

1 AN ACT relating to the Veteran-Owned Small Business and Entrepreneur Loan
2 Program.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
5 154 IS CREATED TO READ AS FOLLOWS:

6 (1) As used in this section:

7 (a) "Kentucky-based" means a business with its principle place of business in
8 Kentucky or at least fifty-one percent (51%) of its property and payroll in
9 Kentucky;

10 (b) "Veteran" means any person who:

- 11 1. Served in the United States Armed Forces, Reserves, or National
12 Guard and was separated or released therefrom with an honorable
13 discharge, discharge under honorable conditions, or general
14 discharge under honorable conditions; or
15 2. Currently serves in the United States Armed Forces, Reserves, or
16 National Guard;

17 (c) "Veteran entrepreneurs and small business owners" means veterans who
18 own one (1) or more veteran-owned small businesses; and

19 (d) "Veteran-owned small business" means a Kentucky-based business:

- 20 1. That is at least fifty-one percent (51%) unconditionally owned by one
21 (1) or more veterans;
22 2. That is independently owned and operated;
23 3. That does not exceed the applicable size standards for its industry, as
24 determined by the United States Small Business Administration;
25 4. That has been owned and operated by the veteran for at least a full
26 calendar or fiscal year; and
27 5. For which the veteran has filed a business tax return consisting of a

1 full calendar or fiscal year.

2 (2) The Veteran-Owned Small Business and Entrepreneur Loan Program is
3 established within the Office of Entrepreneurship to provide assistance to
4 veteran-owned small businesses in the Commonwealth.

5 (3) The Veteran-Owned Small Business and Entrepreneur Loan Program shall
6 provide assistance to veteran entrepreneurs and small business owners by:

7 (a) Performing outreach functions to improve veteran entrepreneurs' and small
8 business owners' awareness of available federal and state benefits and
9 services available;

10 (b) Assessing the need for benefits and services among veteran entrepreneurs
11 and small business owners;

12 (c) Reviewing and researching programs, projects, and initiatives designed to
13 address the needs of veteran entrepreneurs and small business owners;

14 (d) Evaluating, semiannually, the effectiveness of the office's efforts to assist
15 veteran entrepreneurs and small business owners and making appropriate
16 recommendations to the executive director of the Office of
17 Entrepreneurship to improve services and assistance provided to those
18 veterans;

19 (e) Collaborating with federal, state, and private agencies that provide services
20 to veteran entrepreneurs and small business owners to allow veterans to
21 make use of those services;

22 (f) Providing information about opportunities for veteran entrepreneurs and
23 small business owners in the office's collaborative network of businesses
24 and organizations; and

25 (g) Providing no-interest loans to qualifying veteran entrepreneurs and small
26 business owners.

27 (4) The executive director shall appoint a program coordinator to administer the

1 program and provide facilities as appropriate in support of the program to the
2 extent funding is available for that purpose.

3 (5) The office may promulgate administrative regulations in accordance with KRS
4 Chapter 13A to effectuate this section.

5 (6) The program shall consult with the United States Department of Veterans Affairs
6 and the United States Small Business Administration in developing procedures
7 under this section to ensure the services provided by this program do not
8 duplicate services provided through the United States Department of Veterans
9 Affairs or the United States Small Business Administration.

10 (7) (a) There is hereby established in the State Treasury a trust and agency
11 account to be known as the Veteran-Owned Small Business and
12 Entrepreneur Loan Program fund. The fund shall consist of moneys
13 received from state appropriations, gifts, grants, and federal funds.

14 (b) The fund shall be administered by the Office of Entrepreneurship.

15 (c) Amounts deposited in the fund shall be used for the Veteran-Owned Small
16 Business and Entrepreneur Loan Program and for no other purpose.

17 (d) Notwithstanding KRS 45.229, fund amounts not expended at the close of a
18 fiscal year shall not lapse but shall be carried forward into the next fiscal
19 year.

20 (8) To be eligible for a loan under the Veteran-Owned Small Business and
21 Entrepreneur Loan Program, an applicant shall be:

22 (a) A veteran;

23 (b) The owner of a veteran owned small business; and

24 (c) Current resident of the Commonwealth on the date of the application.

25 (9) (a) The Office of Entrepreneurship shall establish any additional qualifications
26 necessary for applicants of the program.

27 (b) The office shall provide a loan from the Veteran-Owned Small Business

1 and Entrepreneur Loan Program fund to a qualified veteran of not more
2 than fifty thousand dollars (\$50,000) for:

3 1. The purchase of a business or business property;

4 2. The occupational or business certification or license fee of the loan
5 applicant; and

6 3. Start-up funds or capital.

7 (c) A loan term shall not exceed (10) years.

8 (10) A person shall not receive a loan under this section in an amount that, when
9 added to the balance of the person's existing loan or loans under this section,
10 would result in a total indebtedness to the Veteran-Owned Small Business and
11 Entrepreneur Loan Program fund of more than fifty thousand dollars (\$50,000),
12 or a lesser amount established by an administrative regulation promulgated by
13 the department.