

Senate Bill 454

In The Senate

February 12, 1981

Introduced and referred
to Committee on Rules.

Fiscal note requested.

April 23, 1981

Died in Committee.

1 *Senate* BILL NO. *454*
 2 INTRODUCED BY *Dorson* _____
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A SMALL
 5 BUSINESS REVOLVING LOAN FUND AND APPROPRIATING MONEY TO THE
 6 FUND."
 7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Short title. This act may be cited as the
 10 "Small Business Revolving Loan Fund Act".

11 Section 2. Definitions. As used in [this act], unless
 12 the context requires otherwise, the following definitions
 13 apply:

14 (1) "Department" means the department of business
 15 regulation provided for in 2-15-1801.

16 (2) "Small business" means a person, partnership,
 17 association, or corporation:

18 (a) doing business and having maintained its principal
 19 office and place of business in the state for a period of at
 20 least 1 year prior to the date of its application for
 21 assistance;

22 (b) whose gross revenues in its most-recently
 23 completed fiscal year did not exceed \$1 million; and

24 (c) that is considered small in accordance with
 25 standards adopted by the department pursuant to [section 9].

1 Section 3. Small business revolving loan fund. There
 2 is within the revolving fund of the state treasury a small
 3 business revolving loan fund. The department may provide
 4 working capital loans or lines of credit to small businesses
 5 from the fund in order to stimulate and encourage the growth
 6 and development of the state economy through the private
 7 enterprise of small business. The fund may not be used for
 8 fixed asset lending.

9 Section 4. Loan limits. The total amount of working
 10 capital loans or lines of credit provided to any single
 11 small business in any period of 12 consecutive months may
 12 not exceed \$200,000.

13 Section 5. Interest rate. The department shall charge
 14 and collect interest on each loan or line of credit at a
 15 rate not to exceed 1% higher than the interest paid by the
 16 state on the last general obligation bonds issued prior to
 17 the date such loan or line of credit is awarded.

18 Section 6. Payment of loans. Payments made by a small
 19 business on any working capital loan or line of credit
 20 awarded under [this act] shall be made to the state
 21 treasurer and be deposited by him to the credit of the small
 22 business revolving loan fund. The payments shall be used to
 23 make additional working capital loans or extend additional
 24 lines of credit.

25 Section 7. Subordination of loans. Loans made pursuant

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1 to [this act] may be subordinated to commercial financial
 2 institution loans if, in the opinion of the department, such
 3 subordination is necessary to help a small business through
 4 a period of expansion.

5 Section 8. Tax requirements. An applicant for a loan
 6 or line of credit may not be delinquent on any taxes and
 7 must have in operation a depository plan for the payment of
 8 future withholding taxes.

9 Section 9. Rulemaking authority. (1) The department
 10 shall adopt rules to establish:

11 (a) size standards for different types of small
 12 businesses;

13 (b) loan procedures;

14 (c) repayment terms;

15 (d) security requirements;

16 (e) default and remedy provisions; and

17 (f) such other terms and conditions as the department
 18 considers appropriate.

19 (2) Before rules adopted by the department pursuant to
 20 subsection (1) take effect, a poll of the legislature shall
 21 be conducted pursuant to 2-21-403 to determine if the rules
 22 are consistent with the intent of the legislature.

23 Section 10. Appropriation. There is appropriated from
 24 the general fund \$2 million to the fund provided for in
 25 section 3 to be used for the initial funding of this act.

1 Section 11. Severability. If a part of this act is
 2 invalid, all valid parts that are severable from the invalid
 3 part remain in effect. If a part of this act is invalid in
 4 one or more of its applications, the part remains in effect
 5 in all valid applications that are severable from the
 6 invalid applications.

-End-

STATE OF MONTANA

REQUEST NO. 365-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 13, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 454 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

An act creating a small business revolving loan fund and appropriating money to the fund.

Assumptions

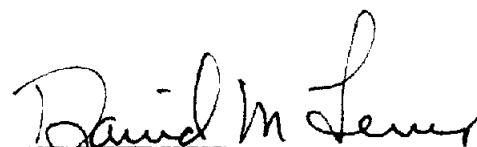
1. An amount of \$2,000,000 is appropriated for use as working capital loans or lines of credit for small businesses.
2. Funds may not be used for fixed assets.
3. 2 FTE will be required to operate the loan program.

Fiscal Impact

	<u>FY 1982</u>	<u>FY 1983</u>
Expenditures under proposed law:		
Personal Services	\$ 54,016	\$ 59,418
Operating Expenses	3,600	3,600
Grants and Loans	<u>1,942,384</u>	<u>1,936,982</u>
Total Expenditures	\$2,000,000	\$2,000,000

General Fund - \$2,000,000

There are no present expenditures under current law.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-18-81