

**As Introduced**

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**H. B. No. 521**

**Representatives Goyal, Garland**

**Cosponsors: Representatives Williams, S., Pryor, Pillich, Lehner, Book,  
Moran, Harwood, Patten, Garrison, Letson, Phillips, Slesnick, Schneider,  
Domenick, Harris, Murray, Weddington, Brown**

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**A B I L L**

To enact sections 166.45 to 166.51 of the Revised Code to create the Small Business Working Capital Loan Program, and to declare an emergency. 1  
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**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 166.45, 166.46, 166.47, 166.48, 166.49, 166.50, and 166.51 of the Revised Code be enacted to read as follows: 4  
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Sec. 166.45. As used in sections 166.45 to 166.50 of the Revised Code: 7  
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(A) "EDGE business enterprise" has the same meaning as in section 123.152 of the Revised Code. 9  
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(B) "Eligible business" means any person that has all of the following characteristics: 11  
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(1) Is headquartered in this state; 13

(2) Is organized for profit; 14

(3) Had total annual sales in its most recently completed fiscal year of at least one million dollars but not more than 15  
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fifty million dollars. 17

(C) "Minority business enterprise" has the same meaning as in section 122.71 of the Revised Code. 18  
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(D) "Participating lending institution" means a financial institution that is eligible to make commercial loans, is an eligible public depository of state funds under section 135.03 of the Revised Code, and agrees to participate in the small business working capital loan program. 20  
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(E) "Women's business enterprise" has the same meaning as in section 150.051 of the Revised Code. 25  
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Sec. 166.46. There is hereby created in the department of development the small business working capital loan program to provide a statewide availability of funds for lending purposes that will inject needed capital into the business community in order to create or preserve jobs. 27  
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Sec. 166.47. (A) Upon the request of the director of development, the treasurer of state may invest up to one hundred million dollars of public money of the state with participating lending institutions for purposes of the small business working capital loan program. Each such institution shall enter into an agreement with the department of development that sets out the terms and conditions under which the institution is to participate in the program. As part of that agreement, the state may forego any accrued interest owed on the amount invested with an institution if the director determines it will provide small businesses the access to credit they need to create or preserve jobs. 32  
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(B) Participating lending institutions shall comply fully with Chapter 135. of the Revised Code. 44  
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(C) The amount invested with a participating lending 46

institution for purposes of the program remains the property of 47  
the state. 48

Sec. 166.48. (A) The director of development shall select, as 49  
administrators of the small business working capital loan program, 50  
not more than two private, for-profit Ohio-based investment firms 51  
to accept, review, and approve applications for loans from 52  
eligible businesses and to otherwise administer the program. The 53  
director shall select program administrators only after soliciting 54  
and evaluating requests for proposals as prescribed in this 55  
section. 56

(B) The department of development shall publish a notice of a 57  
request for proposals in newspapers of general circulation in this 58  
state once each week for two consecutive weeks before a date 59  
specified by the department as the date on which the department 60  
will begin accepting proposals. The notices shall contain a 61  
general description of the subject of the proposed agreement and 62  
the location where the request for proposals may be obtained. The 63  
request for proposals shall include all of the following: 64

(1) Instructions and information to respondents concerning 65  
the submission of proposals, including the name and address of the 66  
office where proposals are to be submitted; 67

(2) Instructions regarding the manner in which respondents 68  
may communicate with the department, including the names, titles, 69  
and telephone numbers of the individuals to whom such 70  
communications should be directed; 71

(3) Description of the factors and criteria to be considered 72  
in evaluating respondents' proposals, the relative importance of 73  
each factor or criterion, and description of the department's 74  
evaluation procedure; 75

(4) What amount of compensation a program administrator will 76

receive, if any. 77

(C) After the date specified for receiving proposals, the 78  
department shall evaluate submitted proposals. The department may 79  
discuss a respondent's proposal with that respondent to clarify or 80  
revise a proposal or the terms of the agreement. 81

The department shall choose for review proposals from at 82  
least three respondents the department considers qualified to 83  
administer the program. If three or fewer proposals are submitted, 84  
the department shall review each proposal. The department may 85  
cancel a request for proposals at any time before entering into an 86  
agreement with a respondent. 87

After reviewing the chosen proposals, the director may select 88  
not more than two such respondents and enter into a written 89  
agreement with each of them. 90

(D) The selection of a program administrator and the entering 91  
into an agreement under this section do not constitute a purchase 92  
of services under Chapter 125. of the Revised Code. 93

**Sec. 166.49.** (A) The program administrators selected under 94  
section 166.48 of the Revised Code shall accept and review 95  
applications for working capital loans from eligible businesses. 96  
Only those eligible businesses that meet the criteria established 97  
by the director of development under section 166.50 of the Revised 98  
Code may be approved for a working capital loan. 99

(B) Upon the approval of a loan application, the program 100  
administrators shall submit all necessary information to a 101  
participating lending institution at which the treasurer of state 102  
has invested public money of the state for purposes of the small 103  
business working capital loan program. That information shall 104  
include the amount and terms of the loan and any other information 105  
determined by the director. A program administrator may commit its 106

own capital as part of the aggregate amount loaned to an eligible 107  
business under the program. 108

(C) The program administrators shall be responsible for 109  
monitoring compliance with all loan-related documents, as well as 110  
documenting the manner in which loan recipients are using the 111  
working capital loan funds. The program administrators shall 112  
submit monthly reports to the director that cover the number of 113  
loans made under the program and the number that are in default; 114  
the number of loans made to minority business enterprises, women's 115  
business enterprises, and EDGE business enterprises; the progress 116  
made by the program in meeting the goal established by the 117  
director under division (C) of section 166.50 of the Revised Code; 118  
how the loan funds are being used; the number of jobs created or 119  
preserved as a result of the loans; the overall progress of the 120  
program; and any other information determined by the director. 121

**Sec. 166.50.** In order to implement the small business working 122  
capital loan program, the director of development shall do all of 123  
the following: 124

(A) Establish the criteria that must be met by an eligible 125  
business in order to receive a loan under the program. In 126  
determining those criteria, priority shall be given to the 127  
economic needs of the area in which the business is located, the 128  
number of jobs to be created or preserved by the receipt of a 129  
loan, and such other factors related to the overall economic 130  
welfare of the state as the director considers appropriate to 131  
determine the relative financial need of the eligible business. 132  
The director shall also establish the minimum and maximum amounts 133  
that may be loaned to eligible businesses under the program. 134

(B) Prescribe the loan application form to be used by 135  
eligible businesses for purposes of the program. On the loan 136  
application an eligible business shall be required to certify that 137

the loan will be used exclusively to create new jobs or preserve existing jobs and employment opportunities. Whoever knowingly makes a false statement concerning such application is guilty of the offense of falsification under section 2921.13 of the Revised Code. 138  
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(C) Establish a goal for lending to eligible businesses that are minority business enterprises, women's business enterprises, and EDGE business enterprises. The goal shall be in the form of a specified percentage of the total amount of money the state invests with participating lending institutions for purposes of the program. 143  
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(D) Establish the terms under which a program administrator may commit its own capital as part of a working capital loan. 149  
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Sec. 166.51. The director of development may use, as part of the small business working capital loan program, any federal money made available to the state for the purpose of providing working capital assistance to small businesses. In the event the federal money is required by the federal government to be used in a manner other than as prescribed by sections 166.45 to 166.50 of the Revised Code, the director of development may modify the small business working capital loan program set forth in those sections in order to meet the federal guidelines. 151  
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**Section 2.** This act is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety. The reason for such necessity is that, due to the current economic climate of the state, small businesses do not have access to the working capital they need in order to preserve jobs and create new employment opportunities. Therefore, this act shall go into immediate effect. 160  
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