

1                   A bill to be entitled  
2           An act relating to economic development; creating s.  
3           288.7017, F.S.; providing a short title; creating the  
4           Microenterprise Development Program within the Office of  
5           Tourism, Trade, and Economic Development; providing the  
6           purpose of the program; providing definitions; requiring  
7           the office to select community development financial  
8           institutions to issue microenterprise loans and provide  
9           business skills development services for  
10          microentrepreneurs; providing criteria and application  
11          procedures for the selection of community development  
12          financial institutions; requiring that the office give  
13          priority to the selection of certain community development  
14          financial institutions; requiring a community development  
15          financial institution to enter into a grant agreement;  
16          providing eligibility criteria for the award of loans to  
17          microenterprises; providing application procedures;  
18          requiring loan agreements; providing terms of loans;  
19          providing for use of loan proceeds; providing for the  
20          disbursement of certain funds from the Economic  
21          Development Trust Fund; providing for the collection and  
22          deposit of loan payments; requiring community development  
23          financial institutions to submit a report to the office;  
24          providing that certain financial instruments used to  
25          secure loans are exempt from certain taxes; providing for  
26          reversion and carryforward of certain unexpended  
27          appropriations; requiring a community development  
28          financial institution to enter into a grant agreement;

29 | authorizing a community development financial institution  
 30 | to subcontract for certain services; specifying that  
 31 | business skills development services must include certain  
 32 | activities; requiring community development financial  
 33 | institutions to submit a report to the office; requiring  
 34 | that grant funds be used only for expenditures that meet  
 35 | certain federal matching requirements; requiring the  
 36 | office to submit a report to the Governor and Legislature;  
 37 | requiring the office to adopt rules; providing an  
 38 | appropriation; providing an effective date.

39 |

40 | Be It Enacted by the Legislature of the State of Florida:

41 |

42 | Section 1. Section 288.7017, Florida Statutes, is created  
 43 | to read:

44 | 288.7017 Microenterprise Development Program.--

45 | (1) SHORT TITLE.--This section may be cited as the

46 | "Florida Microenterprise Development Act."

47 | (2) CREATION AND PURPOSE OF PROGRAM.--The Microenterprise

48 | Development Program is created within the Office of Tourism,

49 | Trade, and Economic Development. The purpose of the program is

50 | to provide grants to community development financial

51 | institutions used to provide microenterprise loans and business

52 | skills development services for microentrepreneurs to match

53 | federal funds for the development and support of investment

54 | areas or targeted populations.

55 | (3) DEFINITIONS.--As used in this section, the term:

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56        (a) "Community development financial institution" means a  
57 community development financial institution selected by the  
58 Community Development Financial Institutions Fund pursuant to 12  
59 U.S.C. s. 4706 to receive financial assistance from the Federal  
60 Government.

61        (b) "Investment area" has the same meaning as in 12 U.S.C.  
62 s. 4702.

63        (c) "Microenterprise" means a business that is eligible  
64 for financial assistance from a community development financial  
65 institution under 12 U.S.C. s. 4707(b), that employs five or  
66 fewer persons, and that is located in an investment area or  
67 whose owner is a member of a targeted population.

68        (d) "Microentrepreneur" means the current or prospective  
69 owner of a microenterprise.

70        (e) "Office" means the Office of Tourism, Trade, and  
71 Economic Development.

72        (f) "Targeted population" has the same meaning as in 12  
73 U.S.C. s. 4702.

74        (4) SELECTION OF COMMUNITY DEVELOPMENT FINANCIAL  
75 INSTITUTIONS; APPLICATION.--The office shall select one or more  
76 community development financial institutions to participate in  
77 the program. A community development financial institution  
78 seeking to participate must apply to the office in the format  
79 and according to the procedures prescribed by the office. An  
80 application must include:

81        (a) The applicant's name and federal employer  
82 identification number.

83        (b) The street address of the applicant's principal place

84 of business in this state.

85 (c) Evidence that the applicant is a community development  
86 financial institution.

87 (d) A copy of the applicant's comprehensive strategic plan  
88 submitted to the Community Development Financial Institutions  
89 Fund pursuant to 12 U.S.C. s. 4704.

90 (e) A copy of the current assistance agreement entered  
91 into between the applicant and the Community Development  
92 Financial Institutions Fund pursuant to 12 U.S.C. s. 4707 and  
93 evidence that the applicant has substantially met its  
94 performance goals and otherwise carried out its responsibilities  
95 under the assistance agreement.

96 (f) A detailed description of the investment area or  
97 targeted population that the applicant intends to serve using  
98 the grant funds provided under this section.

99 (g) The number of net new full-time equivalent jobs that,  
100 as a result of the grant, the applicant proposes to create in  
101 this state and the average annual wages of the proposed jobs.

102 (h) If the applicant proposes to issue microenterprise  
103 loans under subsection (5), the applicant's plan for its  
104 proposed lending activities, including, but not limited to, a  
105 description of its outreach efforts, underwriting, credit  
106 policies and procedures, credit decision processes, monitoring  
107 policies and procedures, collection practices, and samples of  
108 its current loan documentation. The office shall give priority  
109 to the selection of a community development financial  
110 institution that has the capacity to issue all available loans  
111 within 2 years after being selected.

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112 (i) If the applicant proposes to provide business skills  
113 development services for microentrepreneurs under subsection  
114 (6), the applicant's plan for its proposed training activities,  
115 including, but not limited to, a description of its outreach  
116 efforts, a description of the business skills development  
117 services to be provided, whether the applicant plans to provide  
118 the services directly, and, if not, the name of the community  
119 organization with whom the applicant plans to subcontract for  
120 those services.

121 (5) MICROENTERPRISE LOANS.--

122 (a) The office, upon selecting a community development  
123 financial institution to issue microenterprise loans, shall  
124 enter into a grant agreement with the institution. The grant  
125 agreement must specify the aggregate amount of the loans  
126 authorized for award by the community development financial  
127 institution. The office may terminate the agreement at any time  
128 if the community development financial institution fails to meet  
129 minimum performance standards set by the office. The grant  
130 agreement may be amended by mutual consent of both parties.

131 (b) To be eligible for a loan, a borrower must be a  
132 microenterprise. A borrower must submit a written application to  
133 the community development financial institution in the format  
134 prescribed by the institution. The application, at a minimum,  
135 must include:

136 1. The loan applicant's federal employer identification  
137 number, unemployment account number, and sales or other tax  
138 registration number.

139 2. The street address of the applicant's principal place

140 of business in this state.

141 3. A description of the type of economic activity,  
142 product, or research and development undertaken by the  
143 applicant, including the six-digit North American Industry  
144 Classification System code for each type of economic activity  
145 conducted by the applicant.

146 4. The applicant's annual revenue, number of employees,  
147 and number of full-time equivalent employees.

148 5. The projected investment in the business, if any, which  
149 the applicant proposes in conjunction with the loan.

150 6. The total investment in the business from all sources,  
151 if any, which the applicant proposes in conjunction with the  
152 loan.

153 7. The number of net new full-time equivalent jobs that,  
154 as a result of the loan, the applicant proposes to create in  
155 this state as of December 31 of each year and the average annual  
156 wages of the proposed jobs.

157 8. The total number of full-time equivalent employees the  
158 applicant currently employs in this state.

159 9. The date that the applicant anticipates it needs the  
160 loan.

161 10. A detailed explanation of how the loan will assist the  
162 applicant in expanding jobs in the state.

163 11. A statement that all of the applicant's available  
164 corporate assets are pledged as collateral for the amount of the  
165 loan.

166 12. A statement that the applicant, upon receiving the  
167 loan, agrees not to seek additional long-term debt without prior

168 approval of the community development financial institution.

169 13. A statement that the loan is a joint obligation of the  
 170 business and of each person who owns at least 20 percent of the  
 171 business.

172 14. Any additional information requested by the office or  
 173 the community development financial institution.

174 (c) A community development financial institution, after  
 175 verifying the accuracy of a submitted application, shall award  
 176 the loan to the applicant if the institution determines that the  
 177 applicant, as compared to other applicants submitting  
 178 applications, is in the best position to use the loan to  
 179 continue making a successful long-term business commitment to  
 180 the state. The community development financial institution shall  
 181 also consider the following factors:

182 1. Whether the applicant has applied for or received  
 183 incentives from a local government.

184 2. Whether the applicant has applied for or received  
 185 waivers of taxes, impact fees, or other fees or charges by local  
 186 governments.

187 3. What other sources of investments or financing for the  
 188 project that is the subject of the loan application will be  
 189 available to the applicant.

190 (d) A borrower awarded a loan under this section and the  
 191 community development financial institution awarding the loan  
 192 must enter into a loan agreement that provides for the  
 193 borrower's repayment of the loan.

194 (e) The following terms apply to a loan received under the  
 195 program:

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196 1. The maximum amount of the loan is \$35,000.

197 2. The proceeds of the loan may be used for working  
198 capital purchases, employee training, or salaries for newly  
199 created jobs in the state.

200 3. The security interest for the loan's collateral  
201 covering all of the borrower's available corporate assets to  
202 cover the amount of the loan must be perfected by recording a  
203 lien under the Uniform Commercial Code.

204 (f) The office shall disburse from the Economic  
205 Development Trust Fund to a community development financial  
206 institution the appropriations provided for a microenterprise  
207 loan. Disbursements to a community development financial  
208 institution must not exceed the aggregate amount of the loans  
209 authorized in the grant agreement.

210 (g) A community development financial institution shall  
211 remit a borrower's collected interest, principal payments, and  
212 charges for late payments to the office on a quarterly basis. If  
213 the borrower defaults on the loan, the community development  
214 financial institution shall initiate collection efforts to seek  
215 repayment of the loan. The community development financial  
216 institution, upon collecting payments for a defaulted loan,  
217 shall remit the payments to the office but, to the extent  
218 authorized in the grant agreement, may deduct the costs of the  
219 institution's collection efforts. The office shall deposit all  
220 funds received under this paragraph in the General Revenue Fund.

221 (h) A community development financial institution shall  
222 submit quarterly reports to the office that include the  
223 information required in the grant agreement. A quarterly report



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224 must include, at a minimum, the number of full-time equivalent  
225 jobs created as a result of the loans, the amount of wages paid  
226 to employees in the newly created jobs, and the locations and  
227 types of economic activity undertaken by the borrowers.

228 (i) All notes, mortgages, security agreements, letters of  
229 credit, or other instruments that are given to secure the  
230 repayment of loans issued in connection with the financing of  
231 any loan under the program, without regard to the status of any  
232 party thereto as a private party, are exempt from taxation by  
233 the state and its political subdivisions. The exemption granted  
234 in this subsection does not apply to any tax imposed by chapter  
235 220 on interest, income, or profits on debt obligations owned by  
236 corporations.

237 (j) Unexpended balances of appropriations provided for  
238 microenterprise loans shall not revert to the fund from which  
239 the appropriation was made at the end of a fiscal year but shall  
240 be retained in the Economic Development Trust Fund and be  
241 carried forward for expenditure for microenterprise loans during  
242 the next fiscal year.

243 (6) BUSINESS SKILLS DEVELOPMENT SERVICES FOR  
244 MICROENTREPRENEURS.--

245 (a) The office, upon selecting a community development  
246 financial institution to provide business skills development  
247 services for microentrepreneurs, shall enter into a grant  
248 agreement with the institution. The grant agreement must specify  
249 the amount of the grant and the business skills development  
250 services to be provided by the community development financial  
251 institution. The office may terminate the agreement at any time

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252 if the community development financial institution fails to meet  
253 minimum performance standards set by the office. The grant  
254 agreement may be amended by mutual consent of both parties.

255 (b) A community development financial institution may  
256 provide the business skills development services directly or  
257 subcontract with a community organization to provide those  
258 services for microentrepreneurs.

259 (c) The office shall disburse from the Economic  
260 Development Trust Fund to a community development financial  
261 institution the appropriations provided for the business skills  
262 development services for microentrepreneurs. Disbursements to a  
263 community development financial institutions must not exceed the  
264 amount of the grant authorized in the grant agreement.

265 (d) The business skill development services shall include,  
266 but are not limited to, business planning and financial  
267 literacy.

268 (e) A community development financial institution shall  
269 submit quarterly reports to the office that include the  
270 information required in the grant agreement. A quarterly report  
271 must include, at a minimum, the number of microentrepreneurs  
272 receiving business skills development services and a description  
273 of those services.

274 (7) FEDERAL MATCHING REQUIREMENTS.--Grant funds received  
275 by a community development financial institution under this  
276 section may only be used for expenditures that meet federal  
277 matching requirements under 12 U.S.C. s. 4707(e).

278 (8) On June 30 of each year, beginning in 2010, the office  
279 shall submit a report to the Governor, the President of the

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280 Senate, and the Speaker of the House of Representatives that  
281 describes in detail the use of the grant funds. The report must  
282 include, at a minimum, the number of microenterprises receiving  
283 loans, the number of full-time equivalent jobs created as a  
284 result of the loans, the amount of wages paid to employees in  
285 the newly created jobs, the locations and types of economic  
286 activity undertaken by the borrowers, the amounts of loan  
287 repayments made to date, the default rate of borrowers, the  
288 number of microentrepreneurs receiving business skills  
289 development services, and a description of those services.

290 (9) RULEMAKING.--The office shall adopt rules under ss.  
291 120.536(1) and 120.54 to administer this section.

292 Section 2. The sum of \$5 million is transferred from the  
293 General Revenue Fund to the Economic Development Trust Fund and  
294 appropriated to the Office of Tourism, Trade, and Economic  
295 Development for purposes of implementing the Microenterprise  
296 Development Program in s. 288.7017, Florida Statutes, during the  
297 2009-2010 fiscal year. From among these funds, no more than \$1  
298 million may be used to provide business skills development  
299 services for microentrepreneurs. The remaining funds shall be  
300 used to provide microenterprise loans.

301 Section 3. This act shall take effect July 1, 2009.