

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 774
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10390-MC-144

Short Title: Business Microloan Program. (Public)

Sponsors: Representative Lofton.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT REQUIRING THE JOINT LEGISLATIVE ECONOMIC DEVELOPMENT AND
3 GLOBAL ENGAGEMENT OVERSIGHT COMMITTEE TO STUDY A PROGRAM TO
4 PROVIDE MICROLOANS TO SMALL, LOW-INCOME BUSINESSES WITH LIMITED
5 ACCESS TO COMMERCIAL CREDIT MARKETS.

6 The General Assembly of North Carolina enacts:

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

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

33 The Committee shall report its findings, together with any recommended legislation,
34 to the 2024 Regular Session of the 2023 General Assembly upon its convening.

35 **SECTION 2.** This act is effective when it becomes law.

