



Sen. Dan Kotowski

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1 AMENDMENT TO SENATE BILL 3243

2 AMENDMENT NO. _____. Amend Senate Bill 3243, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 1. Short title. This Act may be cited as the
6 Microloan Program Act.

7 Section 5. Definitions. For purposes of this Act:

8 "Department" means the Department of Commerce and Economic
9 Opportunity.

10 "Director" means the Director of Commerce and Economic
11 Opportunity.

12 "Intermediary" means: (i) a private, non-profit entity;
13 (ii) a private, non-profit community development corporation;
14 (iii) a consortium of private, non-profit organizations or
15 non-profit community development corporations; or (iv) a
16 quasi-governmental economic development entity (such as a

1 planning and development district) if no application is
2 received from an eligible non-profit organization or the
3 Director determines that the needs of a region or geographic
4 area are not adequately served by an existing, eligible
5 non-profit organization that has submitted an application.
6 "Intermediary" also includes an intermediary that has
7 completed the training program created and administered by the
8 Director under Section 50.

9 "Microloan" means a short-term, fixed rate loan of not more
10 than \$35,000, made by an intermediary to a small business
11 concern.

12 "Rural area" means any political subdivision or
13 unincorporated area: (i) in a non-metropolitan county (as
14 defined by the Secretary of Agriculture) or its equivalent; or
15 (ii) in a metropolitan county or its equivalent that has a
16 resident population of less than 20,000 if the Department of
17 Commerce and Economic Opportunity has determined such a
18 political subdivision or area to be rural.

19 "Small business concern" means a legal entity, including a
20 corporation, partnership, or sole proprietorship, that: (i) is
21 formed for the purpose of making a profit; (ii) is
22 independently owned and operated; and (iii) has 5 employees or
23 fewer.

24 Section 10. Purposes. The purposes of the Microloan Program
25 are:

1 (1) to assist female, low-income, veteran, and
2 minority entrepreneurs and business owners and other
3 individuals possessing the capability to operate
4 successful business concerns;

5 (2) to assist small business concerns in those areas
6 suffering from a lack of credit due to economic downturns;

7 (3) to establish a microloan program to be administered
8 by the Department of Commerce and Economic Opportunity in
9 order to:

10 (A) make grants to eligible intermediaries to
11 enable those intermediaries to provide small-scale
12 loans to small business concerns for working capital or
13 the acquisition of materials, supplies, or equipment;
14 and

15 (B) make grants to eligible intermediaries that,
16 together with non-State matching funds, will enable
17 those intermediaries to provide intensive marketing,
18 management, and technical assistance to microloan
19 borrowers.

20 Section 15. Microloan program established. Subject to
21 appropriation, a microloan program is established in the
22 Department of Commerce and Economic Opportunity under which the
23 Director of Commerce and Economic Opportunity may:

24 (1) make grants to eligible intermediaries, as
25 provided under Section 25, for the purpose of making

1 short-term, fixed interest rate microloans to small
2 business concerns;

3 (2) in conjunction with these grants and subject to the
4 requirements of Section 30, make grants to these
5 intermediaries for the purpose of providing intensive
6 marketing, management, and technical assistance to small
7 business concerns that are borrowers under this Act; and

8 (3) issue grants to administer a training program to
9 train intermediaries in the knowledge, skills, and
10 understanding of microlending necessary to operate
11 successful microloan programs.

12 Section 20. Eligibility for participation. An intermediary
13 shall be eligible to receive loans and grants under paragraphs
14 (1) and (2) of Section 15 if it meets the definition of
15 intermediary in Section 5.

16 Section 25. Grants to intermediaries.

17 (a) As part of its application for a grant, each
18 intermediary shall submit a description to the Director of the
19 type of businesses to be assisted; the size and range of loans
20 to be made; the geographic area to be served and its economic,
21 poverty, and unemployment characteristics; the status of small
22 business concerns in the area to be served and an analysis of
23 their credit and technical assistance needs; any marketing,
24 management, and technical assistance to be provided in

1 connection with a loan made under this Act; the local economic
2 credit markets, including the costs associated with obtaining
3 credit locally; the qualifications of the applicant to carry
4 out the purpose of this Act; and any plan to involve other
5 technical assistance providers or private sector lenders in
6 assisting selected business concerns.

7 (b) As a condition of any grant made to an intermediary
8 under paragraph (2) of Section 15, the Department shall require
9 the intermediary to contribute not less than 15% of the grant
10 amount in cash as a match from non-State sources.

11 (c) No grant shall be made to an intermediary under this
12 Act if the total amount outstanding and committed to that
13 intermediary (excluding outstanding grants) from the Business
14 Microloan and Investment Fund would, as a result of that grant,
15 exceed \$750,000 in the first year of the intermediary's
16 participation in the program or \$3,500,000 in later years of
17 the intermediary's participation in the program.

18 (d) An intermediary may make a loan under this Act of not
19 more than \$35,000 to a small business concern only if the small
20 business concern demonstrates that it is unable to obtain
21 credit elsewhere at comparable interest rates and that it has
22 good prospects for success. In no case shall an intermediary
23 commit to any one borrower more than \$35,000.

24 Section 30. Marketing, management, and technical
25 assistance grants to intermediaries. The Department may make

1 grants to intermediaries that receive a grant under paragraph
2 (1) of Section 15 to provide marketing, management, and
3 technical assistance to small business concerns that are
4 prospective borrowers or borrowers under this Act.

5 Section 35. Program funding for microloans. Under the
6 program authorized by this Act, the Department may fund, on a
7 competitive basis, not more than 300 intermediaries annually.

8 Section 40. Equitable distribution of intermediaries. In
9 approving intermediaries and providing funding to
10 intermediaries under this Act, the Department shall select and
11 provide funding to intermediaries as will ensure appropriate
12 availability of loans for small businesses in all industries
13 located throughout the State, particularly those located in
14 urban and in rural areas.

15 Section 45. Grants for management, marketing, technical
16 assistance, and related services.

17 (a) The Department may procure technical assistance for
18 intermediaries participating in the Microloan Program to
19 ensure that those intermediaries have the knowledge, skills,
20 and understanding of microlending practices necessary to
21 operate successful microloan programs.

22 (b) The General Assembly may appropriate up to 7% of the
23 balance in the Business Microloan and Investment Fund to the

1 Department for the specific purpose of providing one or more
2 technical assistance grants to experienced microlending
3 organizations that have demonstrated experience in providing
4 training support for microenterprise development and financing
5 to achieve the purposes set forth in Section 10.

6 Section 50. Training program. The Department may issue
7 grants to administer a training program for intermediaries that
8 presently have minimal or no expertise or experience in
9 microlending. The training program shall train the
10 intermediaries in the knowledge, skills, and understanding of
11 microlending practices necessary to operate successful
12 microloan programs.

13 Section 55. Report to General Assembly. On November 1,
14 2014, the Department shall submit to the General Assembly a
15 report, including the Department's evaluation of the
16 effectiveness of the microloan program and the following:

17 (1) the numbers and locations of the intermediaries
18 funded to conduct microloan programs;

19 (2) the amounts of each grant to intermediaries;

20 (3) a description of the matching contributions of each
21 intermediary;

22 (4) the numbers and amounts of microloans made by the
23 intermediaries to small business concern borrowers;

24 (5) a summary of the repayment history of each

1 intermediary;

2 (6) a description of the loan portfolio of each
3 intermediary including the extent to which it provides
4 microloans to small business concerns in rural areas; and

5 (7) any recommendations for legislative changes that
6 would improve program operations.

7 Section 60. Business Microloan and Investment Fund. The
8 Business Microloan and Investment Fund is created as a special
9 fund in the State treasury to accept appropriations, grants,
10 gifts, and other donations made to fund the Microloan Program
11 created by this Act. Moneys in the Fund may, subject to
12 appropriation, be used by the Department to carry out the
13 requirements of this Act.

14 Section 95. The State Finance Act is amended by adding
15 Section 5.811 as follows:

16 (30 ILCS 105/5.811 new)

17 Sec. 5.811. The Business Microloan and Investment Fund."