

# HOUSE BILL No. 6113

August 4, 2004, Introduced by Reps. Kolb, Meisner, Jamnick, Tobocman, Gillard, Lipsey, Accavitti and Farrah and referred to the Committee on Commerce.

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:

### CHAPTER 8A

Sec. 88a. (1) The fund shall operate a center for  
microenterprise development.

(2) As used in this chapter:

(a) "Center" or "center for microenterprise development"  
means the center for microenterprise development operated under  
the fund.

(b) "Community economic development organization" means a  
nongovernmental, nonprofit organization that is tax-exempt under  
section 501(c)(3) of the internal revenue code, 26 USC 501, that  
has as its purpose the support of economic development and

1 employment opportunities.

2 (c) "Microenterprise business" means a new or existing  
3 business with 5 or fewer employees and includes startup,  
4 home-based, and self-employed individuals.

5 (d) "Microenterprise development advisory board" or "advisory  
6 board" means the microenterprise development advisory board  
7 created in section 88b.

8 (e) "Microenterprise development fund" is an account within  
9 the fund to be used as provided in this chapter.

10 (f) "Microenterprise development organization" means a  
11 community-based, nonprofit organization that is tax-exempt under  
12 section 501(c)(3) of the internal revenue code, 26 USC 501, that  
13 has a demonstrated capacity and plan for providing business  
14 training, technical assistance, and business loans to  
15 microenterprise business.

16 Sec. 88b. (1) The center for microenterprise development is  
17 created under the fund.

18 (2) The center for microenterprise development shall be  
19 funded by the microenterprise development fund. Costs for  
20 supporting the administration of the center in a year shall not  
21 exceed 10% of the funds disbursed from the microenterprise  
22 development fund through loans and grants in that year.

23 (3) The fund shall deposit into the microenterprise  
24 development fund all money appropriated or otherwise provided by  
25 this state and any other money made available to the fund for the  
26 center or to the center from any other source, public or  
27 private.

1       (4) The microenterprise development advisory board is created  
2 to advise the center on microenterprise development policies and  
3 grant and loan allocations and awards.

4       (5) The members of the microenterprise development advisory  
5 board shall be appointed by the governor and shall serve without  
6 compensation. The members of the advisory board shall include  
7 all of the following:

8       (a) Two representatives of microenterprise development  
9 organizations.

10       (b) One representative of a university or community college  
11 small business development center.

12       (c) The director of the family independence agency or his or  
13 her designee.

14       (d) One representative of a nonprofit community financial  
15 organization serving low-income communities.

16       (e) Two representatives of community economic development  
17 organizations.

18       (f) The director of the Michigan state university extension  
19 or his or her designee.

20       (g) The director of the department of labor and economic  
21 growth or his or her designee as a nonvoting member of the  
22 advisory board.

23       (6) Members shall be appointed to the advisory board for a  
24 term of 3 years, with terms expiring on a rotating basis. Of the  
25 members first appointed to the advisory board, 1/3 shall be  
26 appointed to a term of 1 year, 1/3 shall be appointed to a term  
27 of 2 years, and 1/3 shall be appointed to a term of 3 years.

1       (7) The governor shall appoint 1 member of the advisory board  
2 to serve as the chairperson of the advisory board.

3       (8) The advisory board shall establish a schedule, location,  
4 and agenda for its meetings. Meetings shall be held at least 4  
5 times per year.

6       (9) The advisory board is responsible for, but not limited  
7 to, all of the following:

8       (a) Recommending qualifications that must be met by  
9 organizations making application for loan and grant funds.

10       (b) Recommending to the center allocation amounts for loans  
11 and grants.

12       (c) Reviewing all applications for funding and reviewing  
13 recommendations of the center for the granting of funds.

14       (d) Recommending information to be included in reports  
15 required by the center.

16       (e) Evaluating all reports provided to and by the center.

17       (f) Recommending ways to increase the involvement of the  
18 private sector in microenterprise development.

19       (10) Within 1 year after its creation, the microenterprise  
20 development advisory board shall report to the department, the  
21 governor, and each house of the legislature on the advisability  
22 of creating a statewide nonprofit corporation to serve as the  
23 center for microenterprise development for the purpose of making  
24 application for federal and private source funding.

25       Sec. 88c. (1) Except as provided in section 88b, money in  
26 the microenterprise development fund shall be used only to make  
27 loans or grants to microenterprise development organizations in

1 this state for microenterprise development.

2 (2) Loans or grants to microenterprise development  
3 organizations or community development organizations that include  
4 microenterprise support and delivery services in this state shall  
5 be used only for the following purposes:

6 (a) Administering a loan or loan guarantee program.

7 (b) Administering a revolving loan program.

8 (c) Providing business training and technical assistance to  
9 persons whose household income falls at or below 185% of federal  
10 poverty limits.

11 (d) Providing business loans to persons whose household  
12 income falls at or below 185% of federal poverty limits.

13 (3) Grants to a microenterprise development organization for  
14 administration, business training, and technical assistance shall  
15 not exceed 50% of the operating costs of that microenterprise  
16 development organization per year.

17 (4) Loans made from the fund to a microenterprise development  
18 organization shall be for a term not to exceed 5 years at 0%  
19 interest and shall be renewable.

20 (5) Loans or grants from a microenterprise development  
21 organization to a microenterprise business shall not exceed  
22 \$15,000.00 per year. However, at least 50% of the loans or  
23 grants made from a microenterprise development organization shall  
24 not exceed \$5,000.00.

25 Sec. 88d. (1) The center shall make grants and loans  
26 described in this section to microenterprise development  
27 organizations based on the following criteria as determined by

1 the center:

2 (a) A plan for providing business development training,  
3 technical assistance, loans, and grants to microenterprise  
4 businesses.

5 (b) The scope of the business development training and  
6 technical assistance services to be provided to microenterprise  
7 businesses.

8 (c) A plan for coordinating the business development  
9 training, technical assistance, loans, and grants of the  
10 microenterprise development organization with commercial and  
11 other nonprofit financial institutions.

12 (d) The geographic representation of all regions of this  
13 state, including both urban and rural areas.

14 (e) The ability of the microenterprise development  
15 organization to provide microenterprise development in areas of  
16 chronic economic distress and low income regions of this state.

17 (f) A plan and the capacity for providing business training,  
18 technical assistance, and business loans to persons whose  
19 earnings fall at or below 185% of federal poverty limits.

20 (g) The ability of the microenterprise development  
21 organization to provide financial oversight of loans and grants  
22 under this chapter.

23 (2) As a condition of receiving a loan or grant under this  
24 chapter, the recipient microenterprise development organization  
25 shall provide periodic performance reports as determined by the  
26 center.

27 Sec. 88e. The center shall report to the governor and each

1 house of the legislature each year on all of the following:

2 (a) The amount of all loans and grants, individually  
3 identified, to each microenterprise development organization.

4 (b) The amount and recipient of every loan and grant made by  
5 a microenterprise development organization.

6 (c) Types and individual units of business training and  
7 technical assistance provided by microenterprise development  
8 organizations.

9 (d) The percentage of business training, technical  
10 assistance, and loans that were provided to persons whose  
11 earnings fall at or below federal poverty limits.

12 (e) An evaluation of the demand and the effectiveness of  
13 this program based on developing new, and increasing the capacity  
14 of existing, microenterprise businesses in this state;  
15 strengthening the capacity of microenterprise development  
16 organizations; enhancing the earning capacity and reducing the  
17 dependence on public services of individuals and families  
18 receiving business training, technical assistance, and loans  
19 through the center's grant and loan programs; and funds provided  
20 by other public and private entities that were leveraged through  
21 the programs described in this chapter.