

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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HOUSE BILL 774

Short Title: Business Microloan Program. (Public)

Sponsors: Representatives Lofton and Harris (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce, if favorable, Rules, Calendar, and Operations of the House

April 19, 2023

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

SECTION 1. The Joint Legislative Economic Development and Global Engagement Oversight Committee (the "Committee") shall study the potential cost for 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 Committee shall report its findings, together with any recommended legislation, to the 2024 Regular Session of the 2023 General Assembly upon its convening.

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

