

By Senator Rodriguez

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1                   A bill to be entitled  
2           An act relating to assistance for micro businesses;  
3           creating s. 287.085, F.S.; defining the term "micro  
4           business"; authorizing certain local governments to  
5           set aside up to a specified percentage of funds for  
6           procuring personal property and services for the  
7           purpose of entering into contracts with micro  
8           businesses; requiring that such contracts be  
9           competitively solicited only among micro businesses;  
10          amending s. 288.9931, F.S.; revising legislative  
11          findings and intent; amending s. 288.9932, F.S.;  
12          redefining the terms "applicant" and "entrepreneur";  
13          defining the term "micro business"; amending s.  
14          288.9934, F.S.; providing eligibility for micro  
15          businesses under the Microfinance Loan Program;  
16          revising the date by which the Department of Economic  
17          Opportunity must contract with a certain entity or  
18          entities to administer the loan program; deleting  
19          obsolete provisions; amending s. 288.9935, F.S.;  
20          providing eligibility for micro businesses under the  
21          Microfinance Guarantee Program; amending s. 288.9936,  
22          F.S.; conforming a provision to changes made by the  
23          act; amending s. 337.027, F.S.; providing eligibility  
24          for micro businesses under the Department of  
25          Transportation's highway project business development  
26          program; defining the term "micro business"; amending  
27          s. 373.1135, F.S.; providing eligibility for micro  
28          businesses under water management district programs  
29          designed to help small businesses participate in

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30 district procurement and contract activities; defining  
31 the term "micro business"; providing an effective  
32 date.

33  
34 Be It Enacted by the Legislature of the State of Florida:

35  
36 Section 1. Section 287.085, Florida Statutes, is created to  
37 read:

38 287.085 Micro businesses; set-aside of funds for  
39 procurement of personal property and services.-

40 (1) As used in this section, the term "micro business"  
41 means an independently owned and operated for-profit business  
42 entity, including any affiliates, which is located in this state  
43 and which has 10 or fewer full-time employees or full-time  
44 equivalent employees.

45 (2) Any county, municipality, community college, or  
46 district school board may set aside up to XX percent or more of  
47 the total amount of funds allocated for the procurement of  
48 personal property and services for the purpose of entering into  
49 contracts with micro businesses. Such contracts must be  
50 competitively solicited only among micro businesses.

51 Section 2. Section 288.9931, Florida Statutes, is amended  
52 to read:

53 288.9931 Legislative findings and intent.—The Legislature  
54 finds that the ability of entrepreneurs, micro businesses, and  
55 small businesses to access capital is vital to the overall  
56 health and growth of this state's economy; however, access to  
57 capital is limited by the lack of available credit for  
58 entrepreneurs, micro businesses, and small businesses in this

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59 state. The Legislature further finds that entrepreneurs, micro  
60 businesses, and small businesses could be assisted through the  
61 creation of a program that will provide an avenue for  
62 entrepreneurs, micro businesses, and small businesses in this  
63 state to access credit. Additionally, the Legislature finds that  
64 business management training, business development training, and  
65 technical assistance are necessary to ensure that entrepreneurs,  
66 micro businesses, and small businesses that receive credit  
67 develop the skills necessary to grow and achieve long-term  
68 financial stability. The Legislature intends to expand job  
69 opportunities for this state's workforce by expanding access to  
70 credit to entrepreneurs, micro businesses, and small businesses.  
71 Furthermore, the Legislature intends to avoid duplicating  
72 existing programs and to coordinate, assist, augment, and  
73 improve access to those programs for entrepreneurs, micro  
74 businesses, and small businesses in this state.

75 Section 3. Present subsections (4) and (5) of section  
76 288.9932, Florida Statutes, are redesignated as subsections (5)  
77 and (6), respectively, a new subsection (4) is added to that  
78 section, and subsections (1) and (3) of that section are  
79 amended, to read:

80 288.9932 Definitions.—As used in this part, the term:

81 (1) "Applicant" means an entrepreneur, a micro business, or  
82 a small business that applies to a loan administrator for a  
83 microloan.

84 (3) "Entrepreneur" means an individual residing in this  
85 state who desires to assume the risk of organizing, managing,  
86 and operating a micro business or a small business in this  
87 state.

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88       (4) "Micro business" has the same meaning as provided in s.  
89 287.085.

90       Section 4. Subsections (1) and (3), paragraphs (b), (c),  
91 (e), and (f) of subsection (4), paragraph (a) of subsection (9),  
92 and subsections (10) and (11) of section 288.9934, Florida  
93 Statutes, are amended to read:

94       288.9934 Microfinance Loan Program.—

95       (1) PURPOSE.—The Microfinance Loan Program is established  
96 in the department to make short-term, fixed-rate microloans in  
97 conjunction with business management training, business  
98 development training, and technical assistance to entrepreneurs  
99 and newly established or growing micro businesses and small  
100 businesses for startup costs, working capital, and the  
101 acquisition of materials, supplies, furniture, fixtures, and  
102 equipment. Participation in the loan program is intended to  
103 enable entrepreneurs, micro businesses, and small businesses to  
104 access private financing upon completing the loan program.

105       (3) REQUEST FOR PROPOSAL.—

106       (a) By December 1, 2019 ~~2014~~, the department shall contract  
107 with at least one but not more than three entities to administer  
108 the loan program for a term of 3 years. The department shall  
109 award the contract in accordance with the request for proposal  
110 requirements in s. 287.057 to an entity that:

- 111       1. Is a corporation registered in this state;
- 112       2. Does not offer checking accounts or savings accounts;
- 113       3. Demonstrates that its board of directors and managers  
114 are experienced in microlending and small business finance and  
115 development;
- 116       4. Demonstrates that it has the technical skills and

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117 sufficient resources and expertise to:

118 a. Analyze and evaluate applications by entrepreneurs,  
119 micro businesses, and small businesses applying for microloans;

120 b. Underwrite and service microloans provided pursuant to  
121 this part; and

122 c. Coordinate the provision of such business management  
123 training, business development training, and technical  
124 assistance as required by this part;

125 5. Demonstrates that it has established viable, existing  
126 partnerships with public and private nonstate funding sources,  
127 economic development agencies, and workforce development and job  
128 referral networks; and

129 6. Demonstrates that it has a plan that includes proposed  
130 microlending activities under the loan program, including, but  
131 not limited to, the types of entrepreneurs and businesses to be  
132 assisted and the size and range of loans the loan administrator  
133 intends to make.

134 (b) To ensure that prospective loan administrators meet the  
135 requirements of subparagraphs (a)2.-6., the request for proposal  
136 must require submission of the following information:

137 1. A description of the types of entrepreneurs, micro  
138 businesses, and small businesses the loan administrator has  
139 assisted in the past, and the average size and terms of loans  
140 made in the past to such entities;

141 2. A description of the experience of members of the board  
142 of directors and managers in the areas of microlending and small  
143 business finance and development;

144 3. A description of the loan administrator's underwriting  
145 and credit policies and procedures, credit decisionmaking

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146 process, monitoring policies and procedures, and collection  
147 practices, and samples of any currently used loan documentation;

148 4. A description of the nonstate funding sources that will  
149 be used by the loan administrator in conjunction with the state  
150 funds to make microloans pursuant to this section;

151 5. The loan administrator's three most recent financial  
152 audits or, if no prior audits have been completed, the loan  
153 administrator's three most recent unaudited financial  
154 statements; and

155 6. A conflict of interest statement from the loan  
156 administrator's board of directors certifying that a board  
157 member, employee, or agent, or an immediate family member  
158 thereof, or any other person connected to or affiliated with the  
159 loan administrator, is not receiving or will not receive any  
160 type of compensation or remuneration from an entrepreneur, a  
161 micro business, or a small business that has received or will  
162 receive funds from the loan program. The department may waive  
163 this requirement for good cause shown. As used in this  
164 subparagraph, the term "immediate family" means a parent, child,  
165 or spouse, or any other relative by blood, marriage, or  
166 adoption, of a board member, employee, or agent of the loan  
167 administrator.

168 (4) CONTRACT AND AWARD OF FUNDS.—

169 (b) State funds may be used only to provide direct  
170 microloans to entrepreneurs, micro businesses, and small  
171 businesses according to the limitations, terms, and conditions  
172 provided in this part. Except as provided in subsection (5),  
173 state funds may not be used to pay administrative costs,  
174 underwriting costs, servicing costs, or any other costs

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175 associated with providing microloans, business management  
176 training, business development training, or technical  
177 assistance.

178 (c) The loan administrator shall reserve 10 percent of the  
179 total award amount from the department to provide microloans  
180 pursuant to this part to entrepreneurs, micro businesses, and  
181 small businesses that employ no more than five people and  
182 generate annual gross revenues averaging no more than \$250,000  
183 per year for the last 2 years.

184 (e) Within 30 days of executing its contract with the  
185 department, the loan administrator must enter into a memorandum  
186 of understanding with the network:

187 1. For the provision of business management training,  
188 business development training, and technical assistance to  
189 entrepreneurs, micro businesses, and small businesses that  
190 receive microloans under this part; and

191 2. To promote the program to underserved entrepreneurs, micro businesses, and small businesses.

193 ~~(f) By September 1, 2014, the department shall review~~  
194 ~~industry best practices and determine the minimum business~~  
195 ~~management training, business development training, and~~  
196 ~~technical assistance that must be provided by the network to~~  
197 ~~achieve the goals of this part.~~

198 (9) ELIGIBILITY AND APPLICATION.—

199 (a) To be eligible for a microloan, an applicant must, at a  
200 minimum, be an entrepreneur, a micro business, or a small  
201 business located in this state.

202 (10) STATEWIDE STRATEGIC PLAN.—In implementing this  
203 section, the department shall be guided by the 5-year statewide

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204 strategic plan adopted pursuant to s. 20.60(5). The department  
205 shall promote and advertise the loan program by, among other  
206 things, cooperating with government, nonprofit, and private  
207 industry to organize, host, or participate in seminars and other  
208 forums for entrepreneurs, micro businesses, and small  
209 businesses.

210 ~~(11) STUDY.—By December 31, 2014, the department shall~~  
211 ~~commence or commission a study to identify methods and best~~  
212 ~~practices that will increase access to credit to entrepreneurs~~  
213 ~~and small businesses in this state. The study must also explore~~  
214 ~~the ability of, and limitations on, Florida nonprofit~~  
215 ~~organizations and private financial institutions to expand~~  
216 ~~access to credit to entrepreneurs and small businesses in this~~  
217 ~~state.~~

218 Section 5. Subsections (1), (3), (7), and (8) of section  
219 288.9935, Florida Statutes, are amended to read:

220 288.9935 Microfinance Guarantee Program.—

221 (1) The Microfinance Guarantee Program is established in  
222 the department. The purpose of the program is to stimulate  
223 access to credit for entrepreneurs, micro businesses, and small  
224 businesses in this state by providing targeted guarantees to  
225 loans made to such entrepreneurs, micro businesses, and small  
226 businesses. Funds appropriated to the program must be reinvested  
227 and maintained as a long-term and stable source of funding for  
228 the program.

229 (3) The department must enter into a contract with  
230 Enterprise Florida, Inc., to administer the Microfinance  
231 Guarantee Program. In administering the program, Enterprise  
232 Florida, Inc., must, at a minimum:



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- 233 (a) Establish lender and borrower eligibility requirements  
234 in addition to those provided in this section;
- 235 (b) Determine a reasonable leverage ratio of loan amounts  
236 guaranteed to state funds; however, the leverage ratio may not  
237 exceed 3 to 1;
- 238 (c) Establish reasonable fees and interest;
- 239 (d) Promote the program to financial institutions that  
240 provide loans to entrepreneurs, micro businesses, and small  
241 businesses in order to maximize the number of lenders throughout  
242 the state which participate in the program;
- 243 (e) Enter into a memorandum of understanding with the  
244 network to promote the program to underserved entrepreneurs, micro businesses, and small businesses;
- 245 (f) Establish limits on the total amount of loan guarantees  
246 a single lender can receive;
- 247 (g) Establish an average loan guarantee amount for loans  
248 guaranteed under this section;
- 249 (h) Establish a risk-sharing strategy to be employed in the  
250 event of a loan failure; and
- 251 (i) Establish financial performance measures and objectives  
252 for the program in order to maximize the state funds.
- 253 (7) To be eligible to receive a loan guarantee under the  
254 Microfinance Guarantee Program, a borrower must, at a minimum:
- 255 (a) Be an entrepreneur, a micro business, or a small  
256 business located in this state;
- 257 (b) Employ 25 or fewer people;
- 258 (c) Generate average annual gross revenues of \$1.5 million  
259 or less per year for the last 2 years; and
- 260 (d) Meet any additional requirements established by  
261

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262 Enterprise Florida, Inc.

263 (8) By October 1 of each year, Enterprise Florida, Inc.,  
264 shall submit a complete and detailed annual report to the  
265 department for inclusion in the department's report required  
266 under s. 20.60(10). The report must, at a minimum, provide:

267 (a) A comprehensive description of the program, including  
268 an evaluation of its application and guarantee activities,  
269 recommendations for change, and identification of any other  
270 state programs that overlap with the program;

271 (b) An assessment of the current availability of and access  
272 to credit for entrepreneurs, micro businesses, and small  
273 businesses in this state;

274 (c) A summary of the financial and employment results of  
275 the entrepreneurs, micro businesses, and small businesses  
276 receiving loan guarantees, including the number of full-time  
277 equivalent jobs created as a result of the guaranteed loans and  
278 the amount of wages paid to employees in the newly created jobs;

279 (d) Industry data about the borrowers, including the six-  
280 digit North American Industry Classification System (NAICS)  
281 code;

282 (e) The name and location of lenders that receive loan  
283 guarantees;

284 (f) The amount of state funds received by Enterprise  
285 Florida, Inc.;

286 (g) The number of loan guarantee applications received;

287 (h) The number, duration, location, and amount of  
288 guarantees made;

289 (i) The number and amount of guaranteed loans outstanding,  
290 if any;

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291 (j) The number and amount of guaranteed loans with payments  
292 overdue, if any;

293 (k) The number and amount of guaranteed loans in default,  
294 if any;

295 (l) The repayment history of the guaranteed loans made; and

296 (m) An evaluation of the program's ability to meet the  
297 financial performance measures and objectives specified in  
298 subsection (3).

299 Section 6. Subsection (1) of section 288.9936, Florida  
300 Statutes, is amended to read:

301 288.9936 Annual report of the Microfinance Loan Program.—

302 (1) The department shall include in the report required by  
303 s. 20.60(10) a complete and detailed annual report on the  
304 Microfinance Loan Program. The report must include:

305 (a) A comprehensive description of the program, including  
306 an evaluation of its application and funding activities,  
307 recommendations for change, and identification of any other  
308 state programs that overlap with the program;

309 (b) The financial institutions and the public and private  
310 organizations and individuals participating in the program;

311 (c) An assessment of the current availability of and access  
312 to credit for entrepreneurs, micro businesses, and small  
313 businesses in this state;

314 (d) A summary of the financial and employment results of  
315 the entities receiving microloans;

316 (e) The number of full-time equivalent jobs created as a  
317 result of the microloans and the amount of wages paid to  
318 employees in the newly created jobs;

319 (f) The number and location of prospective loan

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320 administrators that responded to the department request for  
321 proposals;

322 (g) The amount of state funds received by the loan  
323 administrator;

324 (h) The number of microloan applications received by the  
325 loan administrator;

326 (i) The number, duration, and location of microloans made  
327 by the loan administrator, including the aggregate number of  
328 microloans made to minority business enterprises if available;

329 (j) The number and amount of microloans outstanding, if  
330 any;

331 (k) The number and amount of microloans with payments  
332 overdue, if any;

333 (l) The number and amount of microloans in default, if any;

334 (m) The repayment history of the microloans made;

335 (n) The repayment history and performance of funding  
336 awards;

337 (o) An evaluation of the program's ability to meet the  
338 financial performance measures and objectives specified in s.  
339 288.9934; and

340 (p) A description and evaluation of the technical  
341 assistance and business management and development training  
342 provided by the network pursuant to its memorandum of  
343 understanding with the loan administrator.

344 Section 7. Present subsection (3) of section 337.027,  
345 Florida Statutes, is redesignated as subsection (4), a new  
346 subsection (3) is added to that section, and subsection (1) of  
347 that section is amended, to read:

348 337.027 Authority to implement a business development

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349 program.—

350 (1) The department may establish a program for highway  
351 projects which would assist small businesses and micro  
352 businesses. The purpose of this program is to increase  
353 competition, lower prices, and provide increased support to meet  
354 the department's future work program. The program may include,  
355 but is not limited to, setting aside contracts, providing  
356 preference points for the use of small businesses and micro  
357 businesses, providing special assistance in bidding and contract  
358 completion, waiving bond requirements, and implementing other  
359 strategies that would increase competition.

360 (3) As used in this section, the term "micro business" has  
361 the same meaning as provided in s. 287.085.

362 Section 8. Section 373.1135, Florida Statutes, is amended  
363 to read:

364 373.1135 Small business and micro business program.—Each  
365 water management district, as created in this chapter, may  
366 implement a small business and micro business program designed  
367 to help small businesses and micro businesses, including those  
368 owned by women and minorities, to participate in district  
369 procurement and contract activities. The purpose of the program  
370 is to spur economic development and support small businesses and  
371 micro businesses, including women-owned and minority-owned  
372 businesses, to successfully expand in the marketplace. Program  
373 specifics shall be provided by rule pursuant to s. 373.113. As  
374 used in this section, the term "micro business" has the same  
375 meaning as provided in s. 287.085.

376 Section 9. This act shall take effect July 1, 2019.