



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB0323

Introduced 2/15/2005, by Sen. Arthur J. Wilhelmi

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-413 new

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Creates the Military Reservist Business Assistance Loan Program to make loans to small businesses (i) that lose an owner, a manager, or a key employee due to a period of military conflict and (ii) that will experience economic injury as a result of the loss of that owner, manager, or key employee. Authorizes the Department to accept grants, loans, or appropriations and associated contracts and agreements for purposes similar to this program. Limits the total amount of any loan awarded under the program to \$150,000. Requires the Department to adopt rules concerning the administration of the program and to create a competitive application procedure. Effective immediately.

LRB094 06353 MKM 36429 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-413 as follows:

7 (20 ILCS 605/605-413 new)

8 Sec. 605-413. Military Reservist Business Assistance Loan
9 Program.

10 (a) As used in this Section:

11 "Period of military conflict" means (i) a period of war
12 declared by Congress; (ii) a period of national emergency
13 declared by Congress or by the President; or (iii) a period in
14 which a member of a reserve component of the armed forces of
15 the United States is ordered to active duty pursuant to Section
16 12304 of Title 10 of the United States Code.

17 "Owner" means a person with at least a 20% ownership
18 interest in a small business.

19 "Manager" means a person responsible for the day-to-day
20 operations of a small business.

21 "Key employee" means an employee of a small business whose
22 significant responsibilities cannot be assumed by another
23 employee without substantial financial hardship to the
24 business.

25 "Small business" means a business with 50 or fewer
26 employees.

27 (b) From funds appropriated for that purpose, the
28 Department shall administer a Military Reservist Business
29 Assistance Loan Program. The Director shall make loans to small
30 businesses (i) that lose an owner, a manager, or a key employee
31 due to a period of military conflict and (ii) that will
32 experience economic hardship as a result of the loss of that

1 owner, manager, or key employee. The Department may accept
2 grants, loans, or appropriations from the federal government or
3 from any private entity to be used for the purposes of this
4 program and may enter into contracts and agreements in
5 connection with those grants, loans, or appropriations.

6 (c) The Department shall adopt rules necessary for the
7 administration of the Military Reservist Business Assistance
8 Loan Program and shall create a competitive application
9 procedure. The Department shall determine by rule the amount,
10 term, and interest rate of loans awarded under the program,
11 except that: (i) no loan shall be awarded to any borrower
12 for more than \$150,000; (ii) the interest rate must be below
13 the market rate loan percent; (iii) the term of repayment shall
14 not exceed the number of years determined by the Department to
15 be sufficient for the continuation of the business; and (iv)
16 each loan shall be secured by a contract and any instrument
17 necessary or convenient to secure the loan.

18 (d) The Department shall evaluate all applications for
19 loans under this Section. Loans shall be awarded based on
20 criteria established by the Department by rule, including, but
21 not limited to, the following: (i) the size of the small
22 business; (ii) the financial impact on the business of the loss
23 of the owner, manager, or key employee who has been called to
24 active duty; and (iii) the duration of the the owner's,
25 manager's, or key employee's absence from the business.

26 (e) The Department shall not award any loan under this
27 Section to: (i) a small business or subsidiary of that business
28 that has already been awarded a loan under this Section within
29 the same fiscal year; or (ii) a small business that was awarded
30 a loan under this Section on which the balance remains unpaid.

31 (f) Within 30 days after the owner, manager, or key
32 employee returns to non-active duty status, the Department and
33 the borrower shall arrange for the repayment of the loan. The
34 Department may, at it discretion, extend the repayment schedule
35 for up to 3 years if the Department determines that the
36 repayment schedule would substantially disrupt the operation

1 and stability of the small business.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.