From: Reitz, Nick
To: Moyer, Andrew; Vaught, David; Harris, Mark; Kamis, John; Ross, Andrew
Subject: RE: What is the story behind this bill?
Date: Sunday, May 20, 2012 4:24:06 PM

Some background on the microloan bill--

It wasn't one of our initiatives, but we did file a slip to support it because we helped redraft it and it was subject to appropriation. A few months ago, Sen. Kotowski asked Senate Dem staff to look into coming up with a microloan bill after he had seen that Mayor Emanuel was creating a new program to train intermediaries which will give out microloans (they are working with ACCION). They filed Amend 1 to SB3243 which was mostly modeled off a bill a couple of years ago that DCEO opposed because it was overly burdensome to administer and wouldn't have worked very well. I worked with Sen. Kotowski on Amend. 2 which was subject to appropriation, streamlined and simplified the program for better administration by DCEO should it be funded as well as removed many of the portions of Amend. 1 which were duplicative of existing small businesses assistance resources as well.

This program would be similar to $5M in funding that DCEO provided to ACCION Chicago, Chicago Community Ventures, and the Women's Business Development Center of Chicago through Governor Quinn's Neighborhood Recovery Initiative allowing them to provide microloans to start-ups and existing small businesses.

Short Summary of SB3243
Creates a microloan program within DCEO, subject to appropriation. Allows DCEO to make grants to eligible intermediaries for the purpose of providing short-term, fixed interest rate microloans in amounts of not more than $35,000 to businesses. It also allows DCEO to make grants to these intermediaries for the purpose of providing intensive marketing, management, and technical assistance to small business concerns that are borrowers. Additionally, it has a component to allow DCEO to make grants to train intermediaries in the knowledge, skills, and understanding of microlending necessary to operate successful microloan programs.

From: Moyer, Andrew
Sent: Sunday, May 20, 2012 10:19 AM
To: Reitz, Nick
Subject: FW: What is the story behind this bill?

Nick, what do you know about this bill or how DCEO proposed it?

From: Ross, Andrew
Sent: Saturday, May 19, 2012 9:12 AM
To: Vaught, David; Moyer, Andrew; Harris, Mark; Kamis, John
Subject: What is the story behind this bill?

David - I think it probably would be a good idea to sit down with Sacia next week. Thanks.

From JS
At the capitol: Forget fault, focus on fix

By Jim Sacia
The Journal-Standard

Posted May 18, 2012 @ 05:06 PM

Springfield, Ill. — Unless you live under a rock, you know that Illinois is beyond broke. Oh yes, there could be much finger pointing to say who is at fault. I find myself compelled to ignore that and simply concentrate on the fix.

The overriding issues the last two weeks of session will be pension reform and a sustainable budget.

They are definitely tied together and the reason many of you have sent scathing emails demanding a fix. All 13 million of us have a stake in this and we, the 177 legislators, better get it right.

Sometimes I find myself saying, “why?” It is almost surreal that each day in session we continue to run bills through that have absolutely nothing to do with those two issues. In fairness, each of us has concerns from citizens back home and we need to get those bills through the system. I get that. Then, “Wham!” Here is the “Why?” I’m referring to.

Up pops a bill orchestrated by the Department of Commerce and Economic Opportunity (DCEO). This is the organization that exists to help business and improve the Illinois economy. That’s a very worthwhile cause. Here is reality.
In my affiliation with them over the past several years, they have proven themselves to be very ineffective. Each time I’ve worked with them, and there have been many, they invariably show concern, assure me that they will have a conference call and that’s usually the end of it. Simply put — nothing.

Yes, I’m tired of it

Enter Senate Bill 3243, a bill from DCEO to create the “Illinois Microloan Act.” It’s a bill to provide up to 300 new non-profit businesses up to $35,000 to start their business if their new business can provide up to 15 percent of the amount.

Let me get this straight. I want to start a new non-profit business (that would be one that generates no tax revenue). I have $5,250 so you will give me a loan or grant of $35,000 through an intermediary. The sponsor can not adequately explain who the intermediary will be. (Maybe we can start a new government entity). DCEO will provide “intensive marketing, management, and technical assistance to the microloan borrowers.” Right! This will cost the state of Illinois $10.5 million. A broke state creating 300 non-profits that do not generate tax money! God help us all.

How it ever got out of the Senate, with 44 “yes” votes, I’ll never know. Common sense prevailed in the House and we killed it.