

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

A Bill

Act 913 of 2001
SENATE BILL 760

5 By: Senator B. Walker
6
7

For An Act To Be Entitled

9 AN ACT TO MAKE PERMANENT THE PRESENT TWO (2) YEAR
10 PILOT LOAN-INCENTIVE PROGRAM FOR SMALL BUSINESSES
11 THROUGH COMMUNITY LENDERS ESTABLISHED BY ACT 448 OF
12 1999; AND FOR OTHER PURPOSES.
13

Subtitle

14 AN ACT TO MAKE PERMANENT THE PRESENT TWO
15 (2) YEAR PILOT LOAN-INCENTIVE PROGRAM
16 FOR SMALL BUSINESSES THROUGH COMMUNITY
17 LENDERS ESTABLISHED BY ACT 448 OF 1999.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Nothing in this act shall be construed to terminate or in
24 any way interfere with the continuing operations of the program established
25 under Act 448 of 1999 before the effective date of this act.
26

27 SECTION 2. Definitions.

28 For purposes of this act:

29 (1) "Commission" means the Arkansas Economic Development Commission;

30 (2) "Community Lender" means any not-for-profit or governmental
31 organization which is involved in making loans to small businesses within
32 this state;

33 (3) "Department" means the Arkansas Department of Economic
34 Development;

35 (4) "Director" means the Director of the Arkansas Department of
36 Economic Development;

1 (5)(A) "High unemployment" means an unemployment rate equal to or
 2 greater than one hundred fifty percent (150%) of the state's average
 3 unemployment rate for the preceding calendar year as specified by statewide
 4 annual labor force statistics compiled by the Arkansas Employment Security
 5 Department, when the state's annual average unemployment is six percent (6%)
 6 or lower.

7 (B) However, when the state's unemployment rate is above six
 8 percent (6%), "high unemployment" means unemployment equal to or greater than
 9 three percent (3%) above the state's average unemployment rate for the
 10 preceding calendar year as specified by statewide annual labor force
 11 statistics compiled by the Arkansas Employment Security Department;

12 (6) "Small business" means business enterprises with fewer than fifty
 13 (50) full-time employees and less than one million dollars (\$1,000,000) in
 14 annual gross sales or receipts; and

15 (7) "Small business person" means an individual, firm, partnership,
 16 limited liability company, corporation, or any other business entity in any
 17 form, which owns and operates a small business.

18
 19 SECTION 3. (a) The Arkansas Department of Economic Development shall
 20 institute a program to make participation loans which are originated by
 21 approved community lenders for small businesses in this state.

22 (b) The department's participating share of any qualified loan shall
 23 not exceed fifty percent (50%) of the total loan amount, and the department's
 24 share shall be in an amount not less than two thousand five hundred dollars
 25 (\$2,500) and not more than forty thousand dollars (\$40,000).

26 (c) The department shall share on a pari passu basis with the
 27 originating community lender all collateral, guarantees, repayments and
 28 recoveries on loans made in this program.

29 (d) The department shall give preference to high unemployment
 30 counties.

31
 32 SECTION 4. (a) Any community lender that desires to seek
 33 participating loans from the Arkansas Department of Economic Development
 34 pursuant to this program shall make application to the department.

35 (b) Approval of any participating community lender shall be done by
 36 action of the Arkansas Economic Development Commission.

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2 SECTION 5. Each community lender requesting a participating loan shall
3 submit to the Arkansas Department of Economic Development an application,
4 supporting documents, and instruments as may be required by the regulations
5 promulgated by the department.

6
7 SECTION 6. The Arkansas Department of Economic Development shall:

8 (1) Actively seek support from and collaboration with statewide
9 financial institutions, the Arkansas Credit Union League, Small Business
10 Administration, Arkansas Bankers Association, Arkansas Development Finance
11 Authority and other agencies interested in supporting small business efforts
12 in the state.

13 (2) Provide small business persons with:

14 (A) Assistance and resources for preparation of business plans
15 available through the department and other agencies;

16 (B) Information about services available through the department;

17 (C) Information about financial institutions and agencies which
18 have agreed to support and collaborate with this program;

19 (D) Continuing assistance after a loan is made; and

20 (E) Information on training programs or technical assistance to
21 include instructions on the importance of establishing and maintaining
22 credit, seeking and obtaining state licenses and contracts, business planning
23 and management.

24
25 SECTION 7. The Arkansas Department of Economic Development shall
26 promulgate regulations to implement this act.

27
28 SECTION 8. Arkansas Code 29-30-106 through 29-30-112 is repealed:

29 ~~29-30-106.—Pilot community loan/incentive program for small business~~
30 ~~—Definitions.~~

31 ~~Definitions.—~~

32 ~~For purposes of this act:—~~

33 ~~(1) “Commission” means the Arkansas Economic Development Commission;—~~

34 ~~(2) “Community Lender” means any not for profit or governmental~~
35 ~~organization which is involved in making loans to small businesses within~~
36 ~~this state;—~~

1 ~~(3) "Department" means the Arkansas Department of Economic~~
2 ~~Development;~~

3 ~~(4) "Director" means the Director of the Arkansas Department of~~
4 ~~Economic Development;~~

5 ~~(5) "Economically deprived area" means an economically distressed~~
6 ~~United States Census Bureau enumeration district or block group in need of~~
7 ~~expansion of business and industry and the creation of jobs, and which is~~
8 ~~designated to be eligible for the benefits afforded by this act;~~

9 ~~(6) "Small business" means business enterprises with fewer than fifty~~
10 ~~(50) full-time employees and less than one million dollars (\$1,000,000) in~~
11 ~~annual gross sales or receipts.~~

12 ~~(7) "Small business person" means an individual, firm, partnership,~~
13 ~~limited liability company, corporation, or any other business entity in any~~
14 ~~form, which owns and operates a small business.~~

15
16 ~~29-30-107. Pilot community loan/incentive program for small business—~~
17 ~~Department's duties.~~

18 ~~(a) The department shall institute a two (2) year pilot program to~~
19 ~~make participation loans which are originated by approved community lenders~~
20 ~~for small businesses in this state.~~

21 ~~(b) The department's participating share of any qualified loan shall~~
22 ~~not exceed fifty percent (50%) of the total loan amount, and the department's~~
23 ~~share shall be in an amount not less than two thousand five hundred dollars~~
24 ~~(\$2,500) and not more than forty thousand dollars (\$40,000).~~

25 ~~(c) The department shall share on a pari passu basis with the~~
26 ~~originating community lender all collateral, guarantees, repayments and~~
27 ~~recoveries on loans made in this program.~~

28 ~~(d) The department shall give preference to economically deprived~~
29 ~~areas.~~

30
31 ~~29-30-108. Pilot community loan/incentive program for small business~~
32 ~~—Participation by community lender.~~

33 ~~Any community lender that desires to seek participating loans from the~~
34 ~~department pursuant to this program shall make application to the department.~~
35 ~~Approval of any participating community lender shall be done by action of the~~
36 ~~commission.~~

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2 ~~29-30-109. Pilot community loan/incentive program for small business—~~
3 ~~Documentation to be supplied by community leader.~~

4 ~~Each community lender requesting a participating loan shall submit to~~
5 ~~the department an application, supporting documents, and instruments as may~~
6 ~~be required by the regulations promulgated by the department.~~

7
8 ~~29-30-110. Pilot community loan/incentive program for small business~~
9 ~~—Participation by department.~~

10 ~~The department shall:~~

11 ~~(1) Actively seek support from and collaboration with statewide~~
12 ~~financial institutions, the Arkansas Credit Union League, Small Business~~
13 ~~Administration, Arkansas Bankers Association, Arkansas Development Finance~~
14 ~~Authority and other agencies interested in supporting small business efforts~~
15 ~~in the state.~~

16 ~~(2) provide small business persons with:~~

17 ~~(A) Assistance and resources for preparation of business plans~~
18 ~~available through the department and other agencies.~~

19 ~~(B) Information about services available through the department;~~

20 ~~(C) Information about financial institutions and agencies which~~
21 ~~have agreed to support and collaborate with this program;~~

22 ~~(D) Continuing assistance after a loan is made; and~~

23 ~~(E) Information on training programs or technical assistance to~~
24 ~~include instructions on the importance of establishing and maintaining~~
25 ~~credit, seeking and obtaining state licenses and contracts, business planning~~
26 ~~and management.~~

27
28 ~~29-30-111. Pilot community loan/incentive program for small business—~~
29 ~~Regulations.~~

30 ~~The department shall promulgate regulations to implement this act.~~

31
32 ~~29-30-112. Pilot community loan/incentive program for small business—~~
33 ~~Expiration date of Acts 1999, No. 448.~~

34 ~~This act expires on June 30, 2003.~~

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36 APPROVED: 3/19/2001