

1 A bill to be entitled
2 An act relating to assistance for microbusinesses;
3 creating s. 287.085, F.S.; defining the term
4 "microbusiness"; authorizing certain local governments
5 to set aside up to a specified percentage of funds for
6 procuring personal property and services for the
7 purpose of entering into contracts with
8 microbusinesses; requiring that such contracts be
9 competitively solicited only among microbusinesses;
10 amending s. 288.9931, F.S.; revising legislative
11 findings and intent; amending s. 288.9932, F.S.;
12 redefining the terms "applicant" and "entrepreneur";
13 defining the term "microbusiness"; amending s.
14 288.9934, F.S.; providing eligibility for
15 microbusinesses under the Microfinance Loan Program;
16 revising the date by which the Department of Economic
17 Opportunity must contract with a certain entity or
18 entities to administer the loan program; deleting
19 obsolete provisions; amending s. 288.9935, F.S.;
20 providing eligibility for microbusinesses under the
21 Microfinance Guarantee Program; amending s. 288.9936,
22 F.S.; conforming a provision to changes made by the
23 act; amending s. 337.027, F.S.; providing eligibility
24 for microbusinesses under the Department of
25 Transportation's highway project business development

26 program; defining the term "microbusiness"; amending
 27 s. 373.1135, F.S.; providing eligibility for
 28 microbusinesses under water management district
 29 programs designed to help small businesses participate
 30 in district procurement and contract activities;
 31 defining the term "microbusiness"; providing an
 32 effective date.

33

34 Be It Enacted by the Legislature of the State of Florida:

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36 Section 1. Section 287.085, Florida Statutes, is created
 37 to read:

38 287.085 Microbusinesses; set-aside of funds for
 39 procurement of personal property and services.-

40 (1) As used in this section, the term "microbusiness"
 41 means an independently owned and operated for-profit business
 42 entity, including any affiliates, located in this state and
 43 which has seven or fewer full-time employees or full-time
 44 equivalent employees.

45 (2) Any county, municipality, community college, or
 46 district school board may set aside up to XX percent or more of
 47 the total amount of funds allocated for the procurement of
 48 personal property and services for the purpose of entering into
 49 contracts with microbusinesses. Such contracts must be
 50 competitively solicited only among microbusinesses.

51 Section 2. Section 288.9931, Florida Statutes, is amended
52 to read:

53 288.9931 Legislative findings and intent.—The Legislature
54 finds that the ability of entrepreneurs, microbusinesses, and
55 small businesses to access capital is vital to the overall
56 health and growth of this state's economy; however, access to
57 capital is limited by the lack of available credit for
58 entrepreneurs, microbusinesses, and small businesses in this
59 state. The Legislature further finds that entrepreneurs,
60 microbusinesses, and small businesses could be assisted through
61 the creation of a program that will provide an avenue for
62 entrepreneurs, microbusinesses, and small businesses in this
63 state to access credit. Additionally, the Legislature finds that
64 business management training, business development training, and
65 technical assistance are necessary to ensure that entrepreneurs,
66 microbusinesses, and small businesses that receive credit
67 develop the skills necessary to grow and achieve long-term
68 financial stability. The Legislature intends to expand job
69 opportunities for this state's workforce by expanding access to
70 credit to entrepreneurs, microbusinesses, and small businesses.
71 Furthermore, the Legislature intends to avoid duplicating
72 existing programs and to coordinate, assist, augment, and
73 improve access to those programs for entrepreneurs,
74 microbusinesses, and small businesses in this state.

75 Section 3. Subsections (4) and (5) of section 288.9932,

76 Florida Statutes, are renumbered as subsections (5) and (6),
77 respectively, a new subsection (4) is added to that section, and
78 subsections (1) and (3) of that section are amended, to read:

79 288.9932 Definitions.—As used in this part, the term:

80 (1) "Applicant" means an entrepreneur, a microbusiness, or
81 a small business that applies to a loan administrator for a
82 microloan.

83 (3) "Entrepreneur" means an individual residing in this
84 state who desires to assume the risk of organizing, managing,
85 and operating a microbusiness or a small business in this state.

86 (4) "Microbusiness" has the same meaning as provided in s.
87 287.085.

88 Section 4. Subsections (1) and (3), paragraphs (b), (c),
89 (e), and (f) of subsection (4), paragraph (a) of subsection (9),
90 and subsections (10) and (11) of section 288.9934, Florida
91 Statutes, are amended to read:

92 288.9934 Microfinance Loan Program.—

93 (1) PURPOSE.—The Microfinance Loan Program is established
94 in the department to make short-term, fixed-rate microloans in
95 conjunction with business management training, business
96 development training, and technical assistance to entrepreneurs
97 and newly established or growing microbusinesses and small
98 businesses for startup costs, working capital, and the
99 acquisition of materials, supplies, furniture, fixtures, and
100 equipment. Participation in the loan program is intended to

101 enable entrepreneurs, microbusinesses, and small businesses to
102 access private financing upon completing the loan program.

103 (3) REQUEST FOR PROPOSAL.—

104 (a) By December 1, 2020 ~~2014~~, the department shall
105 contract with at least one but not more than three entities to
106 administer the loan program for a term of 3 years. The
107 department shall award the contract in accordance with the
108 request for proposal requirements in s. 287.057 to an entity
109 that:

- 110 1. Is a corporation registered in this state;
- 111 2. Does not offer checking accounts or savings accounts;
- 112 3. Demonstrates that its board of directors and managers
113 are experienced in microlending and small business finance and
114 development;
- 115 4. Demonstrates that it has the technical skills and
116 sufficient resources and expertise to:
 - 117 a. Analyze and evaluate applications by entrepreneurs,
118 microbusinesses, and small businesses applying for microloans;
 - 119 b. Underwrite and service microloans provided pursuant to
120 this part; and
 - 121 c. Coordinate the provision of such business management
122 training, business development training, and technical
123 assistance as required by this part;
- 124 5. Demonstrates that it has established viable, existing
125 partnerships with public and private nonstate funding sources,

126 economic development agencies, and workforce development and job
127 referral networks; and

128 6. Demonstrates that it has a plan that includes proposed
129 microlending activities under the loan program, including, but
130 not limited to, the types of entrepreneurs and businesses to be
131 assisted and the size and range of loans the loan administrator
132 intends to make.

133 (b) To ensure that prospective loan administrators meet
134 the requirements of subparagraphs (a)2.-6., the request for
135 proposal must require submission of the following information:

136 1. A description of the types of entrepreneurs, and
137 microbusinesses, and small businesses the loan administrator has
138 assisted in the past, and the average size and terms of loans
139 made in the past to such entities;

140 2. A description of the experience of members of the board
141 of directors and managers in the areas of microlending and small
142 business finance and development;

143 3. A description of the loan administrator's underwriting
144 and credit policies and procedures, credit decisionmaking
145 process, monitoring policies and procedures, and collection
146 practices, and samples of any currently used loan documentation;

147 4. A description of the nonstate funding sources that will
148 be used by the loan administrator in conjunction with the state
149 funds to make microloans pursuant to this section;

150 5. The loan administrator's three most recent financial

151 audits or, if no prior audits have been completed, the loan
152 administrator's three most recent unaudited financial
153 statements; and

154 6. A conflict of interest statement from the loan
155 administrator's board of directors certifying that a board
156 member, employee, or agent, or an immediate family member
157 thereof, or any other person connected to or affiliated with the
158 loan administrator, is not receiving or will not receive any
159 type of compensation or remuneration from an entrepreneur, a
160 microbusiness, or a small business that has received or will
161 receive funds from the loan program. The department may waive
162 this requirement for good cause shown. As used in this
163 subparagraph, the term "immediate family" means a parent, child,
164 or spouse, or any other relative by blood, marriage, or
165 adoption, of a board member, employee, or agent of the loan
166 administrator.

167 (4) CONTRACT AND AWARD OF FUNDS.—

168 (b) State funds may be used only to provide direct
169 microloans to entrepreneurs, microbusinesses, and small
170 businesses according to the limitations, terms, and conditions
171 provided in this part. Except as provided in subsection (5),
172 state funds may not be used to pay administrative costs,
173 underwriting costs, servicing costs, or any other costs
174 associated with providing microloans, business management
175 training, business development training, or technical

176 assistance.

177 (c) The loan administrator shall reserve 10 percent of the
178 total award amount from the department to provide microloans
179 pursuant to this part to entrepreneurs, microbusinesses, and
180 small businesses that employ no more than five people and
181 generate annual gross revenues averaging no more than \$250,000
182 per year for the last 2 years.

183 (e) Within 30 days of executing its contract with the
184 department, the loan administrator must enter into a memorandum
185 of understanding with the network:

186 1. For the provision of business management training,
187 business development training, and technical assistance to
188 entrepreneurs, microbusinesses, and small businesses that
189 receive microloans under this part; and

190 2. To promote the program to underserved entrepreneurs,
191 microbusinesses, and small businesses.

192 ~~(f) By September 1, 2014, the department shall review~~
193 ~~industry best practices and determine the minimum business~~
194 ~~management training, business development training, and~~
195 ~~technical assistance that must be provided by the network to~~
196 ~~achieve the goals of this part.~~

197 (9) ELIGIBILITY AND APPLICATION.—

198 (a) To be eligible for a microloan, an applicant must, at
199 a minimum, be an entrepreneur, a microbusiness, or a small
200 business located in this state.

201 (10) STATEWIDE STRATEGIC PLAN.—In implementing this
202 section, the department shall be guided by the 5-year statewide
203 strategic plan adopted pursuant to s. 20.60(5). The department
204 shall promote and advertise the loan program by, among other
205 things, cooperating with government, nonprofit, and private
206 industry to organize, host, or participate in seminars and other
207 forums for entrepreneurs, microbusinesses, and small businesses.

208 ~~(11) STUDY. By December 31, 2014, the department shall~~
209 ~~commence or commission a study to identify methods and best~~
210 ~~practices that will increase access to credit to entrepreneurs~~
211 ~~and small businesses in this state. The study must also explore~~
212 ~~the ability of, and limitations on, Florida nonprofit~~
213 ~~organizations and private financial institutions to expand~~
214 ~~access to credit to entrepreneurs and small businesses in this~~
215 ~~state.~~

216 Section 5. Subsections (1), (3), (7), and (8) of section
217 288.9935, Florida Statutes, are amended to read:

218 288.9935 Microfinance Guarantee Program.—

219 (1) The Microfinance Guarantee Program is established in
220 the department. The purpose of the program is to stimulate
221 access to credit for entrepreneurs, microbusinesses, and small
222 businesses in this state by providing targeted guarantees to
223 loans made to such entrepreneurs, microbusinesses, and small
224 businesses. Funds appropriated to the program must be reinvested
225 and maintained as a long-term and stable source of funding for

226 | the program.

227 | (3) The department must enter into a contract with
228 | Enterprise Florida, Inc., to administer the Microfinance
229 | Guarantee Program. In administering the program, Enterprise
230 | Florida, Inc., must, at a minimum:

231 | (a) Establish lender and borrower eligibility requirements
232 | in addition to those provided in this section;

233 | (b) Determine a reasonable leverage ratio of loan amounts
234 | guaranteed to state funds; however, the leverage ratio may not
235 | exceed 3 to 1;

236 | (c) Establish reasonable fees and interest;

237 | (d) Promote the program to financial institutions that
238 | provide loans to entrepreneurs, microbusinesses, and small
239 | businesses in order to maximize the number of lenders throughout
240 | the state which participate in the program;

241 | (e) Enter into a memorandum of understanding with the
242 | network to promote the program to underserved entrepreneurs, microbusinesses,
243 | microbusinesses, and small businesses;

244 | (f) Establish limits on the total amount of loan
245 | guarantees a single lender can receive;

246 | (g) Establish an average loan guarantee amount for loans
247 | guaranteed under this section;

248 | (h) Establish a risk-sharing strategy to be employed in
249 | the event of a loan failure; and

250 | (i) Establish financial performance measures and

251 objectives for the program in order to maximize the state funds.

252 (7) To be eligible to receive a loan guarantee under the
 253 Microfinance Guarantee Program, a borrower must, at a minimum:

254 (a) Be an entrepreneur, a microbusiness, or a small
 255 business located in this state;

256 (b) Employ 25 or fewer people;

257 (c) Generate average annual gross revenues of \$1.5 million
 258 or less per year for the last 2 years; and

259 (d) Meet any additional requirements established by
 260 Enterprise Florida, Inc.

261 (8) By October 1 of each year, Enterprise Florida, Inc.,
 262 shall submit a complete and detailed annual report to the
 263 department for inclusion in the department's report required
 264 under s. 20.60(10). The report must, at a minimum, provide:

265 (a) A comprehensive description of the program, including
 266 an evaluation of its application and guarantee activities,
 267 recommendations for change, and identification of any other
 268 state programs that overlap with the program;

269 (b) An assessment of the current availability of and
 270 access to credit for entrepreneurs, microbusinesses, and small
 271 businesses in this state;

272 (c) A summary of the financial and employment results of
 273 the entrepreneurs, microbusinesses, and small businesses
 274 receiving loan guarantees, including the number of full-time
 275 equivalent jobs created as a result of the guaranteed loans and

276 | the amount of wages paid to employees in the newly created jobs;
 277 | (d) Industry data about the borrowers, including the six-
 278 | digit North American Industry Classification System (NAICS)
 279 | code;
 280 | (e) The name and location of lenders that receive loan
 281 | guarantees;
 282 | (f) The amount of state funds received by Enterprise
 283 | Florida, Inc.;
 284 | (g) The number of loan guarantee applications received;
 285 | (h) The number, duration, location, and amount of
 286 | guarantees made;
 287 | (i) The number and amount of guaranteed loans outstanding,
 288 | if any;
 289 | (j) The number and amount of guaranteed loans with
 290 | payments overdue, if any;
 291 | (k) The number and amount of guaranteed loans in default,
 292 | if any;
 293 | (l) The repayment history of the guaranteed loans made;
 294 | and
 295 | (m) An evaluation of the program's ability to meet the
 296 | financial performance measures and objectives specified in
 297 | subsection (3).
 298 | Section 6. Subsection (1) of section 288.9936, Florida
 299 | Statutes, is amended to read:
 300 | 288.9936 Annual report of the Microfinance Loan Program.—

301 (1) The department shall include in the report required by
 302 s. 20.60(10) a complete and detailed annual report on the
 303 Microfinance Loan Program. The report must include:

304 (a) A comprehensive description of the program, including
 305 an evaluation of its application and funding activities,
 306 recommendations for change, and identification of any other
 307 state programs that overlap with the program;

308 (b) The financial institutions and the public and private
 309 organizations and individuals participating in the program;

310 (c) An assessment of the current availability of and
 311 access to credit for entrepreneurs, microbusinesses, and small
 312 businesses in this state;

313 (d) A summary of the financial and employment results of
 314 the entities receiving microloans;

315 (e) The number of full-time equivalent jobs created as a
 316 result of the microloans and the amount of wages paid to
 317 employees in the newly created jobs;

318 (f) The number and location of prospective loan
 319 administrators that responded to the department request for
 320 proposals;

321 (g) The amount of state funds received by the loan
 322 administrator;

323 (h) The number of microloan applications received by the
 324 loan administrator;

325 (i) The number, duration, and location of microloans made

326 | by the loan administrator, including the aggregate number of
 327 | microloans made to minority business enterprises if available;

328 | (j) The number and amount of microloans outstanding, if
 329 | any;

330 | (k) The number and amount of microloans with payments
 331 | overdue, if any;

332 | (l) The number and amount of microloans in default, if
 333 | any;

334 | (m) The repayment history of the microloans made;

335 | (n) The repayment history and performance of funding
 336 | awards;

337 | (o) An evaluation of the program's ability to meet the
 338 | financial performance measures and objectives specified in s.
 339 | 288.9934; and

340 | (p) A description and evaluation of the technical
 341 | assistance and business management and development training
 342 | provided by the network pursuant to its memorandum of
 343 | understanding with the loan administrator.

344 | Section 7. Present subsection (3) of section 337.027,
 345 | Florida Statutes, is redesignated as subsection (4), a new
 346 | subsection (3) is added to that section, and subsection (1) of
 347 | that section is amended, to read:

348 | 337.027 Authority to implement a business development
 349 | program.—

350 | (1) The department may establish a program for highway

351 projects which would assist small businesses and
352 microbusinesses. The purpose of this program is to increase
353 competition, lower prices, and provide increased support to meet
354 the department's future work program. The program may include,
355 but is not limited to, setting aside contracts, providing
356 preference points for the use of small businesses and
357 microbusinesses, providing special assistance in bidding and
358 contract completion, waiving bond requirements, and implementing
359 other strategies that would increase competition.

360 (3) As used in this section, the term "microbusiness" has
361 the same meaning as provided in s. 287.085.

362 Section 8. Section 373.1135, Florida Statutes, is amended
363 to read:

364 373.1135 Small business and microbusiness program.—Each
365 water management district, as created in this chapter, may
366 implement a small business and microbusiness program designed to
367 help small businesses and microbusinesses, including those owned
368 by women and minorities, to participate in district procurement
369 and contract activities. The purpose of the program is to spur
370 economic development and support small businesses and
371 microbusinesses, including women-owned and minority-owned
372 businesses, to successfully expand in the marketplace. Program
373 specifics shall be provided by rule pursuant to s. 373.113. As
374 used in this section, the term "microbusiness" has the same
375 meaning as provided in s. 287.085.

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376 | Section 9. This act shall take effect July 1, 2020. |