

HOUSE BILL No. 5137

November 1, 2011, Introduced by Reps. Switalski, Slavens, Segal, Womack, Ananich, Bauer, Barnett, Townsend, Haugh, McCann, Lipton, Meadows, Irwin and Brown and referred to the Committee on Commerce.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2094) by adding chapter 7A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 7A

SEC. 79A. (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) "MICHIGAN MICROENTERPRISE FUND" IS AN ACCOUNT WITHIN THE
FUND TO BE USED AS PROVIDED IN THIS CHAPTER.

(C) "MICROENTERPRISE BUSINESS" MEANS A NEW OR EXISTING

1 BUSINESS WITH 5 OR FEWER EMPLOYEES AND INCLUDES STARTUP, HOME-
2 BASED, AND SELF-EMPLOYED INDIVIDUALS.

3 (D) "MICROENTERPRISE DEVELOPMENT ORGANIZATION" MEANS A
4 COMMUNITY-BASED, NONPROFIT ORGANIZATION THAT IS TAX-EXEMPT UNDER
5 SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, 26 USC 501, THAT
6 HAS A DEMONSTRATED CAPACITY OR POTENTIAL CAPACITY AND PLAN FOR
7 PROVIDING BUSINESS TRAINING, TECHNICAL ASSISTANCE, OR BUSINESS
8 LOANS TO MICROENTERPRISE BUSINESSES.

9 SEC. 79B. (1) THE CENTER FOR MICROENTERPRISE DEVELOPMENT IS
10 CREATED UNDER THE FUND.

11 (2) THE CENTER FOR MICROENTERPRISE DEVELOPMENT SHALL BE FUNDED
12 BY THE MICHIGAN MICROENTERPRISE FUND.

13 (3) THE FUND SHALL DEPOSIT INTO THE MICHIGAN MICROENTERPRISE
14 FUND ALL MONEY APPROPRIATED OR OTHERWISE PROVIDED BY THIS STATE AND
15 ANY OTHER MONEY MADE AVAILABLE TO THE FUND FOR THE CENTER OR TO THE
16 CENTER FROM ANY OTHER SOURCE, PUBLIC OR PRIVATE. THE CENTER SHALL
17 ACTIVELY SEEK NEW FEDERAL SOURCES AND PRIVATE SOURCES OF FUNDING TO
18 FUND THE CENTER FOR MICROENTERPRISE DEVELOPMENT.

19 SEC. 79C. (1) EXCEPT AS PROVIDED IN SECTION 79B, MONEY IN THE
20 MICHIGAN MICROENTERPRISE FUND SHALL BE USED ONLY TO MAKE LOANS OR
21 GRANTS TO MICROENTERPRISE DEVELOPMENT ORGANIZATIONS IN THIS STATE
22 FOR MICROENTERPRISE DEVELOPMENT.

23 (2) LOANS OR GRANTS TO MICROENTERPRISE DEVELOPMENT
24 ORGANIZATIONS IN THIS STATE SHALL BE USED ONLY FOR THE FOLLOWING
25 PURPOSES:

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

27 (B) ADMINISTERING A REVOLVING LOAN PROGRAM.

1 (C) PROVIDING BUSINESS TRAINING AND TECHNICAL ASSISTANCE.

2 (D) PROVIDING BUSINESS LOANS.

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

7 (4) LOANS MADE FROM THE FUND TO A MICROENTERPRISE DEVELOPMENT
8 ORGANIZATION SHALL BE FOR A TERM NOT TO EXCEED 5 YEARS AT 0%
9 INTEREST AND SHALL BE RENEWABLE.

10 (5) LOANS FROM A MICROENTERPRISE DEVELOPMENT ORGANIZATION TO A
11 MICROENTERPRISE BUSINESS SHALL NOT EXCEED \$35,000.00 PER YEAR.
12 HOWEVER, AT LEAST 50% OF THE LOANS MADE FROM A MICROENTERPRISE
13 DEVELOPMENT ORGANIZATION SHALL NOT EXCEED \$10,000.00.

14 SEC. 79D. (1) THE CENTER SHALL MAKE GRANTS AND LOANS DESCRIBED
15 IN THIS SECTION TO MICROENTERPRISE DEVELOPMENT ORGANIZATIONS BASED
16 ON THE FOLLOWING CRITERIA AS DETERMINED BY THE CENTER:

17 (A) A PLAN FOR PROVIDING BUSINESS DEVELOPMENT TRAINING,
18 TECHNICAL ASSISTANCE, AND LOANS TO MICROENTERPRISE BUSINESSES.

19 (B) THE SCOPE OF THE BUSINESS DEVELOPMENT TRAINING AND
20 TECHNICAL ASSISTANCE SERVICES TO BE PROVIDED TO MICROENTERPRISE
21 BUSINESSES.

22 (C) A PLAN FOR COORDINATING THE BUSINESS DEVELOPMENT TRAINING,
23 TECHNICAL ASSISTANCE, AND LOANS OF THE MICROENTERPRISE DEVELOPMENT
24 ORGANIZATION WITH COMMERCIAL AND OTHER NONPROFIT FINANCIAL
25 INSTITUTIONS.

26 (D) A PLAN AND THE CAPACITY FOR PROVIDING BUSINESS TRAINING,
27 TECHNICAL ASSISTANCE, AND BUSINESS LOANS.

1 (E) THE ABILITY OF THE MICROENTERPRISE DEVELOPMENT
2 ORGANIZATION TO PROVIDE FINANCIAL OVERSIGHT OF LOANS AND GRANTS
3 UNDER THIS CHAPTER.

4 (2) AS A CONDITION OF RECEIVING A LOAN OR GRANT UNDER THIS
5 CHAPTER, THE RECIPIENT MICROENTERPRISE DEVELOPMENT ORGANIZATION
6 SHALL PROVIDE PERIODIC PERFORMANCE REPORTS AS DETERMINED BY THE
7 CENTER.

8 (3) AS A CONDITION OF RECEIVING A LOAN OR GRANT UNDER THIS
9 CHAPTER, THE RECIPIENT MICROENTERPRISE DEVELOPMENT ORGANIZATION
10 SHALL PROVIDE THAT A PERSON WHO HAS BEEN CONVICTED OF A FELONY IS
11 NOT ELIGIBLE FOR A LOAN FUNDED UNDER THIS CHAPTER IF THE
12 MICROENTERPRISE DEVELOPMENT ORGANIZATION DETERMINES THAT THE
13 CONVICTION OF THAT FELONY WILL MATERIALLY IMPACT THAT PERSON'S
14 ABILITY TO REPAY THE LOAN.

15 (4) THE CENTER AND FUND SHALL ENSURE THAT THEY HAVE INPUT AND
16 ASSISTANCE FROM INDIVIDUALS KNOWLEDGEABLE OF MICROENTERPRISE
17 DEVELOPMENT IN AWARDING GRANTS AND LOANS UNDER THIS CHAPTER.

18 SEC. 79E. THE CENTER SHALL REPORT TO THE GOVERNOR AND EACH
19 HOUSE OF THE LEGISLATURE EACH YEAR ON ALL OF THE FOLLOWING AND MAKE
20 THAT INFORMATION AVAILABLE TO THE PUBLIC ON THE MICHIGAN STRATEGIC
21 FUND OR DEPARTMENT OF TREASURY WEBSITE:

22 (A) THE AMOUNT OF ALL LOANS AND GRANTS, INDIVIDUALLY
23 IDENTIFIED, TO EACH MICROENTERPRISE DEVELOPMENT ORGANIZATION.

24 (B) THE AMOUNT AND RECIPIENT OF EVERY LOAN MADE BY A
25 MICROENTERPRISE DEVELOPMENT ORGANIZATION.

26 (C) TYPES AND INDIVIDUAL UNITS OF BUSINESS TRAINING AND
27 TECHNICAL ASSISTANCE PROVIDED BY MICROENTERPRISE DEVELOPMENT

1 ORGANIZATIONS.

2 (D) AN EVALUATION OF THE DEMAND AND THE EFFECTIVENESS OF THIS
3 PROGRAM BASED ON DEVELOPING NEW, AND INCREASING THE CAPACITY OF
4 EXISTING, MICROENTERPRISE BUSINESSES IN THIS STATE; STRENGTHENING
5 THE CAPACITY OF MICROENTERPRISE DEVELOPMENT ORGANIZATIONS;
6 ENHANCING THE EARNING CAPACITY AND REDUCING THE DEPENDENCE ON
7 PUBLIC SERVICES OF INDIVIDUALS AND FAMILIES RECEIVING BUSINESS
8 TRAINING, TECHNICAL ASSISTANCE, AND LOANS THROUGH THE CENTER'S
9 GRANT AND LOAN PROGRAMS; AND FUNDS PROVIDED BY OTHER PUBLIC AND
10 PRIVATE ENTITIES THAT WERE LEVERAGED THROUGH THE PROGRAMS DESCRIBED
11 IN THIS CHAPTER.