

By Senator Bennett

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1                                   A bill to be entitled  
2           An act relating to economic development; creating s.  
3           288.9619, F.S.; creating the Business Loan Guarantee  
4           Program; defining terms; requiring the Office of  
5           Tourism, Trade, and Economic Development to create a  
6           business loan guarantee fund to provide loans to  
7           certain businesses; providing for use of certain funds  
8           for the program; providing maximum terms and amounts  
9           of loan guarantees; providing procedures for the  
10          approval of loan guarantee applications; requiring  
11          application fees; providing procedures for the payment  
12          of loan guarantees to cover investment losses;  
13          prohibiting disbursement of moneys for investment  
14          losses under certain circumstances; providing for use  
15          of loan repayments, interest earnings, and application  
16          fees; authorizing partnerships with financial  
17          institutions under certain circumstances; requiring  
18          the office to establish guidelines and performance  
19          measures for the program and criteria for the  
20          evaluation of funding applications; requiring the  
21          office to submit annual reports to the Governor and  
22          Legislature; providing for future repeal of the  
23          program; amending 288.1081, F.S.; revising provisions  
24          for the deposit of loan repayments from the Economic  
25          Gardening Business Loan Pilot Program; providing for  
26          use of the funds; repealing s. 288.9618, F.S.,  
27          relating to programs for the development of  
28          microenterprises; providing an effective date.  
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30 Be It Enacted by the Legislature of the State of Florida:

31  
32 Section 1. Section 288.9619, Florida Statutes, is created  
33 to read:

34 288.9619 Business Loan Guarantee Program.—

35 (1) As used in this section, the term:

36 (a) "Business" means any business incorporated under the  
37 laws of the state.

38 (b) "Office" means the Office of Tourism, Trade, and  
39 Economic Development.

40 (2) There is created within the office the Business Loan  
41 Guarantee Program. The office shall create a business loan  
42 guarantee fund in the state. The office may use funds deposited  
43 in the Economic Development Trust Fund from the Economic  
44 Gardening Business Loan Pilot Program under s. 288.1081(5) (e)  
45 for capitalizing the business loan guarantee fund. Where  
46 feasible, the office shall cooperate with other organizations  
47 active in the study and support of business loan assistance.

48 (3) (a) The business loan guarantee fund may provide loan  
49 guarantees to offset a Florida-based mezzanine fund's portion of  
50 risk that prevents the mezzanine fund from making an investment,  
51 either debt or equity, in a business that:

52 1. Is a privately held, second-stage business;

53 2. Has revenues of at least \$5 million but not more than  
54 \$75 million;

55 3. Has earnings of at least \$1 million before interest,  
56 taxes, depreciation, and amortization;

57 4. Has a total debt-to-earnings ratio, before interest,  
58 taxes, depreciation, and amortization, of less than 3.0;

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59 5. Has proven and committed management teams;

60 6. Has a competitive advantage in market segment or  
61 defensible niche position; and

62 7. Has a sound historical financial performance.

63 (b) Loan guarantees may be made:

64 1. For terms of up to 36 months; and

65 2. In amounts of up to 70 percent of a loan, not to exceed  
66 \$500,000.

67 (4) The office shall review and must approve or deny a  
68 Florida-based mezzanine fund's loan guarantee application within  
69 30 days after receipt. The office shall impose upon each  
70 Florida-based mezzanine fund seeking a loan guarantee an  
71 application fee of 0.5 percent of the proposed loan guarantee.  
72 The office shall use the application fees to pay the  
73 administrative expenses of the program. If a Florida-based  
74 mezzanine fund experiences a loss on an investment for which a  
75 loan guarantee is provided under this section, the Florida-based  
76 mezzanine fund must submit to the office audited financial  
77 statements that demonstrate the investment's actual tax loss  
78 experienced by the Florida-based mezzanine fund. The business  
79 loan guarantee fund may not disburse moneys for any losses  
80 experienced from a loan guarantee which exceed the moneys on  
81 deposit in the business loan guarantee fund. Any loan  
82 repayments, interest earnings, or unused application fees must  
83 be used by the office to capitalize the business loan guarantee  
84 fund for use as additional loan guarantees.

85 (5) The office may partner with a financial institution if  
86 the financial institution agrees to place a meaningful amount of  
87 its own capital resources at risk in a loan guarantee that is

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88 part of a loan guarantee made by the office.

89 (6) The office shall establish guidelines for administering  
90 the program and shall establish criteria for the competitive  
91 evaluation of applications for funding. The office shall  
92 establish performance measures for the program before providing  
93 grant moneys to any entity and shall report such measures and  
94 program outcomes annually to the Governor, the President of the  
95 Senate, and the Speaker of the House of Representatives.

96 Performance measures shall include, but are not limited to, data  
97 on loan repayments and the status of the business receiving the  
98 loan during the loan term and for 2 years after repayment of the  
99 loan.

100 (7) This section is repealed July 1, 2017, unless reviewed  
101 and reenacted by the Legislature before that date.

102 Section 2. Paragraph (e) of subsection (5) of section  
103 288.1081, Florida Statutes, is amended to read:

104 288.1081 Economic Gardening Business Loan Pilot Program.—

105 (5)

106 (e) A loan administrator, after collecting the servicing  
107 fee in accordance with paragraph (d), shall remit the borrower's  
108 collected interest, principal payments, and charges for late  
109 payments to the office on a quarterly basis. If the borrower  
110 defaults on the loan, the loan administrator shall initiate  
111 collection efforts to seek repayment of the loan. The loan  
112 administrator, upon collecting payments for a defaulted loan,  
113 shall remit the payments to the office but, to the extent  
114 authorized in the grant agreement, may deduct the costs of the  
115 administrator's collection efforts. The office shall deposit all  
116 funds received under this paragraph into the Economic

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117 Development Trust Fund for purposes of in the Business Loan  
118 Guarantee Program under s. 288.9619 ~~General Revenue Fund.~~  
119 Section 3. Section 288.9618, Florida Statutes, is repealed.  
120 Section 4. This act shall take effect July 1, 2011.