
HOUSE BILL 1074

State of Washington 60th Legislature 2007 Regular Session

By Representatives Morrell, Campbell, Appleton, Chase, Green, Darneille, Ormsby, O'Brien, Kelley, Moeller, Goodman and Flannigan

Read first time 01/10/2007. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to microenterprise development; and adding new
2 sections to chapter 43.330 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330 RCW
5 to read as follows:

6 (1) The legislature finds that:

7 (a) Microenterprises are an important portion of Washington's
8 economy, providing approximately twenty percent of the employment in
9 Washington and playing a vital role in job creation.

10 (b) While community-based microenterprise development organizations
11 have expanded their assistance to their microentrepreneur customers in
12 recent years, there remains a lack of access to capital, training, and
13 technical assistance for low-income microentrepreneurs.

14 (c) Support for microenterprise development offers a means to
15 expand business and job creation in low-income communities in both
16 rural and urban areas of the state.

17 (d) Local and state charitable foundation support, federal program
18 funding, and private sector support can be leveraged by a statewide
19 program for development of microenterprises.

1 (2) It is the purpose of sections 1 through 3 of this act to assist
2 microenterprises in job creation by increasing the training, technical
3 assistance, and financial resources available to microenterprises. It
4 is the intention of the legislature to carry out this purpose by
5 enabling the department of community, trade, and economic development
6 to contract with a statewide microenterprise association with the
7 potential to provide organizational support and administer grants to
8 local microenterprise development organizations, subject to the
9 requirements of sections 1 through 3 of this act, and to leverage
10 additional funds from sources other than moneys appropriated from the
11 general fund.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW
13 to read as follows:

14 The definitions in this section apply throughout sections 1 through
15 3 of this act unless the context clearly requires otherwise.

16 (1) "Financial institution" means a bank, trust company, mutual
17 savings bank, savings and loan association, or credit union authorized
18 to do business in this state under state or federal law.

19 (2) "Microenterprise development organization" means a community
20 development corporation, a nonprofit development organization, a
21 nonprofit social services organization or other locally operated
22 nonprofit entity that provides services to low-income entrepreneurs.

23 (3) "Statewide microenterprise association" means a nonprofit
24 entity with microenterprise development organizations as members that
25 serves as an intermediary between the department of community, trade,
26 and economic development and local microenterprise development
27 organizations.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW
29 to read as follows:

30 The microenterprise development program is established in the
31 department of community, trade, and economic development. In
32 implementing the program, the department:

33 (1) Shall provide organizational support to a statewide
34 microenterprise association and shall contract with the association for
35 the delivery of services and distribution of grants;

1 (a) The association shall serve as the department's agent in
2 carrying out the purpose and service delivery requirements of this
3 section;

4 (b) The association's contract with the department shall specify
5 that in administering the funds provided for under subsections (3),
6 (7), and (8) of this section, the association may use no greater than
7 ten percent of the funds to cover administrative expenses;

8 (2) Shall provide funds for capacity building for the statewide
9 microenterprise association and microenterprise development
10 organizations throughout the state;

11 (3) Shall provide grants to microenterprise development
12 organizations for the delivery of training and technical assistance
13 services;

14 (4) Shall identify and facilitate the availability of state,
15 federal, and private sources of funds which may enhance microenterprise
16 development in the state;

17 (5) Shall develop with the statewide microenterprise association
18 criteria for the distribution of grants to microenterprise development
19 organizations. Such criteria may include:

20 (a) The geographic representation of all regions of the state,
21 including both urban and rural communities;

22 (b) The ability of the microenterprise development organization to
23 provide business development services in low-income communities;

24 (c) The scope of services offered by a microenterprise development
25 organization and their efficiency in delivery of such services;

26 (d) The ability of the microenterprise development organization to
27 monitor the progress of its customers and identify technical and
28 financial assistance needs;

29 (e) The ability of the microenterprise development organization to
30 work with other organizations, public entities, and financial
31 institutions to meet the technical and financial assistance needs of
32 its customers;

33 (f) The sufficiency of operating funds for the microenterprise
34 development organization; and

35 (g) Such other criteria as agreed by the department and the
36 association;

37 (6) Shall require the statewide microenterprise association and any
38 microenterprise development organization receiving funds through the

1 microenterprise development program to raise and contribute to the
2 effort funded by the microenterprise development program an amount
3 equal to twenty-five percent of the microenterprise development program
4 funds received. Such matching funds may come from private foundations,
5 federal or local sources, financial institutions, or any other source
6 other than funds appropriated from the legislature;

7 (7) May provide loans to local microenterprise revolving loan funds
8 to make microloans exclusively to low-income microentrepreneurs;

9 (8) May provide loans to a guarantee fund from which local
10 microenterprise development organizations may guarantee loans made by
11 financial institutions to microenterprises. The guarantee fund may be
12 operated by the statewide microenterprise association or any other
13 private or public entity which the department determines has the
14 requisite expertise;

15 (9) Shall require an annual accounting and report from the
16 statewide microenterprise association it contracts with, to include
17 such outcome measures as the department specifies; and

18 (10) May adopt rules as necessary to implement this section.

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