

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

22 (b) If the Governor declares that an economic shock exists  
23 that has disrupted local or regional businesses and markets,

1 the Department of Commerce and Economic Opportunity shall  
2 provide loans to eligible small businesses as provided in this  
3 Section. The Governor shall make any determination under this  
4 Section based on objective indicators such as:

5 (1) reduced foot traffic;

6 (2) declining sales in certain corridors;

7 (3) workforce disruptions, such as increased  
8 absenteeism or job abandonment; and

9 (4) business closures.

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

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

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

17 (3) the business has been materially impacted or is  
18 located in an area that has been determined by the  
19 Department to be materially impacted by the economic  
20 shock.

21 (d) The loans shall be in an amount determined by the  
22 Department but shall not exceed \$50,000 per business. The  
23 loans shall be repaid by the business at a fixed interest rate  
24 of 2%, and the term of repayment shall not exceed 5 years. No  
25 repayments shall be required for the first 6 months following  
26 disbursement, and no early repayment penalty shall be charged.

1 The loan proceeds shall be used for recovery-related operating  
2 expenses including:

3 (1) rent and mortgage payments;

4 (2) employee wages and benefits;

5 (3) inventory restocking;

6 (4) equipment repair and replacement;

7 (5) debt repayments incurred to maintain operations;

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

9 (7) any other cost that the Department may approve by  
10 rule.

11 The Department is authorized to provide participating  
12 lenders with an administrative or origination fee, in an  
13 amount determined by the Department, to cover the costs of  
14 loan origination and servicing. Such a fee may be deducted  
15 from loan disbursements.

16 (e) The Department may adopt rules to administer and  
17 enforce this Section and may enter into agreements with banks,  
18 credit unions, nonprofit loan administrations, or community  
19 development financial institutions. The Department shall  
20 establish clear and standardized procedures governing loan  
21 servicing, delinquency, and default for loans issued under  
22 this Section. Such procedures shall authorize participating  
23 lenders to service and manage delinquent loans for a period of  
24 time, as determined by the Department by rule, prior to loan  
25 closure or write-off.

26 (f) All interest and principal collected shall be

1 deposited into the Economic Recovery Fund to maintain and  
2 replenish lending capacity. Loans issued under this Section  
3 shall be backed by the State, and any losses resulting from  
4 borrower default shall be borne by the Fund.

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

7 Section 10. The State Finance Act is amended by adding  
8 Section 5.1038 as follows:

9 (30 ILCS 105/5.1038 new)

10 Sec. 5.1038. The Economic Recovery Fund.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.