



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0015

Introduced 1/26/2005, by Sen. John M. Sullivan

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-412 new

30 ILCS 105/5.640 new

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Creates the Rural Microbusiness Loan Program to provide \$250,000 per fiscal year in loans for the establishment or support of businesses that: (i) employ 5 or fewer employees; (ii) are located in rural counties with a population of 100,000 or less; and (iii) are based on the production, processing, or marketing of agricultural products, forest products, cottage and craft products, or tourism. Limits the total amount of loans made to any borrower to \$25,000 per fiscal year. Requires the Department to adopt rules concerning the administration of the program and to create a competitive application procedure. Requires a borrower to provide a certain portion of the financing for the project. Limits the term of the loan to no more than 5 years. Contains provisions concerning the interest rate, security required for the loan, and other terms. Provides that all interest generated by the loans shall be deposited into the Rural Microbusiness Loan Program Administrative Fund, a special fund in the State treasury, for the purpose of paying expenses related to the administration of the Rural Microbusiness Loan Program. Amends the State Finance Act to create the Rural Microbusiness Loan Program Administrative Fund. Effective immediately.

LRB094 06888 MKM 36997 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-412 as follows:

7 (20 ILCS 605/605-412 new)

8 Sec. 605-412. Rural Microbusiness Loan Program.

9 (a) From funds appropriated for that purpose, the
10 Department shall administer a Rural Microbusiness Loan
11 Program. The Director shall make loans for the establishment or
12 support of businesses that: (i) employ 5 or fewer full-time
13 employees, including the owner if the owner is an employee;
14 (ii) are located in counties with a population of 100,000 or
15 less; and (iii) are based on the production, processing, or
16 marketing of agricultural products, forest products, cottage
17 and craft products, or tourism.

18 (b) The Department shall adopt rules for the administration
19 of the Rural Microbusiness Loan Program and shall create a
20 competitive application procedure. In applying for a loan under
21 this Section, a borrower shall provide to the Department a
22 written statement of the funds required to establish or support
23 the business. The borrower must also provide:

24 (1) equity capital in an amount equal to 10% of the
25 first \$10,000 of the required funds; and

26 (2) equity capital, other loans, or leveraged capital,
27 or any combination thereof, in an amount equal to 50% of
28 any additional required funds.

29 The total amount of all loans awarded under this Section
30 shall not exceed \$250,000 per fiscal year. The total amount of
31 loans awarded to any borrower shall not exceed \$25,000 per
32 fiscal year.

1 (c) Each loan awarded under this Section shall have a term
2 not to exceed 5 years and shall require that repayment of the
3 loan be made within that term. The interest rate and other
4 terms of the loan shall be determined by the Department by
5 rule. All loans provided under this Section shall be financed
6 below the market rate and shall be secured by lien positions on
7 collateral at the highest level of priority that can
8 accommodate the borrower's ability to raise sufficient debt and
9 equity capital.

10 (d) All interest earned on loans awarded under this Section
11 shall be deposited into the Rural Microbusiness Loan Program
12 Administrative Fund, a special fund in the State treasury, for
13 the purpose of paying expenses related to the administration of
14 the Rural Microbusiness Loan Program.

15 Section 90. The State Finance Act is amended by adding
16 Section 5.640 as follows:

17 (30 ILCS 105/5.640 new)

18 Sec. 5.640. The Rural Microbusiness Loan Program
19 Administrative Fund.

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.