

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 1041
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10558-NIa-184

Short Title: Business Microloan Program. (Public)

Sponsors: Representative Lofton.

Referred to:

A BILL TO BE ENTITLED
AN ACT REQUIRING THE JOINT LEGISLATIVE ECONOMIC DEVELOPMENT AND
GLOBAL ENGAGEMENT OVERSIGHT COMMITTEE AND THE DEPARTMENT OF
COMMERCE TO STUDY A PROGRAM TO PROVIDE MICROLOANS TO SMALL,
LOW-INCOME BUSINESSES WITH LIMITED ACCESS TO COMMERCIAL CREDIT
MARKETS, AND TO APPROPRIATE MONEY FOR THAT PURPOSE.

The General Assembly of North Carolina enacts:

SECTION 1. The Joint Legislative Economic Development and Global Engagement Oversight Committee (the "Committee") and the Department of Commerce (the "Department") shall study the potential cost of, and anticipated benefits from, establishing a program to provide funding for microloans and business training by nonprofit economic development entities across the State for aspiring low-income entrepreneurs without access to commercial credit markets so as to provide a pathway for business and employment growth and establishing credit to facilitate traditional banking relationships. The study shall include all of the following:

- (1) A determination of the proper term of the microloan, including whether a six-month maximum term appropriately balances programmatic goals with recipient need.
- (2) A determination of whether to allow additional loans to a single recipient if previous microloans have been successfully repaid.
- (3) A determination of the proper maximum amount of the microloan and the interest rate that should be applied.
- (4) A determination of income eligibility limits for potential recipients, including the use of adjusted gross income and the federal poverty guidelines.
- (5) A determination of whether additional responsibilities and participation are advisable for increasing successful outcomes, including (i) recipient preparation and submission of a business plan for review, (ii) recipient participation in accountability group meetings with other microloan recipients who have successfully repaid awarded microloan amounts, (iii) required training regarding the program terms, (iv) required business training modules for the recipient during the term of the microloan, and (v) shortened frequency of repayments, such as weekly installments.
- (6) Any other matter the Committee deems effective for promoting the purposes of the program.

The Department shall report its findings to the Committee no later than December 1, 2024. The Committee shall report its findings, together with any recommended legislation, to the 2025 Regular Session of the 2025 General Assembly upon its convening.



- 1 **SECTION 2.** There is appropriated from the General Fund to the Department of
2 Commerce the sum of ten thousand dollars (\$10,000) in nonrecurring funds for the 2024-2025
3 fiscal year to be used for purposes consistent with this act.
4 **SECTION 3.** This act becomes effective July 1, 2024.