

579--B

2015-2016 Regular Sessions

I N S E N A T E

(PREFILED)

January 7, 2015

Introduced by Sens. SQUADRON, COMRIE -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions -- recommitted to the Committee on Corporations, Authorities and Commissions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the New York state urban development corporation act, in relation to micro-businesses and micro loans

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivisions 1, 2, 3, and 5 of section 16-t of section 1 of
2 chapter 174 of the laws of 1968, constituting the New York state urban
3 development corporation act, as amended by section 1 of part II of chap-
4 ter 59 of the laws of 2013, is amended to read as follows:
5 1. The small business revolving loan fund program is hereby created.
6 The corporation is authorized, within available appropriations, to
7 provide low interest loans to community development financial insti-
8 tutions, in order to provide funding for those lending organizations'
9 loans to small businesses, AND MICRO-BUSINESSES located within New York
10 state, that generate economic growth and job creation within New York
11 state but that are unable to obtain adequate credit or adequate terms
12 for such credit. If in the discretion of the corporation the use of a
13 community development financial institution is not practicable based
14 upon the application of rules and regulations developed by the corpo-
15 ration, including, but not limited to, assessments of geographic and
16 administrative capacity, then the corporation is authorized, within
17 available appropriations, to provide low interest loans to the following
18 other local community based lending organizations: small business lend-

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

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1 ing consortia, certified development companies, providers of United
2 States department of agriculture business and industrial guaranteed
3 loans, United States small business administration loan providers, cred-
4 it unions and community banks. As used in this section "small business"
5 means a business that is resident in New York state, independently owned
6 and operated, not dominant in its field, and employs one hundred or
7 fewer persons. AS USED IN THIS SECTION "MICRO-BUSINESS" MEANS A BUSINESS
8 THAT IS RESIDENT IN NEW YORK STATE, INDEPENDENTLY OWNED AND OPERATED,
9 AND EMPLOYS LESS THAN FIVE PEOPLE.

10 2. In order for a lending organization to be eligible to receive
11 program funds, it must have established sufficient expertise to analyze
12 small business AND MICRO-BUSINESSES applications for program loans,
13 evaluate the creditworthiness of small businesses, AND MICRO-BUSINESSES
14 and regularly monitor program loans. The lending organization shall
15 review every program loan application in order to determine, among other
16 things, the feasibility of the proposed use of the requested financing
17 by the small business OR MICRO-BUSINESS applicant, the likelihood of
18 repayment and the potential that the loan will generate economic devel-
19 opment and jobs within New York state. The corporation shall identify
20 eligible lending organizations through one or more competitive statewide
21 or local solicitations. THE CORPORATION SHALL SHOW PREFERENCE IN AWARD-
22 ING PROGRAM FUNDS TO LENDING ORGANIZATIONS WHO SERVE MICRO-BUSINESSES
23 AND MICRO-LOANS.

24 3. Program loans to small businesses AND MICRO-BUSINESSES shall be
25 targeted and marketed to minority and women-owned enterprises and other
26 small businesses AND MICRO-BUSINESSES that are having difficulty access-
27 ing traditional credit markets. Program loans to small businesses AND
28 MICRO-BUSINESSES shall be used for the creation and retention of jobs,
29 as defined by the corporation, including: (a) working capital; (b) the
30 acquisition and/or improvement of real property; (c) the acquisition of
31 machinery and equipment, property or improvement; or (d) the refinancing
32 of debt obligations. There shall be two categories of loans to small
33 businesses AND MICRO-BUSINESSES: a micro loan that shall have a princi-
34 pal amount that is less than twenty-five thousand dollars and a regular
35 loan that shall have a principal amount not less than twenty-five thou-
36 sand dollars. Prior to receiving program funds, the lending organization
37 must certify to the corporation that such loan complies with this
38 section and rules and regulations promulgated for the program and that
39 the lending organization has performed its obligations pursuant to and
40 is in compliance with this section, the program rules and regulations
41 and all agreements entered into between the corporation and the lending
42 organization. The program funds amount used by the lending organization
43 to fund a program applicant loan shall not be more than fifty percent of
44 the principal amount of such loan. The program funds amount used by the
45 lending organization to fund a program applicant loan shall not be
46 greater than one hundred and twenty-five thousand dollars. Minority- and
47 women-owned business enterprises and other small businesses OR MICRO-BU-
48 SINESSES who access such program loans under this subdivision shall not
49 be precluded from accessing such short-term financing loans provided
50 under subdivision eleven of this section.

51 5. With respect to its program loans, the lending organization may
52 charge application, commitment and loan guarantee fees pursuant to a
53 schedule of fees adopted by the lending organization and approved by the
54 corporation. APPROVED MICRO-LOANS FOR FIVE THOUSAND DOLLARS OR LESS
55 SHALL HAVE APPLICATIONS FEES CREDITED AGAINST THE BALANCE OF THE LOAN.

56 S 2. This act shall take effect immediately.