

By Senator Joyner

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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
5 of Tourism, Trade, and Economic Development; providing
6 the purpose of the program; providing definitions;
7 requiring the office to select community development
8 financial institutions to issue microenterprise loans
9 and provide 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
14 development financial institutions; requiring a
15 community development financial institution to enter
16 into a grant agreement; providing eligibility criteria
17 for the award of loans to microenterprises; providing
18 application procedures; requiring loan agreements;
19 providing terms of loans; providing for use of loan
20 proceeds; providing for the disbursement of certain
21 funds from the Economic Development Trust Fund;
22 providing for the collection and deposit of loan
23 payments; requiring community development financial
24 institutions to submit a report to the office;
25 providing that certain financial instruments used to
26 secure loans are exempt from certain taxes; providing
27 for reversion and carryforward of certain unexpended
28 appropriations; requiring a community development
29 financial institution to enter into a grant agreement;

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

41
 42 Be It Enacted by the Legislature of the State of Florida:

43
 44 Section 1. Section 288.7017, Florida Statutes, is created
 45 to read:

46 288.7017 Microenterprise Development Program.—

47 (1) SHORT TITLE.—This section may be cited as the "Florida
 48 Microenterprise Development Act."

49 (2) CREATION AND PURPOSE OF PROGRAM.—The Microenterprise
 50 Development Program is created within the Office of Tourism,
 51 Trade, and Economic Development. The purpose of the program is
 52 to provide grants to community development financial
 53 institutions used to provide microenterprise loans and business
 54 skills development services for microentrepreneurs to match
 55 federal funds for the development and support of investment
 56 areas or targeted populations.

57 (3) DEFINITIONS.—As used in this section, the term:

58 (a) "Community development financial institution" means a

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59 community development financial institution selected by the
60 Community Development Financial Institutions Fund pursuant to 12
61 U.S.C. s. 4706 to receive financial assistance from the Federal
62 Government.

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

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

70 (d) "Microentrepreneur" means the current or prospective
71 owner of a microenterprise.

72 (e) "Office" means the Office of Tourism, Trade, and
73 Economic Development.

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

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

83 (a) The applicant's name and federal employer
84 identification number.

85 (b) The street address of the applicant's principal place
86 of business in this state.

87 (c) Evidence that the applicant is a community development

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88 financial institution.

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

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

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

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

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

114 (i) If the applicant proposes to provide business skills
115 development services for microentrepreneurs under subsection
116 (6), the applicant's plan for its proposed training activities,

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117 including, but not limited to, a description of its outreach
118 efforts, a description of the business skills development
119 services to be provided, whether the applicant plans to provide
120 the services directly, and, if not, the name of the community
121 organization with whom the applicant plans to subcontract for
122 those services.

123 (5) MICROENTERPRISE LOANS.—

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

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

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

141 2. The street address of the applicant's principal place of
142 business in this state.

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

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146 System code for each type of economic activity conducted by the
147 applicant.

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

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

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

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

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

161 9. The date that the applicant anticipates it needs the
162 loan.

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

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

168 12. A statement that the applicant, upon receiving the
169 loan, agrees not to seek additional long-term debt without prior
170 approval of the community development financial institution.

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

174 14. Any additional information requested by the office or

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175 the community development financial institution.

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

184 1. Whether the applicant has applied for or received
185 incentives from a local government.

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

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

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

196 (e) The following terms apply to a loan received under the
197 program:

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

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

202 3. The security interest for the loan's collateral covering
203 all of the borrower's available corporate assets to cover the

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204 amount of the loan must be perfected by recording a lien under
205 the Uniform Commercial Code.

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

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

223 (h) A community development financial institution shall
224 submit quarterly reports to the office that include the
225 information required in the grant agreement. A quarterly report
226 must include, at a minimum, the number of full-time equivalent
227 jobs created as a result of the loans, the amount of wages paid
228 to employees in the newly created jobs, and the locations and
229 types of economic activity undertaken by the borrowers.

230 (i) All notes, mortgages, security agreements, letters of
231 credit, or other instruments that are given to secure the
232 repayment of loans issued in connection with the financing of

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233 any loan under the program, without regard to the status of any
234 party thereto as a private party, are exempt from taxation by
235 the state and its political subdivisions. The exemption granted
236 in this subsection does not apply to any tax imposed by chapter
237 220 on interest, income, or profits on debt obligations owned by
238 corporations.

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

245 (6) BUSINESS SKILLS DEVELOPMENT SERVICES FOR
246 MICROENTREPRENEURS.—

247 (a) The office, upon selecting a community development
248 financial institution to provide business skills development
249 services for microentrepreneurs, shall enter into a grant
250 agreement with the institution. The grant agreement must specify
251 the amount of the grant and the business skills development
252 services to be provided by the community development financial
253 institution. The office may terminate the agreement at any time
254 if the community development financial institution fails to meet
255 minimum performance standards set by the office. The grant
256 agreement may be amended by mutual consent of both parties.

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

261 (c) The office shall disburse from the Economic Development

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262 Trust Fund to a community development financial institution the
263 appropriations provided for the business skills development
264 services for microentrepreneurs. Disbursements to a community
265 development financial institution must not exceed the amount of
266 the grant authorized in the grant agreement.

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

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

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

280 (8) On June 30 of each year, beginning in 2010, the office
281 shall submit a report to the Governor, the President of the
282 Senate, and the Speaker of the House of Representatives that
283 describes in detail the use of the grant funds. The report must
284 include, at a minimum, the number of microenterprises receiving
285 loans, the number of full-time equivalent jobs created as a
286 result of the loans, the amount of wages paid to employees in
287 the newly created jobs, the locations and types of economic
288 activity undertaken by the borrowers, the amounts of loan
289 repayments made to date, the default rate of borrowers, the
290 number of microentrepreneurs receiving business skills

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291 development services, and a description of those services.

292 (9) RULEMAKING.—The office shall adopt rules under ss.
293 120.536(1) and 120.54 to administer this section.

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

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