

HOUSE BILL No. 6316

August 9, 2006, Introduced by Reps. Tobocman, Alma Smith, Hunter, Kolb, McDowell, Espinoza and McConico and referred to the Committee on Commerce.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2094) by adding chapter 7A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 7A

SEC. 77A. (1) THE FUND SHALL OPERATE A CENTER FOR
MICROENTERPRISE DEVELOPMENT.

(2) AS USED IN THIS CHAPTER:

(A) "CENTER" OR "CENTER FOR MICROENTERPRISE DEVELOPMENT" MEANS
THE CENTER FOR MICROENTERPRISE DEVELOPMENT OPERATED UNDER THE FUND.

(B) "COMMUNITY ECONOMIC DEVELOPMENT ORGANIZATION" MEANS A
NONGOVERNMENTAL, NONPROFIT ORGANIZATION THAT IS TAX-EXEMPT UNDER
SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, 26 USC 501, THAT
HAS AS ITS PURPOSE THE SUPPORT OF ECONOMIC DEVELOPMENT AND

1 EMPLOYMENT OPPORTUNITIES.

2 (C) "MICHIGAN MICROENTERPRISE FUND" IS AN ACCOUNT WITHIN THE
3 FUND TO BE USED AS PROVIDED IN THIS CHAPTER.

4 (D) "MICROENTERPRISE BUSINESS" MEANS A NEW OR EXISTING
5 BUSINESS WITH 5 OR FEWER EMPLOYEES AND INCLUDES STARTUP, HOME-
6 BASED, AND SELF-EMPLOYED INDIVIDUALS.

7 (E) "MICROENTERPRISE DEVELOPMENT ADVISORY BOARD" OR "ADVISORY
8 BOARD" MEANS THE MICROENTERPRISE DEVELOPMENT ADVISORY BOARD CREATED
9 IN SECTION 77B.

10 (F) "MICROENTERPRISE DEVELOPMENT ORGANIZATION" MEANS A
11 COMMUNITY-BASED, NONPROFIT ORGANIZATION THAT IS TAX-EXEMPT UNDER
12 SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, 26 USC 501, THAT
13 HAS A DEMONSTRATED CAPACITY AND PLAN FOR PROVIDING BUSINESS
14 TRAINING, TECHNICAL ASSISTANCE, AND BUSINESS LOANS TO
15 MICROENTERPRISE BUSINESS.

16 SEC. 77B. (1) THE CENTER FOR MICROENTERPRISE DEVELOPMENT IS
17 CREATED UNDER THE FUND.

18 (2) THE CENTER FOR MICROENTERPRISE DEVELOPMENT SHALL BE FUNDED
19 BY THE MICHIGAN MICROENTERPRISE FUND. COSTS FOR SUPPORTING THE
20 ADMINISTRATION OF THE CENTER IN A YEAR SHALL NOT EXCEED 10% OF THE
21 FUNDS DISBURSED FROM THE MICHIGAN MICROENTERPRISE FUND THROUGH
22 LOANS AND GRANTS IN THAT YEAR.

23 (3) THE FUND SHALL DEPOSIT INTO THE MICHIGAN MICROENTERPRISE
24 FUND ALL MONEY APPROPRIATED OR OTHERWISE PROVIDED BY THIS STATE AND
25 ANY OTHER MONEY MADE AVAILABLE TO THE FUND FOR THE CENTER OR TO THE
26 CENTER FROM ANY OTHER SOURCE, PUBLIC OR PRIVATE.

27 (4) THE MICROENTERPRISE DEVELOPMENT ADVISORY BOARD IS CREATED

1 TO ADVISE THE CENTER ON MICROENTERPRISE DEVELOPMENT POLICIES AND
2 GRANT AND LOAN ALLOCATIONS AND AWARDS.

3 (5) THE MEMBERS OF THE MICROENTERPRISE DEVELOPMENT ADVISORY
4 BOARD SHALL BE APPOINTED BY THE GOVERNOR AND SHALL SERVE WITHOUT
5 COMPENSATION. THE MEMBERS OF THE ADVISORY BOARD SHALL INCLUDE ALL
6 OF THE FOLLOWING:

7 (A) TWO REPRESENTATIVES OF MICROENTERPRISE DEVELOPMENT
8 ORGANIZATIONS.

9 (B) ONE REPRESENTATIVE OF A UNIVERSITY OR COMMUNITY COLLEGE
10 SMALL BUSINESS DEVELOPMENT CENTER.

11 (C) THE DIRECTOR OF THE FAMILY INDEPENDENCE AGENCY OR HIS OR
12 HER DESIGNEE.

13 (D) ONE REPRESENTATIVE OF A NONPROFIT COMMUNITY FINANCIAL
14 ORGANIZATION SERVING LOW-INCOME COMMUNITIES.

15 (E) TWO REPRESENTATIVES OF COMMUNITY ECONOMIC DEVELOPMENT
16 ORGANIZATIONS.

17 (F) THE DIRECTOR OF THE MICHIGAN STATE HOUSING DEVELOPMENT
18 AUTHORITY OR HIS OR HER DESIGNEE.

19 (G) THE DIRECTOR OF THE DEPARTMENT OF LABOR AND ECONOMIC
20 GROWTH OR HIS OR HER DESIGNEE.

21 (6) MEMBERS SHALL BE APPOINTED TO THE ADVISORY BOARD FOR A
22 TERM OF 3 YEARS, WITH TERMS EXPIRING ON A ROTATING BASIS. OF THE
23 MEMBERS FIRST APPOINTED TO THE ADVISORY BOARD UNDER SUBSECTION
24 (5)(A), (B), AND (D), 2 SHALL BE APPOINTED TO A TERM OF 1 YEAR, 2
25 SHALL BE APPOINTED TO A TERM OF 2 YEARS, AND 2 SHALL BE APPOINTED
26 TO A TERM OF 3 YEARS.

27 (7) THE GOVERNOR SHALL APPOINT 1 MEMBER OF THE ADVISORY BOARD

1 TO SERVE AS THE CHAIRPERSON OF THE ADVISORY BOARD.

2 (8) THE ADVISORY BOARD SHALL ESTABLISH A SCHEDULE, LOCATION,
3 AND AGENDA FOR ITS MEETINGS. MEETINGS SHALL BE HELD AT LEAST 4
4 TIMES PER YEAR.

5 (9) THE ADVISORY BOARD IS RESPONSIBLE FOR, BUT NOT LIMITED TO,
6 ALL OF THE FOLLOWING:

7 (A) RECOMMENDING QUALIFICATIONS THAT MUST BE MET BY
8 ORGANIZATIONS MAKING APPLICATION FOR LOAN AND GRANT FUNDS.

9 (B) RECOMMENDING TO THE CENTER ALLOCATION AMOUNTS FOR LOANS
10 AND GRANTS.

11 (C) REVIEWING ALL APPLICATIONS FOR FUNDING AND REVIEWING
12 RECOMMENDATIONS OF THE CENTER FOR THE GRANTING OF FUNDS.

13 (D) RECOMMENDING INFORMATION TO BE INCLUDED IN REPORTS
14 REQUIRED BY THE CENTER.

15 (E) EVALUATING ALL REPORTS PROVIDED TO AND BY THE CENTER.

16 (F) RECOMMENDING WAYS TO INCREASE THE INVOLVEMENT OF THE
17 PRIVATE SECTOR IN MICROENTERPRISE DEVELOPMENT.

18 (10) WITHIN 1 YEAR AFTER ITS CREATION, THE MICROENTERPRISE
19 DEVELOPMENT ADVISORY BOARD SHALL REPORT TO THE DEPARTMENT, THE
20 GOVERNOR, AND EACH HOUSE OF THE LEGISLATURE ON THE ADVISABILITY OF
21 CREATING A STATEWIDE NONPROFIT CORPORATION TO SERVE AS THE CENTER
22 FOR MICROENTERPRISE DEVELOPMENT FOR THE PURPOSE OF MAKING
23 APPLICATION FOR FEDERAL AND PRIVATE SOURCE FUNDING.

24 SEC. 77C. (1) EXCEPT AS PROVIDED IN SECTION 77B, MONEY IN THE
25 MICHIGAN MICROENTERPRISE FUND SHALL BE USED ONLY TO MAKE LOANS OR
26 GRANTS TO MICROENTERPRISE DEVELOPMENT ORGANIZATIONS IN THIS STATE
27 FOR MICROENTERPRISE DEVELOPMENT.

1 (2) LOANS OR GRANTS TO MICROENTERPRISE DEVELOPMENT
2 ORGANIZATIONS OR COMMUNITY DEVELOPMENT ORGANIZATIONS THAT INCLUDE
3 MICROENTERPRISE SUPPORT AND DELIVERY SERVICES IN THIS STATE SHALL
4 BE USED ONLY FOR THE FOLLOWING PURPOSES:

5 (A) ADMINISTERING A LOAN OR LOAN GUARANTEE PROGRAM.

6 (B) ADMINISTERING A REVOLVING LOAN PROGRAM.

7 (C) PROVIDING BUSINESS TRAINING AND TECHNICAL ASSISTANCE TO
8 PERSONS WHOSE HOUSEHOLD INCOME FALLS AT OR BELOW 185% OF FEDERAL
9 POVERTY LIMITS.

10 (D) PROVIDING BUSINESS LOANS TO PERSONS WHOSE HOUSEHOLD INCOME
11 FALLS AT OR BELOW 185% OF FEDERAL POVERTY LIMITS.

12 (3) GRANTS TO A MICROENTERPRISE DEVELOPMENT ORGANIZATION FOR
13 ADMINISTRATION, BUSINESS TRAINING, AND TECHNICAL ASSISTANCE SHALL
14 NOT EXCEED 50% OF THE OPERATING COSTS OF THAT MICROENTERPRISE
15 DEVELOPMENT ORGANIZATION PER YEAR.

16 (4) LOANS MADE FROM THE FUND TO A MICROENTERPRISE DEVELOPMENT
17 ORGANIZATION SHALL BE FOR A TERM NOT TO EXCEED 5 YEARS AT 0%
18 INTEREST AND SHALL BE RENEWABLE.

19 (5) LOANS OR GRANTS FROM A MICROENTERPRISE DEVELOPMENT
20 ORGANIZATION TO A MICROENTERPRISE BUSINESS SHALL NOT EXCEED
21 \$25,000.00 PER YEAR. HOWEVER, AT LEAST 50% OF THE LOANS OR GRANTS
22 MADE FROM A MICROENTERPRISE DEVELOPMENT ORGANIZATION SHALL NOT
23 EXCEED \$10,000.00.

24 SEC. 77D. (1) THE CENTER SHALL MAKE GRANTS AND LOANS DESCRIBED
25 IN THIS SECTION TO MICROENTERPRISE DEVELOPMENT ORGANIZATIONS BASED
26 ON THE FOLLOWING CRITERIA AS DETERMINED BY THE CENTER:

27 (A) A PLAN FOR PROVIDING BUSINESS DEVELOPMENT TRAINING,

1 TECHNICAL ASSISTANCE, LOANS, AND GRANTS TO MICROENTERPRISE
2 BUSINESSES.

3 (B) THE SCOPE OF THE BUSINESS DEVELOPMENT TRAINING AND
4 TECHNICAL ASSISTANCE SERVICES TO BE PROVIDED TO MICROENTERPRISE
5 BUSINESSES.

6 (C) A PLAN FOR COORDINATING THE BUSINESS DEVELOPMENT TRAINING,
7 TECHNICAL ASSISTANCE, LOANS, AND GRANTS OF THE MICROENTERPRISE
8 DEVELOPMENT ORGANIZATION WITH COMMERCIAL AND OTHER NONPROFIT
9 FINANCIAL INSTITUTIONS.

10 (D) THE GEOGRAPHIC REPRESENTATION OF ALL REGIONS OF THIS
11 STATE, INCLUDING BOTH URBAN AND RURAL AREAS.

12 (E) THE ABILITY OF THE MICROENTERPRISE DEVELOPMENT
13 ORGANIZATION TO PROVIDE MICROENTERPRISE DEVELOPMENT IN AREAS OF
14 CHRONIC ECONOMIC DISTRESS AND LOW INCOME REGIONS OF THIS STATE.

15 (F) A PLAN AND THE CAPACITY FOR PROVIDING BUSINESS TRAINING,
16 TECHNICAL ASSISTANCE, AND BUSINESS LOANS TO PERSONS WHOSE EARNINGS
17 FALL AT OR BELOW 185% OF FEDERAL POVERTY LIMITS.

18 (G) THE ABILITY OF THE MICROENTERPRISE DEVELOPMENT
19 ORGANIZATION TO PROVIDE FINANCIAL OVERSIGHT OF LOANS AND GRANTS
20 UNDER THIS CHAPTER.

21 (2) AS A CONDITION OF RECEIVING A LOAN OR GRANT UNDER THIS
22 CHAPTER, THE RECIPIENT MICROENTERPRISE DEVELOPMENT ORGANIZATION
23 SHALL PROVIDE PERIODIC PERFORMANCE REPORTS AS DETERMINED BY THE
24 CENTER.

25 SEC. 77E. THE CENTER SHALL REPORT TO THE GOVERNOR AND EACH
26 HOUSE OF THE LEGISLATURE EACH YEAR ON ALL OF THE FOLLOWING:

27 (A) THE AMOUNT OF ALL LOANS AND GRANTS, INDIVIDUALLY

1 IDENTIFIED, TO EACH MICROENTERPRISE DEVELOPMENT ORGANIZATION.

2 (B) THE AMOUNT AND RECIPIENT OF EVERY LOAN AND GRANT MADE BY A
3 MICROENTERPRISE DEVELOPMENT ORGANIZATION.

4 (C) TYPES AND INDIVIDUAL UNITS OF BUSINESS TRAINING AND
5 TECHNICAL ASSISTANCE PROVIDED BY MICROENTERPRISE DEVELOPMENT
6 ORGANIZATIONS.

7 (D) THE PERCENTAGE OF BUSINESS TRAINING, TECHNICAL ASSISTANCE,
8 AND LOANS THAT WERE PROVIDED TO PERSONS WHOSE EARNINGS FALL AT OR
9 BELOW FEDERAL POVERTY LIMITS.

10 (E) AN EVALUATION OF THE DEMAND AND THE EFFECTIVENESS OF THIS
11 PROGRAM BASED ON DEVELOPING NEW, AND INCREASING THE CAPACITY OF
12 EXISTING, MICROENTERPRISE BUSINESSES IN THIS STATE; STRENGTHENING
13 THE CAPACITY OF MICROENTERPRISE DEVELOPMENT ORGANIZATIONS;
14 ENHANCING THE EARNING CAPACITY AND REDUCING THE DEPENDENCE ON
15 PUBLIC SERVICES OF INDIVIDUALS AND FAMILIES RECEIVING BUSINESS
16 TRAINING, TECHNICAL ASSISTANCE, AND LOANS THROUGH THE CENTER'S
17 GRANT AND LOAN PROGRAMS; AND FUNDS PROVIDED BY OTHER PUBLIC AND
18 PRIVATE ENTITIES THAT WERE LEVERAGED THROUGH THE PROGRAMS DESCRIBED
19 IN THIS CHAPTER.