

105TH CONGRESS
2D SESSION

S. 2190

To authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 18, 1998

Mr. KENNEDY (for himself, Mr. DOMENICI, Mr. KERRY, and Mr. BINGAMAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PROVISION OF TECHNICAL ASSISTANCE TO**
4 **MICROENTERPRISES.**

5 Title I of the Riegle Community Development and
6 Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et

1 seq.) is amended by adding at the end the following new
 2 subtitle:

3 **“Subtitle C—Microenterprise Tech-**
 4 **nical Assistance and Capacity**
 5 **Building Program**

6 **“SEC. 171. SHORT TITLE.**

7 “This subtitle may be cited as the ‘Program for In-
 8 vestment in Microentrepreneurs Act of 1998’, also re-
 9 ferred to as the ‘PRIME Act’.

10 **“SEC. 172. DEFINITIONS.**

11 “For purposes of this subtitle—

12 “(1) the term ‘Administrator’ has the same
 13 meaning as in section 103;

14 “(2) the term ‘capacity building services’ means
 15 services provided to an organization that is, or is in
 16 the process of becoming a microenterprise develop-
 17 ment organization or program, for the purpose of
 18 enhancing its ability to provide training and services
 19 to disadvantaged entrepreneurs;

20 “(3) the term ‘collaborative’ means 2 or more
 21 nonprofit entities that agree to act jointly as a quali-
 22 fied organization under this subtitle;

23 “(4) the term ‘disadvantaged entrepreneur’
 24 means a microentrepreneur that is—

25 “(A) a low-income person;

1 “(B) a very low-income person; or

2 “(C) an entrepreneur that lacks adequate
3 access to capital or other resources essential for
4 business success, or is economically disadvan-
5 taged, as determined by the Administrator;

6 “(5) the term ‘Fund’ has the same meaning as
7 in section 103;

8 “(6) the term ‘Indian tribe’ has the same mean-
9 ing as in section 103;

10 “(7) the term ‘intermediary’ means a private,
11 nonprofit entity that seeks to serve microenterprise
12 development organizations and programs as author-
13 ized under section 175;

14 “(8) the term ‘low-income person’ has the same
15 meaning as in section 103;

16 “(9) the term ‘microentrepreneur’ means the
17 owner or developer of a microenterprise;

18 “(10) the term ‘microenterprise’ means a sole
19 proprietorship, partnership, or corporation that—

20 “(A) has fewer than 5 employees; and

21 “(B) generally lacks access to conventional
22 loans, equity, or other banking services;

23 “(11) the term ‘microenterprise development or-
24 ganization or program’ means a nonprofit entity, or
25 a program administered by such an entity, including

1 community development corporations or other non-
 2 profit development organizations and social service
 3 organizations, that provides services to disadvan-
 4 tagged entrepreneurs or prospective entrepreneurs;

5 “(12) the term ‘training and technical assist-
 6 ance’ means services and support provided to dis-
 7 advantaged entrepreneurs or prospective entre-
 8 preneurs, such as assistance for the purpose of en-
 9 hancing business planning, marketing, management,
 10 financial management skills, and assistance for the
 11 purpose of accessing financial services; and

12 “(13) the term ‘very low-income person’ means
 13 having an income, adjusted for family size, of not
 14 more than 150 percent of the poverty line (as de-
 15 fined in section 673(2) of the Community Services
 16 Block Grant Act (42 U.S.C. 9902(2)), including any
 17 revision required by that section).

18 **“SEC. 173. ESTABLISHMENT OF PROGRAM.**

19 “The Administrator shall establish a microenterprise
 20 technical assistance and capacity building grant program
 21 to provide assistance from the Fund in the form of grants
 22 to qualified organizations in accordance with this subtitle.

23 **“SEC. 174. USES OF ASSISTANCE.**

24 “A qualified organization shall use grants made
 25 under this subtitle—

1 “(1) to provide training and technical assist-
2 ance to disadvantaged entrepreneurs;

3 “(2) to provide training and capacity building
4 services to microenterprise development organiza-
5 tions and programs and groups of such organiza-
6 tions to assist such organizations and programs in
7 developing microenterprise training and services;

8 “(3) to aid in researching and developing the
9 best practices in the field of microenterprise and
10 technical assistance programs for disadvantaged en-
11 trepreneurs; and

12 “(4) for such other activities as the Adminis-
13 trator determines are consistent with the purposes of
14 this subtitle.

15 **“SEC. 175. QUALIFIED ORGANIZATIONS.**

16 “For purposes of eligibility for assistance under this
17 subtitle, a qualified organization shall be—

18 “(1) a nonprofit microenterprise development
19 organization or program (or a group or collaborative
20 thereof) that has a demonstrated record of delivering
21 microenterprise services to disadvantaged entre-
22 preneurs;

23 “(2) an intermediary;

24 “(3) a microenterprise development organiza-
25 tion or program that is accountable to a local com-

1 munity, working in conjunction with a State or local
 2 government or Indian tribe; or

3 “(4) an Indian tribe acting on its own, if the
 4 Indian tribe can certify that no private organization
 5 or program referred to in this paragraph exists with-
 6 in its jurisdiction.

7 **“SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.**

8 “(a) ALLOCATION OF ASSISTANCE.—

9 “(1) IN GENERAL.—The Administrator shall al-
 10 locate assistance from the Fund under this subtitle
 11 to ensure that—

12 “(A) activities described in section 174(1)
 13 are funded using not less than 75 percent of
 14 amounts made available for such assistance;
 15 and

16 “(B) activities described in section 174(2)
 17 are funded using not less than 15 percent of
 18 amounts made available for such assistance.

19 “(2) LIMIT ON INDIVIDUAL ASSISTANCE.—No
 20 single organization or entity may receive more than
 21 10 percent of the total funds appropriated under
 22 this subtitle in a single fiscal year.

23 “(b) TARGETED ASSISTANCE.—The Administrator
 24 shall ensure that not less than 50 percent of the grants
 25 made under this subtitle are used to benefit very low-in-

1 come persons, including those residing on Indian reserva-
 2 tions.

3 “(c) SUBGRANTS AUTHORIZED.—

4 “(1) IN GENERAL.—A qualified organization re-
 5 ceiving assistance under this subtitle may provide
 6 grants using that assistance to qualified small and
 7 emerging microenterprise organizations and pro-
 8 grams, subject to such rules and regulations as the
 9 Administrator determines to be appropriate.

10 “(2) LIMIT ON ADMINISTRATIVE EXPENSES.—

11 Not more than 7.5 percent of assistance received by
 12 a qualified organization under this subtitle may be
 13 used for administrative expenses in connection with
 14 the making of subgrants under paragraph (1).

15 “(d) DIVERSITY.—In making grants under this sub-
 16 title, the Administrator shall ensure that grant recipients
 17 include both large and small microenterprise organiza-
 18 tions, serving urban, rural, and Indian tribal communities
 19 and racially and ethnically diverse populations.

20 **“SEC. 177. MATCHING REQUIREMENTS.**

21 “(a) IN GENERAL.—Financial assistance under this
 22 subtitle shall be matched with funds from sources other
 23 than the Federal Government on the basis of not less than
 24 50 percent of each dollar provided by the Fund.

1 “(b) SOURCES OF MATCHING FUNDS.—Fees, grants,
 2 gifts, funds from loan sources, and in-kind resources of
 3 a grant recipient from public or private sources may be
 4 used to comply with the matching requirement in sub-
 5 section (a).

6 “(c) EXCEPTION.—

7 “(1) IN GENERAL.—In the case of an applicant
 8 for assistance under this subtitle with severe con-
 9 straints on available sources of matching funds, the
 10 Administrator may reduce or eliminate the matching
 11 requirements of subsection (a).

12 “(2) LIMITATION.—Not more than 10 percent
 13 of the total funds made available from the Fund in
 14 any fiscal year to carry out this subtitle may be ex-
 15 cepted from the matching requirements of subsection
 16 (a), as authorized by paragraph (1) of this sub-
 17 section.

18 **“SEC. 178. APPLICATIONS FOR ASSISTANCE.**

19 “An application for assistance under this subtitle
 20 shall be submitted in such form and in accordance with
 21 such procedures as the Fund shall establish.

22 **“SEC. 179. RECORDKEEPING.**

23 “The requirements of section 115 shall apply to a
 24 qualified organization receiving assistance from the Fund
 25 under this subtitle as if it were a community development

1 financial institution receiving assistance from the Fund
2 under subtitle A.

3 **“SEC. 180. AUTHORIZATION.**

4 “In addition to funds otherwise authorized to be ap-
5 propriated to the Fund to carry out this title, there are
6 authorized to be appropriated to the Fund to carry out
7 this subtitle—

8 “(1) \$15,000,000 for fiscal year 1999;

9 “(2) \$25,000,000 for fiscal year 2000;

10 “(3) \$30,000,000 for fiscal year 2001; and

11 “(4) \$35,000,000 for fiscal year 2002.

12 **“SEC. 181. IMPLEMENTATION.**

13 “The Administrator shall, by regulation, establish
14 such requirements as may be necessary to carry out this
15 subtitle.”.

16 **SEC. 2. ADMINISTRATIVE EXPENSES.**

17 Section 121(a)(2)(A) of the Riegle Community Devel-
18 opment and Regulatory Improvement Act of 1994 (12
19 U.S.C. 4718(a)(2)(A)) is amended—

20 (1) by striking “\$5,550,000” and inserting
21 “\$6,100,000”; and

22 (2) in the first sentence, by inserting before the
23 period “, including costs and expenses associated
24 with carrying out subtitle C”.

1 **SEC. 3. CONFORMING AMENDMENTS.**

2 Section 104(d) of the Riegle Community Develop-
 3 ment and Regulatory Improvement Act of 1994 (12
 4 U.S.C. 4703(d)) is amended—

5 (1) in paragraph (2)—

6 (A) by striking “15” and inserting “17”;

7 (B) in subparagraph (G)—

8 (i) by striking “9” and inserting
 9 “11”;

10 (ii) by redesignating clauses (iv) and

11 (v) as clauses (v) and (vi), respectively;

12 and

13 (iii) by inserting after clause (iii) the

14 following:

15 “(iv) 2 individuals who have expertise

16 in microenterprises and microenterprise de-

17 velopment;”; and

18 (2) in paragraph (4), in the first sentence, by

19 inserting before the period “and subtitle C”.

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