1/3 SHALL BE APPOINTED TO A TERM
2 OF 2 YEARS, AND 1/3 SHALL BE APPOINTED TO A TERM OF 3 YEARS.

3 (7) THE GOVERNOR SHALL APPOINT 1 MEMBER OF THE ADVISORY
4 BOARD TO SERVE AS THE CHAIRPERSON OF THE ADVISORY BOARD.

5 (8) THE ADVISORY BOARD SHALL ESTABLISH A SCHEDULE, LOCATION,
6 AND AGENDA FOR ITS MEETINGS. MEETINGS SHALL BE HELD AT LEAST 4
7 TIMES PER YEAR.

8 (9) THE ADVISORY BOARD IS RESPONSIBLE FOR, BUT NOT LIMITED
9 TO, ALL OF THE FOLLOWING:

10 (A) RECOMMENDING QUALIFICATIONS THAT MUST BE MET BY ORGANI-
11 ZATIONS MAKING APPLICATION FOR LOAN AND GRANT FUNDS.

12 (B) RECOMMENDING TO THE CENTER ALLOCATION AMOUNTS FOR LOANS
13 AND GRANTS.

14 (C) REVIEWING ALL APPLICATIONS FOR FUNDING AND REVIEWING
15 RECOMMENDATIONS OF THE CENTER FOR THE GRANTING OF FUNDS.

16 (D) RECOMMENDING INFORMATION TO BE INCLUDED IN REPORTS
17 REQUIRED BY THE CENTER.

18 (E) EVALUATING ALL REPORTS PROVIDED TO AND BY THE CENTER.

19 (F) RECOMMENDING WAYS TO INCREASE THE INVOLVEMENT OF THE
20 PRIVATE SECTOR IN MICROENTERPRISE DEVELOPMENT.

21 (10) WITHIN 1 YEAR AFTER ITS CREATION, THE MICROENTERPRISE
22 DEVELOPMENT ADVISORY BOARD SHALL REPORT TO THE MICHIGAN JOBS COM-
23 MISSION, THE GOVERNOR, AND EACH HOUSE OF THE LEGISLATURE ON THE
24 ADVISABILITY OF CREATING A STATEWIDE NONPROFIT CORPORATION TO
25 SERVE AS THE CENTER FOR MICROENTERPRISE DEVELOPMENT FOR THE PUR-
26 POSE OF MAKING APPLICATION FOR FEDERAL AND PRIVATE SOURCE
27 FUNDING.

1 SEC. 88C. (1) EXCEPT AS PROVIDED IN SECTION 88B, MONEY IN
2 THE MICROENTERPRISE DEVELOPMENT FUND SHALL BE USED ONLY TO MAKE
3 LOANS OR GRANTS TO MICROENTERPRISE DEVELOPMENT ORGANIZATIONS IN
4 THIS STATE FOR MICROENTERPRISE DEVELOPMENT.

5 (2) LOANS OR GRANTS TO MICROENTERPRISE DEVELOPMENT ORGANIZA-
6 TIONS OR COMMUNITY DEVELOPMENT ORGANIZATIONS THAT INCLUDE MICRO-
7 ENTERPRISE SUPPORT AND DELIVERY SERVICES IN THIS STATE SHALL BE
8 USED ONLY FOR THE FOLLOWING PURPOSES:

9 (A) ADMINISTERING A LOAN OR LOAN GUARANTEE PROGRAM.

10 (B) ADMINISTERING A REVOLVING LOAN PROGRAM.

11 (C) PROVIDING BUSINESS TRAINING AND TECHNICAL ASSISTANCE TO
12 PERSONS WHOSE HOUSEHOLD INCOME FALLS AT OR BELOW 185% OF FEDERAL
13 POVERTY LIMITS.

14 (D) PROVIDING BUSINESS LOANS TO PERSONS WHOSE HOUSEHOLD
15 INCOME FALLS AT OR BELOW 185% OF FEDERAL POVERTY LIMITS.

16 (3) GRANTS TO A MICROENTERPRISE DEVELOPMENT ORGANIZATION FOR
17 ADMINISTRATION, BUSINESS TRAINING, AND TECHNICAL ASSISTANCE SHALL
18 NOT EXCEED 50% OF THE OPERATING COSTS OF THAT MICROENTERPRISE
19 DEVELOPMENT ORGANIZATION PER YEAR.

20 (4) LOANS MADE FROM THE FUND TO A MICROENTERPRISE DEVELOP-
21 MENT ORGANIZATION SHALL BE FOR A TERM NOT TO EXCEED 5 YEARS AT 0%
22 INTEREST AND SHALL BE RENEWABLE.

23 (5) LOANS OR GRANTS FROM A MICROENTERPRISE DEVELOPMENT
24 ORGANIZATION TO A MICROENTERPRISE BUSINESS SHALL NOT EXCEED
25 \$15,000.00 PER YEAR. HOWEVER, AT LEAST 50% OF THE LOANS OR
26 GRANTS MADE FROM A MICROENTERPRISE DEVELOPMENT ORGANIZATION SHALL
27 NOT EXCEED \$5,000.00.

1 SEC. 88D. (1) THE CENTER SHALL MAKE GRANTS AND LOANS
2 DESCRIBED IN THIS SECTION TO MICROENTERPRISE DEVELOPMENT ORGANI-
3 ZATIONS BASED ON THE FOLLOWING CRITERIA AS DETERMINED BY THE
4 CENTER:

5 (A) A PLAN FOR PROVIDING BUSINESS DEVELOPMENT TRAINING,
6 TECHNICAL ASSISTANCE, LOANS, AND GRANTS TO MICROENTERPRISE
7 BUSINESSES.

8 (B) THE SCOPE OF THE BUSINESS DEVELOPMENT TRAINING AND TECH-
9 NICAL ASSISTANCE SERVICES TO BE PROVIDED TO MICROENTERPRISE
10 BUSINESSES.

11 (C) A PLAN FOR COORDINATING THE BUSINESS DEVELOPMENT TRAIN-
12 ING, TECHNICAL ASSISTANCE, LOANS, AND GRANTS OF THE MICROENTER-
13 PRISE DEVELOPMENT ORGANIZATION WITH COMMERCIAL AND OTHER NON-
14 PROFIT FINANCIAL INSTITUTIONS.

15 (D) THE GEOGRAPHIC REPRESENTATION OF ALL REGIONS OF THIS
16 STATE, INCLUDING BOTH URBAN AND RURAL AREAS.

17 (E) THE ABILITY OF THE MICROENTERPRISE DEVELOPMENT ORGANIZA-
18 TION TO PROVIDE MICROENTERPRISE DEVELOPMENT IN AREAS OF CHRONIC
19 ECONOMIC DISTRESS AND LOW INCOME REGIONS OF THIS STATE.

20 (F) A PLAN AND THE CAPACITY FOR PROVIDING BUSINESS TRAINING,
21 TECHNICAL ASSISTANCE, AND BUSINESS LOANS TO PERSONS WHOSE EARN-
22 INGS FALL AT OR BELOW 185% OF FEDERAL POVERTY LIMITS.

23 (G) THE ABILITY OF THE MICROENTERPRISE DEVELOPMENT ORGANIZA-
24 TION TO PROVIDE FINANCIAL OVERSIGHT OF LOANS AND GRANTS UNDER
25 THIS CHAPTER.

26 (2) AS A CONDITION OF RECEIVING A LOAN OR GRANT UNDER THIS
27 CHAPTER, THE RECIPIENT MICROENTERPRISE DEVELOPMENT ORGANIZATION

1 SHALL PROVIDE PERIODIC PERFORMANCE REPORTS AS DETERMINED BY THE
2 CENTER.

3 SEC. 88E. THE CENTER SHALL REPORT TO THE MICHIGAN JOBS COM-
4 MISSION, THE GOVERNOR, AND EACH HOUSE OF THE LEGISLATURE EACH
5 YEAR ON ALL OF THE FOLLOWING:

6 (A) THE AMOUNT OF ALL LOANS AND GRANTS, INDIVIDUALLY IDENTI-
7 FIED, TO EACH MICROENTERPRISE DEVELOPMENT ORGANIZATION.

8 (B) THE AMOUNT AND RECIPIENT OF EVERY LOAN AND GRANT MADE BY
9 A MICROENTERPRISE DEVELOPMENT ORGANIZATION.

10 (C) TYPES AND INDIVIDUAL UNITS OF BUSINESS TRAINING AND
11 TECHNICAL ASSISTANCE PROVIDED BY MICROENTERPRISE DEVELOPMENT
12 ORGANIZATIONS.

13 (D) THE PERCENTAGE OF BUSINESS TRAINING, TECHNICAL ASSIST-
14 ANCE, AND LOANS THAT WERE PROVIDED TO PERSONS WHOSE EARNINGS FALL
15 AT OR BELOW FEDERAL POVERTY LIMITS.

16 (E) AN EVALUATION OF THE DEMAND AND THE EFFECTIVENESS OF
17 THIS PROGRAM BASED ON DEVELOPING NEW, AND INCREASING THE CAPACITY
18 OF EXISTING, MICROENTERPRISE BUSINESSES IN THIS STATE; STRENGTH-
19 ENING THE CAPACITY OF MICROENTERPRISE DEVELOPMENT ORGANIZATIONS;
20 ENHANCING THE EARNING CAPACITY AND REDUCING THE DEPENDENCE ON
21 PUBLIC SERVICES OF INDIVIDUALS AND FAMILIES RECEIVING BUSINESS
22 TRAINING, TECHNICAL ASSISTANCE, AND LOANS THROUGH THE CENTER'S
23 GRANT AND LOAN PROGRAMS; AND FUNDS PROVIDED BY OTHER PUBLIC AND
24 PRIVATE ENTITIES THAT WERE LEVERAGED THROUGH THE PROGRAMS
25 DESCRIBED IN THIS CHAPTER.