



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB6069

Introduced 2/11/2010, by Rep. Jerry L. Mitchell

#### SYNOPSIS AS INTRODUCED:

30 ILCS 750/9-2

from Ch. 127, par. 2709-2

30 ILCS 750/9-4.3

from Ch. 127, par. 2709-4.3

Amends the "Small Business Development Act" Article of the Build Illinois Act. Adds a definition of "veteran", and provides that small businesses that are at least 51% owned and managed by one or more persons who are veterans are eligible for loans from the Department of Commerce and Economic Opportunity on the same terms as minority, female, or disability small businesses. Effective immediately.

LRB096 20823 KTG 36590 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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

4 Section 5. The Build Illinois Act is amended by changing  
5 Sections 9-2 and 9-4.3 as follows:

6 (30 ILCS 750/9-2) (from Ch. 127, par. 2709-2)

7 Sec. 9-2. Definitions. The following terms, whenever used  
8 or referred to in this Article, shall have the following  
9 meanings ascribed to them, except where the context clearly  
10 requires otherwise:

11 (a) "Financial intermediary" means a community development  
12 corporation, a state development credit corporation, a  
13 development authority authorized to do business by an act of  
14 this State, or other public or private financing institution  
15 approved by the Department whose purpose includes financing,  
16 promoting, or encouraging economic development.

17 (b) "Participating lender" means any trust company, bank,  
18 savings bank, credit union, merchant bank, investment bank,  
19 broker, investment trust, pension fund, building and loan  
20 association, savings and loan association, insurance company,  
21 venture capital company or other institution approved by the  
22 Department which assumes a portion of the financing for a  
23 business project.

1 (c) "Department" means the Illinois Department of Commerce  
2 and Economic Opportunity.

3 (d) "Small business" means any for-profit business in  
4 Illinois including, but not limited to, any sole  
5 proprietorship, partnership, corporation, joint venture,  
6 association or cooperative, which has, including its  
7 affiliates, less than 500 full time employees, or is determined  
8 by the Department to be not dominant in its field.

9 Business concerns are affiliates of one another when either  
10 directly or indirectly (i) one concern controls or has the  
11 power to control the other, or (ii) a third party or parties  
12 controls or has the power to control both. Control can be  
13 exercised through common ownership, common management and  
14 contractual relationships.

15 (e) "Qualified security" means any note, stock,  
16 convertible security, treasury stock, bond, debenture,  
17 evidence of indebtedness, limited partnership interest,  
18 certificate of interest or participation in any profit-sharing  
19 agreement, preorganization certificate or subscription,  
20 transferable share, investment contract, certificate of  
21 deposit for a security, certificate of interest or  
22 participation in a patent or application therefor, or in  
23 royalty or other payments under such a patent or application,  
24 or, in general, any interest or instrument commonly known as a  
25 "security" or any certificate for, receipt for, guarantee of,  
26 or option, warrant or right to subscribe to or purchase any of

1 the foregoing, but not including any instrument which contains  
2 voting rights or can be converted to contain voting rights in  
3 the possession of the Department.

4 (f) "Loan agreement" means an agreement or contract to  
5 provide a loan or accept a mortgage or to purchase qualified  
6 securities or other means whereby financial aid is made  
7 available to a start-up, expanding, or mature, moderate risk  
8 small business.

9 (g) "Loan" means a loan or acceptance of a mortgage or the  
10 purchase of qualified securities or other means whereby  
11 financial aid is made to a start-up, expanding, or mature,  
12 moderate risk small business.

13 (h) "Equity investment agreement" means an agreement or  
14 contract to provide a loan or accept a mortgage or to purchase  
15 qualified securities or other means whereby financial aid is  
16 made available to or on behalf of a young, high risk,  
17 technology based small business.

18 (i) "Equity investment" means a loan or acceptance of a  
19 mortgage or the purchase of qualified securities or other means  
20 whereby financial aid is made to or on behalf of a young, high  
21 risk, technology based small business.

22 (j) "Project" means any specific economic development  
23 activity of a commercial, industrial, manufacturing,  
24 agricultural, scientific, service or other business, the  
25 result of which is expected to yield an increase in or  
26 retention of jobs or the modernization or improvement of

1 competitiveness of firms and may include working capital  
2 financing, the purchase or lease of machinery and equipment, or  
3 the lease or purchase of real property but does not include  
4 refinancing current debt.

5 (k) "Technical assistance agreement" means an agreement or  
6 contract or other means whereby financial aid is made available  
7 to not-for-profit organizations for the purposes outlined in  
8 Section 9-6 of this Article.

9 (l) "Financial intermediary agreement" means an agreement  
10 or contract to provide a loan, investment, or other financial  
11 aid to a financial intermediary for the purposes outlined in  
12 Section 9-4.4 of this Article.

13 (m) "Equity intermediary agreement" means an agreement or  
14 contract to provide a loan, investment, or other financial aid  
15 to a financial intermediary for the purposes outlined in  
16 Section 9-5.3 of this Article.

17 (n) "Other investor" means a venture capital organization  
18 or association; an investment partnership, trust or bank; an  
19 individual, accounting partnership or corporation that invests  
20 funds, or any other entity which provides debt or equity  
21 financing for a business project.

22 (o) "Veteran" means an Illinois resident who has served as  
23 a member of the United States Armed Forces on active duty or  
24 State active duty, a member of the Illinois National Guard, or  
25 a member of the United States Reserve Forces and who has  
26 received an honorable discharge.

1 (Source: P.A. 94-793, eff. 5-19-06.)

2 (30 ILCS 750/9-4.3) (from Ch. 127, par. 2709-4.3)

3 Sec. 9-4.3. Minority, veteran, female and disability  
4 loans.

5 (a) In the making of loans for minority, veteran, female or  
6 disability small businesses, as defined below, the Department  
7 is authorized to employ different criteria in lieu of the  
8 general provisions of subsections (b), (d), (e), (f), (h), and  
9 (i) of Section 9-4.

10 Minority, veteran, female or disability small businesses,  
11 for the purpose of this Section, shall be defined as small  
12 businesses that are, in the Department's judgment, at least 51%  
13 owned and managed by one or more persons who are minority,  
14 female or disabled or who are veterans.

15 (b) Loans made pursuant to this Section:

16 (1) Shall not exceed \$100,000 or 50% of the business  
17 project costs unless the Director of the Department  
18 determines that a waiver of these limits is required to  
19 meet the purposes of this Act.

20 (2) Shall only be made if, in the Department's  
21 judgment, the number of jobs to be created or retained is  
22 reasonable in relation to the loan funds requested.

23 (3) Shall be protected by security. Financial  
24 assistance may be secured by first, second or subordinate  
25 mortgage positions on real or personal property, by royalty

1 payments, by personal notes or guarantees, or by any other  
2 security satisfactory to the Department to secure  
3 repayment. Security valuation requirements, as determined  
4 by the Department, for the purposes of this Section, may be  
5 less than required for similar loans not covered by this  
6 Section, provided the applicants demonstrate adequate  
7 business experience, entrepreneurial training or  
8 combination thereof, as determined by the Department.

9 (4) Shall be in such principal amount and form and  
10 contain such terms and provisions with respect to security,  
11 insurance, reporting, delinquency charges, default  
12 remedies, and other matters as the Department shall  
13 determine appropriate to protect the public interest and  
14 consistent with the purposes of this Section. The terms and  
15 provisions may be less than required for similar loans not  
16 covered by this Section.

17 (Source: P.A. 95-97, eff. 1-1-08.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.