REFERENCE TITLE: micro-business loans; report; appropriation

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HB 2732

Introduced by
Representative Blattman

AN ACT

AMENDING TITLE 6, CHAPTER 1, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-139.01; APPROPRIATING MONIES; RELATING TO THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 6, chapter 1, article 3, Arizona Revised Statutes, is amended by adding section 6-139.01, to read:

6-139.01. Micro-business loan fund; lending requirements; report; definition

A. THE MICRO-BUSINESS LOAN FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS TO PROVIDE LOW-INTEREST LOANS TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS THAT PROVIDE LOANS TO MICRO-BUSINESSES IN THIS STATE. THE DEPARTMENT SHALL ADMINISTER THE FUND, AND MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. SUBJECT TO AVAILABLE MONIES, THE DEPARTMENT SHALL LEND MONIES TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.

B. THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION MUST SATISFY THE FOLLOWING CRITERIA TO QUALIFY FOR A DISBURSEMENT FROM THE FUND:

1. THE INSTITUTION MUST HAVE EXPERTISE IN MICRO-BUSINESS LOAN APPLICATIONS.

2. THE INSTITUTION MUST HAVE KNOWLEDGE OF MICRO-BUSINESS CREDITWORTHINESS.

3. THE INSTITUTION MUST ESTABLISH AN ADMINISTRATIVE SYSTEM TO MONITOR THE MICRO-BUSINESS LOAN.

4. THE INSTITUTION MUST HAVE KNOWLEDGE OF WHETHER THE MICRO-BUSINESS LOAN WILL GENERATE ECONOMIC DEVELOPMENT AND JOBS WITHIN THIS STATE.

C. THE MICRO-BUSINESS LOANS MAY BE USED FOR THE FOLLOWING:

1. OPERATION OF THE MICRO-BUSINESS, INCLUDING CREATION AND RETENTION OF JOBS.

2. WORKING CAPITAL.

3. ACQUISITION OR IMPROVEMENT OF REAL PROPERTY.

4. ACQUISITION OF MACHINERY AND EQUIPMENT.

5. REFINANCING OF DEBT OBLIGATIONS.

D. THE DEPARTMENT SHALL MARKET AND ADVERTISE THE FUND TO MINORITY-OWNED AND WOMAN-OWNED BUSINESSES THAT ARE UNABLE TO ACCESS TRADITIONAL FUNDING SOURCES.

E. THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION MAY DISBURSE A MICRO-LOAN OR A REGULAR LOAN, BOTH OF WHICH HAVE A PRINCIPAL AMOUNT OF LESS THAN $25,000.

F. A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION MUST CERTIFY WITH THE DEPARTMENT THAT THE LOAN TO A MICRO-BUSINESS COMPLIES WITH THIS SECTION.

G. THE FUND AMOUNT USED BY THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION MAY NOT BE MORE THAN TWENTY-FIVE PERCENT OF THE PRINCIPAL AMOUNT OF THE LOAN, BUT THE DEPARTMENT MAY SET A HIGHER CAP BY RULE.

H. A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION MAY CHARGE APPLICATION, COMMITMENT AND LOAN GUARANTEE FEES AS ESTABLISHED BY THE

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION'S MANAGEMENT. ALL FEES MUST BE WAIVED FOR MICRO-LOANS THAT ARE LESS THAN $5,000.

I. WITHIN SIX MONTHS AFTER THE EFFECTIVE DATE OF THIS SECTION, THE DEPARTMENT SHALL EVALUATE AND EXAMINE WHETHER THERE IS A NEED TO INCREASE THE NUMBER OF MICROFINANCE LENDERS IN THIS STATE, AND IF SO, HOW TO INCREASE THAT NUMBER. ON OR BEFORE FEBRUARY 1, 2024, THE DEPARTMENT SHALL SUBMIT A REPORT OF ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF STATE.

J. FOR THE PURPOSES OF THIS SECTION, "MICRO-BUSINESS" MEANS A BUSINESS THAT IS LOCATED IN THIS STATE, THAT IS INDEPENDENTLY OWNED AND OPERATED AND THAT EMPLOYS FIVE OR FEWER PEOPLE.

Sec. 2. Appropriation; micro-business loan fund

The sum of $10,000,000 is appropriated from the state general fund in fiscal year 2023-2024 to the micro-business loan fund established by section 6-139.01, Arizona Revised Statutes, as added by this act.

Sec. 3. Short title

Section 6-139.01, Arizona Revised Statutes, as added by this act, may be cited as the "Support Micro-businesses Act".

Sec. 4. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.