SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1434 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-3-12-3, AS AMENDED BY P.L.58-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The corporation, after being certified by the governor under section 1 of this chapter, may:

(1) establish programs to identify entrepreneurs with marketable ideas and to support the organization and development of new business enterprises, including technologically oriented enterprises;

(2) conduct conferences and seminars to provide entrepreneurs with access to individuals and organizations with specialized expertise;

(3) establish a statewide network of public, private, and educational resources to assist the organization and development of new enterprises;

(4) operate a small business assistance center to provide small businesses, including minority owned businesses and businesses owned by women, with access to managerial and technical expertise and to provide assistance in resolving problems encountered by small businesses;

(5) cooperate with the Indiana business modernization and technology corporation, other public and private entities, including the Indiana small business development network and the federal government marketing program, in exercising the powers listed in subdivisions (1) through (4);

~~(6) establish and administer the small and minority business assistance program under IC 4-3-16;~~

~~(7) approve and administer loans from the enterprise development fund established under IC 4-3-13;~~ and

~~(8)~~ **(6)** coordinate state-funded programs that assist the

organization and development of new enterprises.

SECTION 2. IC 4-3-13-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. As used in this chapter, "corporation" refers to the Indiana ~~small business~~ **economic** development ~~corporation.~~ **council established under IC 4-3-13.**

SECTION 3. IC 4-3-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program** fund **established by section 9 of this chapter.**

SECTION 4. IC 4-3-13-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The general assembly makes the following findings of fact:

(1) There exists in Indiana an inadequate amount of locally managed, pooled investment capital in the private sector available to invest in new and existing business ventures, including business ventures by nontraditional entrepreneurs.

(2) Investing capital and business management advice in new and existing business ventures, including business ventures by nontraditional entrepreneurs, will enhance economic development and create and retain employment within Indiana. This investment will enhance the health and general welfare of the people of Indiana and constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) Therefore, it is declared to be the policy of the state to promote economic development and entrepreneurial talent of the state's inhabitants by the creation of the ~~enterprise development~~ fund for the public purpose of promoting opportunities for gainful employment and business opportunities.

SECTION 5. IC 4-3-13-9, AS AMENDED BY P.L.58-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) The ~~enterprise development~~ **microenterprise partnership program** fund is established. The fund is a revolving fund for the purpose of:

(1) providing loans approved by the corporation under this chapter and IC 4-3-12-3;

(2) providing loans or loan guarantees under the small and minority business financial assistance program established by IC 4-3-16;

(3) carry out the microenterprise partnership program under IC 4-4-32.4; and

~~(3)~~ **(4)** paying the costs of administering this chapter, ~~and~~ IC 4-3-16, **and IC 4-3-32.4.**

The fund shall be administered by the corporation.

(b) The fund consists of:

(1) amounts appropriated by the general assembly;

(2) the repayment proceeds (including interest) of loans made from the fund; and

(3) donations, grants, and money received from any other source.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of this audit.

SECTION 6. IC 4-3-13-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) As used in this section, "eligible entity" means any partnership, unincorporated association, corporation, or limited liability company, whether or not operated for profit, that is established for the purpose of establishing a local investment pool.

(b) A local investment pool may be established only by an eligible entity. A political subdivision may participate in the establishment of an eligible entity but may not be the sole member of the eligible entity.

(c) The articles of incorporation or bylaws of the eligible entity, as appropriate, must provide the following:

(1) The exclusive purpose of the eligible entity is to establish a local investment pool to:

(A) attract private equity investment to provide grants, equity investments, loans, and loan guarantees for the establishment or operation of businesses in Indiana; and

(B) provide a low to moderate rate of return to investors in the short term, with higher rates of return in the long term.

(2) The governing body of the eligible entity must include:

(A) persons who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The eligible entity may receive funds from:

(A) equity investors;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations; and

(E) loans from the ~~enterprise development~~ fund.

SECTION 7. IC 4-3-13-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) A local opportunity pool may be established only by a nonprofit corporation or a for profit corporation established for that purpose. A political subdivision may participate in the establishment of such a corporation

but may not be the sole member of the corporation.

(b) The articles of incorporation or bylaws of the corporation, as appropriate, must provide the following:

(1) The exclusive purpose of the corporation is to establish a local opportunity pool to:

(A) attract sources of funding other than private equity investment to provide grants, loans, and loan guarantees for the establishment or operation of nontraditional entrepreneurial endeavors in Indiana; and

(B) enter into financing agreements that seek the return of the principal amounts advanced by the pool, with the potential for a greater return.

(2) The board of directors of the corporation must include:

(A) persons who are actively engaged in Indiana in private enterprise, organized labor, or state or local governmental agencies and who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The corporation may receive funds from:

(A) philanthropic foundations;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations;

(E) bequests; and

(F) loans from the ~~enterprise development~~ fund.

SECTION 8. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic development plan and monitoring the updates of that plan; and

(C) educating and assisting all parties involved in improving the long range vitality of the state's economy;

(2) the board must include:

(A) the governor;

(B) the lieutenant governor;

(C) the chief operating officer of the corporation;

(D) the chief operating officer of the corporation for Indiana's international future; and

(E) additional persons appointed by the governor, who are actively engaged in Indiana in private enterprise, organized labor, state or local governmental agencies, and education, and

who represent the diverse economic and regional interests throughout Indiana;

(3) the governor shall serve as chairman of the board of the corporation, and the lieutenant governor shall serve as the chief executive officer of the corporation;

(4) the governor shall appoint as vice chairman of the board a member of the board engaged in private enterprise;

(5) the lieutenant governor shall be responsible as chief executive officer for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the corporation's chief operating officer;

(6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);

(7) the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;

(8) any amendments to the articles of incorporation or bylaws of the corporation must be approved by the governor;

(9) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

(10) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(11) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

(c) The corporation shall:

(1) approve and administer loans from the microenterprise partnership program fund established under IC 4-3-13-9;

(2) establish and administer the nontraditional entrepreneur program under IC 5-13-13;

(3) establish and administer the small and minority business assistance program under IC 4-3-16; and

(4) establish and administer the microenterprise partnership program under IC 4-4-32.4.

SECTION 9. IC 4-3-16-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.5. As used in this

chapter, "corporation" refers to the Indiana ~~small business~~ **economic** development ~~corporation.~~ **council established under IC 4-3-14.**

SECTION 10. IC 4-3-16-2.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.7. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program** fund established by IC 4-3-13-9.".

Page 1, line 1, delete "IC 4-4-32" and insert "IC 4-4-32.4".

Page 1, delete lines 4 through 17, begin a new paragraph and insert:

"**Chapter 32.4. Microenterprise Partnership Program**

Sec. 1. As used in this chapter, "council" means the Indiana economic development council established under IC 4-3-14.

Sec. 2. As used in this chapter, "microenterprise" means a business with fewer than five (5) employees. The term includes startup, home based, and self-employed businesses.

Sec. 3. As used in this chapter, "microloan" means a business loan of not more than twenty-five thousand dollars ($25,000).

Sec. 4. As used in this chapter, "microloan delivery organization" means a community based or nonprofit program that:

(1) has developed a viable plan for providing training, access to financing, and technical assistance to microenterprises; and

(2) meets the criteria and qualifications set forth in this chapter.

Sec. 5. As used in this chapter, "operating costs" refers to the costs associated with administering a loan or a loan guaranty, administering a revolving loan program, or providing for business training and technical assistance to a microloan recipient.

Sec. 6. As used in this chapter, "program" refers to the microenterprise partnership program established under section 7 of this chapter.

Sec. 7. (a) The council shall establish the microenterprise partnership program to provide grants to microloan delivery organizations.

(b) A grant provided under subsection (a) may not exceed twenty-five thousand dollars ($25,000).

(c) A microloan delivery organization receiving a grant under this section must use the grant for the purposes set forth in this chapter.

Sec. 8. To establish the criteria for making a grant to a microloan delivery organization, the council shall consider the following:

(1) The microloan delivery organization's plan for providing business development services and microloans to

microenterprises.

(2) The scope of services provided by the microloan delivery organization.

(3) The microloan delivery organization's plan for coordinating the services and loans provided under this chapter with those provided by commercial lending institutions.

(4) The geographic representation of all regions of the state, including both urban and rural communities and neighborhoods.

(5) The microloan delivery organization's emphasis on supporting female and minority entrepreneurs.

(6) The ability of the microloan delivery organization to provide business training and technical assistance to microenterprises.

(7) The ability of the microloan delivery organization to monitor and provide financial oversight of recipients of microloans.

(8) The sources and sufficiency of the microloan delivery organization's operating funds.

Sec. 9. A grant received by a microloan delivery organization may be used for the following purposes:

(1) To satisfy matching fund requirements for federal or private grants.

(2) To establish a revolving loan fund from which the microloan delivery organization may make loans to microenterprises.

(3) To establish a guaranty fund from which the microloan delivery organization may guarantee loans made by commercial lending institutions to microenterprises.

(4) To pay the operating costs of the microloan delivery organization. However, not more than ten percent (10%) of a grant may be used for this purpose.

Sec. 10. Money appropriated to the program must be matched by at least an equal amount of money derived from any of the following nonstate sources:

(1) Private foundations.

(2) Federal sources.

(3) Local government sources.

(4) Quasi-governmental entities.

(5) Commercial lending institutions.

(6) Any other source whose funds do not include money appropriated by the general assembly.

Sec. 11. At least fifty percent (50%) of the microloan money

disbursed by a microloan delivery organization must be disbursed in microloans that do not exceed ten thousand dollars ($10,000).

Sec. 12. The council may prescribe standards, procedures, and other guidelines to implement this chapter.

Sec. 13. The council may use money in the microenterprise partnership program fund established by IC 4-3-13-9 or any other money available to the council to carry out this chapter.

Sec. 14. Before August 1, 2005, and before August 1 of each year thereafter, the council shall submit to the budget committee a supplemental report on a longitudinal study:

(1) describing the economic development outcomes resulting from microloans made under this chapter; and

(2) evaluating the effectiveness of the microloan delivery organizations and the microloans made under this chapter in:

(A) expanding employment and self-employment opportunities in Indiana; and

(B) increasing the incomes of persons employed by microenterprises.

SECTION 12. [EFFECTIVE JULY 1, 2004] **(a) After June 30, 2004, any reference in any law, rule, or other document to the enterprise development fund shall be treated as a reference to the microenterprise partnership program fund.**

(b) After June 30, 2004, any reference in any law, rule, or other document to the Indiana small business development corporation as it relates to the programs established under IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, shall be treated as a reference to the Indiana economic development council.

(c) Effective July 1, 2004, any property or liabilities accruing to the Indiana small business development corporation in connection with the administration of IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, are transferred to the Indiana economic development council.

(d) This SECTION expires July 1, 2005.".

Delete pages 2 through 3.

Renumber all SECTIONS consecutively.

(Reference is to EHB 1434 as printed February 17, 2004.)

Senator SERVER