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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 -- 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:

Section 1. Subdivisions 1, 2, 3, and 5 of section 16-t of section 1 of chapter 174 of the laws of 1968, constituting the New York state urban development corporation act, as amended by section 1 of part II of chapter 59 of the laws of 2013, is amended to read as follows:

1. The small business revolving loan fund program is hereby created. The corporation is authorized, within available appropriations, to provide low interest loans to community development financial institutions, in order to provide funding for those lending organizations' loans to small businesses, AND MICRO-BUSINESSES located within New York state, that generate economic growth and job creation within New York state but that are unable to obtain adequate credit or adequate terms for such credit. If in the discretion of the corporation the use of a community development financial institution is not practicable based upon the application of rules and regulations developed by the corporation, including, but not limited to, assessments of geographic and administrative capacity, then the corporation is authorized, within available appropriations, to provide low interest loans to the following other local community based lending organizations: small business lending consortia, certified development companies, providers of United States department of agriculture business and industrial guaranteed

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

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loans, United States small business administration loan providers, credit unions and community banks. As used in this section "small business" means a business that is resident in New York state, independently owned and operated, not dominant in its field, and employs one hundred or fewer persons. AS USED IN THIS SECTION "MICRO-BUSINESS" MEANS A BUSINESS THAT IS RESIDENT IN NEW YORK STATE, INDEPENDENTLY OWNED AND OPERATED, AND EMPLOYS LESS THAN FIVE PEOPLE.

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

3. Program loans to small businesses AND MICRO-BUSINESSES shall be targeted and marketed to minority and women-owned enterprises and other small businesses AND MICRO-BUSINESSES that are having difficulty accessing traditional credit markets. Program loans to small businesses AND MICRO-BUSINESSES shall be used for the creation and retention of jobs, as defined by the corporation, including: (a) working capital; (b) the acquisition and/or improvement of real property; (c) the acquisition of machinery and equipment, property or improvement; or (d) the refinancing of debt obligations. There shall be two categories of loans to small businesses AND MICRO-BUSINESSES: a micro loan that shall have a principal amount that is less than twenty-five thousand dollars and a regular loan that shall have a principal amount not less than twenty-five thousand dollars. Prior to receiving program funds, the lending organization must certify to the corporation that such loan complies with this section and rules and regulations promulgated for the program and that the lending organization has performed its obligations pursuant to and is in compliance with this section, the program rules and regulations and all agreements entered into between the corporation and the lending organization. The program funds amount used by the lending organization to fund a program applicant loan shall not be more than fifty percent of the principal amount of such loan. The program funds amount used by the lending organization to fund a program applicant loan shall not be greater than one hundred and twenty-five thousand dollars. Minority- and women-owned business enterprises and other small businesses OR MICRO-BUSINESSES who access such program loans under this subdivision shall not be precluded from accessing such short-term financing loans provided under subdivision eleven of this section.

5. With respect to its program loans, the lending organization may charge application, commitment and loan guarantee fees pursuant to a schedule of fees adopted by the lending organization and approved by the corporation. APPROVED MICRO-LOANS FOR FIVE THOUSAND DOLLARS OR LESS SHALL HAVE APPLICATIONS FEES WAIVED.

S 2. This act shall take effect immediately.