



Rep. Elizabeth "Lisa" Hernandez

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10400HB5264ham001

LRB104 19654 HLH 36727 a

1 AMENDMENT TO HOUSE BILL 5264

2 AMENDMENT NO. _____. Amend House Bill 5264 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois
6 is amended by adding Section 605-1119 as follows:

7 (20 ILCS 605/605-1119 new)

8 Sec. 605-1119. Loans to small businesses impacted by an
9 economic shock.

10 (a) The Department shall establish a loan program, subject
11 to appropriation, to provide low-interest loans to small
12 businesses that have been negatively impacted by an economic
13 shock. The Department may make loans under this Section from
14 the Economic Recovery Fund, a special fund created in the
15 State treasury. The Department may administer the program
16 directly or through agreements with banks, credit unions,

1 nonprofit loan administrators, or community development
2 financial institutions. The State shall provide a 100%
3 guarantee on loans issued under this Section. Participating
4 lenders shall act as originators and servicers of loans and
5 shall not be required to deploy their own capital.

6 (b) If the Governor declares that an economic shock exists
7 that has disrupted local or regional businesses and markets,
8 the Department of Commerce and Economic Opportunity shall
9 provide loans to eligible small businesses as provided in this
10 Section. The Governor shall make any determination under this
11 Section based on objective indicators such as:

12 (1) reduced foot traffic;

13 (2) declining sales in certain corridors;

14 (3) workforce disruptions, such as increased
15 absenteeism or job abandonment; and

16 (4) business closures.

17 (c) Upon a declaration of an economic shock as provided in
18 subsection (b), a business shall be eligible for a loan under
19 this Section if:

20 (1) the business employed 50 or fewer persons at any
21 one time in the prior year;

22 (2) the business's gross receipts in the prior year
23 were \$3,000,000 or less;

24 (3) the business has been materially impacted or is
25 located in an area that has been determined by the
26 Department to be materially impacted by the economic

1 shock.

2 (d) The loans shall be in an amount determined by the
3 Department but shall not exceed \$50,000 per business. The
4 loans shall be repaid by the business at a fixed interest rate
5 of 2%, and the term of repayment shall not exceed 5 years. No
6 repayments shall be required for the first 6 months following
7 disbursement, and no early repayment penalty shall be charged.
8 The loan proceeds shall be used for recovery-related operating
9 expenses including:

10 (1) rent and mortgage payments;

11 (2) employee wages and benefits;

12 (3) inventory restocking;

13 (4) equipment repair and replacement;

14 (5) debt repayments incurred to maintain operations;

15 (6) marketing or customer re-engagement expenses; and

16 (7) any other cost that the Department may approve by

17 rule.

18 The Department is authorized to provide participating
19 lenders with an administrative or origination fee, in an
20 amount determined by the Department, to cover the costs of
21 loan origination and servicing. Such a fee may be deducted
22 from loan disbursements.

23 (e) The Department may adopt rules to administer and
24 enforce this Section and may enter into agreements with banks,
25 credit unions, nonprofit loan administrations, or community
26 development financial institutions. The Department shall

1 establish clear and standardized procedures governing loan
2 servicing, delinquency, and default for loans issued under
3 this Section. Such procedures shall authorize participating
4 lenders to service and manage delinquent loans for a period of
5 time, as determined by the Department by rule, prior to loan
6 closure or write-off.

7 (f) All interest and principal collected shall be
8 deposited into the Economic Recovery Fund to maintain and
9 replenish lending capacity. Loans issued under this Section
10 shall be backed by the State, and any losses resulting from
11 borrower default shall be borne by the Fund.

12 (g) Upon a declaration by the Governor that the economic
13 shock has ended, no new loans may be made.

14 Section 10. The State Finance Act is amended by adding
15 Section 5.1038 as follows:

16 (30 ILCS 105/5.1038 new)

17 Sec. 5.1038. The Economic Recovery Fund.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law."