

# HOUSE BILL NO. 5199

November 06, 2019, Introduced by Reps. Wittenberg, Hammoud, Ellison, LaGrand, Lasinski, Sowerby, Hood, Shannon, Clemente, Stone, Tate, Manoogian, Cherry, Sabo, Brixie, Pagan, Haadsma, Guerra and Bolden and referred to the Committee on Commerce and Tourism.

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

1  
2           **Sec. 79a. (1) The fund shall operate a center for**  
3 **microenterprise development.**

4           **(2) As used in this chapter:**

5           **(a) "Center" or "center for microenterprise development" means**



1 the center for microenterprise development operated under the fund.

2 (b) "Michigan microenterprise fund" is an account within the  
3 fund to be used as provided in this chapter.

4 (c) "Microenterprise business" means a new or existing  
5 business that is headquartered in this state with 5 or fewer  
6 employees and includes startup, home-based, and self-employed  
7 individuals.

8 (d) "Microenterprise development organization" means a  
9 community-based, nonprofit organization that is tax-exempt under  
10 section 501(c)(3) of the internal revenue code, 26 USC 501, that  
11 has a demonstrated capacity or potential capacity and plan for  
12 providing business training, technical assistance, or business  
13 loans to microenterprise businesses.

14 Sec. 79b. (1) The center for microenterprise development is  
15 created under the fund.

16 (2) The center for microenterprise development shall be funded  
17 by the Michigan microenterprise fund.

18 (3) The fund shall deposit into the Michigan microenterprise  
19 fund all money appropriated or otherwise provided by this state and  
20 any other money made available to the fund for the center or to the  
21 center from any other source, public or private. The center shall  
22 actively seek new federal sources and private sources of funding to  
23 fund the center for microenterprise development.

24 Sec. 79c. (1) Except as provided in section 79b, 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.

28 (2) Loans or grants to microenterprise development  
29 organizations in this state shall be used only for the following



1 purposes:

2 (a) Administering a loan or loan guarantee program for  
3 microenterprise businesses.

4 (b) Administering a revolving loan program for microenterprise  
5 businesses.

6 (c) Providing business training and technical assistance for  
7 microenterprise businesses.

8 (d) Providing business loans for microenterprise businesses.

9 (3) Grants to a microenterprise development organization for  
10 administration, business training, and technical assistance shall  
11 not exceed 50% of the operating costs of that microenterprise  
12 development organization per year.

13 (4) Loans made from the fund to a microenterprise development  
14 organization must be for a term not to exceed 5 years at 0%  
15 interest and must be renewable.

16 (5) Loans from a microenterprise development organization to a  
17 microenterprise business must not exceed \$35,000.00 per year.  
18 However, at least 50% of the loans made from a microenterprise  
19 development organization must not exceed \$10,000.00.

20 Sec. 79d. (1) The center shall make grants and loans described  
21 in this section to microenterprise development organizations based  
22 on the following criteria as determined by the center:

23 (a) A plan for providing business development training,  
24 technical assistance, and loans to microenterprise businesses.

25 (b) The scope of the business development training and  
26 technical assistance services to be provided to microenterprise  
27 businesses.

28 (c) A plan for coordinating the business development training,  
29 technical assistance, and loans of the microenterprise development



1 organization with commercial and other nonprofit financial  
2 institutions.

3 (d) A plan and the capacity for providing business training,  
4 technical assistance, and business loans.

5 (e) The ability of the microenterprise development  
6 organization to provide financial oversight of loans and grants  
7 under this chapter.

8 (2) The microenterprise development organization shall give  
9 priority to grants and loans to minority-owned microenterprise  
10 businesses, woman-owned microenterprise businesses, and other  
11 microenterprise businesses owned by individuals that have  
12 difficulty accessing traditional credit markets, as determined by  
13 the center.

14 (3) As a condition of receiving a loan or grant under this  
15 chapter, the recipient microenterprise development organization  
16 shall provide periodic performance reports as determined by the  
17 center.

18 (4) As a condition of receiving a loan or grant under this  
19 chapter, the recipient microenterprise development organization  
20 shall provide that a person who has been convicted of a felony is  
21 not eligible for a loan funded under this chapter if the  
22 microenterprise development organization determines that the  
23 conviction of that felony will materially impact that person's  
24 ability to repay the loan.

25 (5) The center and fund shall ensure that they have input and  
26 assistance from individuals knowledgeable of microenterprise  
27 development in awarding grants and loans under this chapter.

28 Sec. 79e. The center shall report to the governor and each  
29 house of the legislature each year on all of the following and make



1 that information available to the public on the Michigan strategic  
2 funds website:

3 (a) The amount of all loans and grants, individually  
4 identified, to each microenterprise development organization.

5 (b) The amount and recipient of every loan made by a  
6 microenterprise development organization.

7 (c) Types and individual units of business training and  
8 technical assistance provided by microenterprise development  
9 organizations.

10 (d) 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.

