

AN ACT concerning finance.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Build Illinois Act is amended by changing Sections 9-3, 9-4, 9-4.2, and 9-4.3 and by adding Section 9-4.8 as follows:

(30 ILCS 750/9-3) (from Ch. 127, par. 2709-3)

Sec. 9-3. Powers and duties. The Department has the power:

(a) To make loans or equity investments to small businesses, and to make loans or grants or investments to or through financial intermediaries. The loans and investments shall be made from appropriations from the Build Illinois Bond Fund, Illinois Capital Revolving Loan Fund, State Small Business Credit Initiative Fund, or Illinois Equity Revolving Fund for the purpose of promoting the creation or retention of jobs within small businesses or to modernize or maintain competitiveness of firms in Illinois. The grants shall be made from appropriations from the Build Illinois Bond Fund or Illinois Capital Revolving Loan Fund for the purpose of technical assistance.

(b) To make loans to or investments in businesses that have received federal Phase I Small Business Innovation Research grants as a bridge while awaiting federal Phase II Small

Business Innovation Research grant funds.

(c) To enter into interagency agreements, accept funds or grants, and engage in cooperation with agencies of the federal government, local units of government, universities, research foundations, political subdivisions of the State, financial intermediaries, and regional economic development corporations or organizations for the purposes of carrying out this Article.

(d) To enter into contracts, financial intermediary agreements, or any other agreements or contracts with financial intermediaries necessary or desirable to further the purposes of this Article. Any such agreement or contract may include, without limitation, terms and provisions including, but not limited to loan documentation, review and approval procedures, organization and servicing rights, and default conditions.

(e) To fix, determine, charge and collect any premiums, fees, charges, costs and expenses, including without limitation, any application fees, commitment fees, program fees, financing charges, collection fees, training fees, or publication fees in connection with its activities under this Article and to accept from any source any gifts, donations, or contributions of money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of this Article. All fees, charges, collections, gifts, donations, or other contributions shall be deposited into the Illinois Capital Revolving Loan Fund, or the State Small Business Credit Initiative Fund.

(f) To establish application, notification, contract, and other forms, procedures, rules or regulations deemed necessary and appropriate.

(g) To consent, subject to the provisions of any contract with another person, whenever it deems it necessary or desirable in the fulfillment of the purposes of this Article, to the modification or restructuring of any financial intermediary agreement, loan agreement or any equity investment agreement to which the Department is a party.

(h) To take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of financial assistance or participation provided hereunder or to otherwise protect or affect the State's interest, including the power to sell, dispose, lease or rent, upon terms and conditions determined by the Director to be appropriate, real or personal property which the Department may receive as a result thereof.

(i) To deposit any "Qualified Securities" which have been received by the Department as the result of any financial intermediary agreement, loan, or equity investment agreement executed in the carrying out of this Act, with the Office of the State Treasurer and held by that office until agreement to transfer such qualified security shall be certified by the Director of Commerce and Economic Opportunity.

(j) To assist small businesses that seek to apply for

public or private capital in preparing the application and to supply them with grant information, plans, reports, assistance, or advice on development finance and to assist financial intermediaries and participating lenders to build capacity to make debt or equity investments through conferences, workshops, seminars, publications, or any other media.

(k) To provide for staff, administration, and related support required to manage the programs authorized under this Article and pay for staffing and administration from the Illinois Capital Revolving Loan Fund, or the State Small Business Credit Initiative Fund, as appropriated by the General Assembly. Administration responsibilities may include, but are not limited to, research and identification of credit disadvantaged groups; design of comprehensive statewide capital access plans and programs addressing capital gap and capital marketplace structure and information barriers; direction, management, and control of specific projects; and communicate and cooperation with public development finance organizations and private debt and equity sources.

(l) To exercise such other powers as are necessary or incidental to the foregoing.

(Source: P.A. 94-91, eff. 7-1-05.)

(30 ILCS 750/9-4) (from Ch. 127, par. 2709-4)

Sec. 9-4. Intermediary agreements and loans. Any loan made

pursuant to this Article shall:

(a) Be made only if a participating lender or other investor also provides a portion of the financing with respect to the project. The participating lender's or other investor's risk assumption may be in the form of a loan, letter of credit, guarantee, loan participation, bond purchase, or any other form approved by the Department;

(b) Finance no more than the lesser of 25% of the total amount of any single project, or \$2,000,000 ~~\$750,000~~ for any single project, unless such limitations are waived by the Director, upon a finding that such waiver is appropriate to accomplish the purposes of this Article;

(c) Be made only if the Department determines, on the basis of all information available to it, that the project would not be undertaken unless the loan is provided;

(d) Be protected by security which may include, as available, first or second mortgage positions on real or personal property, royalty payments on sales of products or services, or any other security satisfactory to the Department to secure payment of the loan agreement. Personal notes or guarantees may be required from persons owning more than 20 percent of the small business;

(e) Be in such amount and form and contain such terms and provisions with respect to property insurance, repairs, alterations, payment of taxes and assessments, delinquency charges, default remedies, additional security, and other

matters as the Department shall determine adequate to protect the public interest;

(f) Be made to a business approved by the Department as responsible and creditworthy;

(g) Be reviewed by the credit review committee established by the Department pursuant to this Article;

(h) Be made only after the Department has made a determination that the loan agreement will cause a project to be undertaken which has the potential to create or retain substantial employment or to modernize or improve the competitiveness of the firm in relation to the amount of the loan;

(i) Be made with businesses that have certified the project is a new plant start-up, modernization, or expansion or a new venture opportunity and is not relocation of an existing business from another site within the State unless that relocation results in substantial employment growth.

(Source: P.A. 88-422.)

(30 ILCS 750/9-4.2) (from Ch. 127, par. 2709-4.2)

Sec. 9-4.2. Illinois Capital Revolving Loan Fund.

(a) There is hereby created the Illinois Capital Revolving Loan Fund, hereafter referred to in this Article as the "Capital Fund" to be held as a separate fund within the State Treasury.

The purpose of the Capital Fund is to finance intermediary

agreements, administration, technical assistance agreements, loans, grants, or investments in Illinois. In addition, funds may be used for a one time transfer in fiscal year 1994, not to exceed the amounts appropriated, to the Public Infrastructure Construction Loan Revolving Fund for grants and loans pursuant to the Public Infrastructure Loan and Grant Program Act. Investments, administration, grants, and financial aid shall be used for the purposes set for in this Article. Loan financing will be in the form of loan agreements pursuant to the terms and conditions set forth in this Article. All loans shall be conditioned on the project receiving financing from participating lenders or other investors. Loan proceeds shall be available for project costs, except for debt refinancing.

(b) There shall be deposited in the Capital Fund such amounts, including but not limited to:

(i) All receipts, including dividends, principal and interest payments and royalties, from any applicable loan, intermediary, or technical assistance agreement made from the Capital Fund or from direct appropriations from the Build Illinois Bond Fund or the Build Illinois Purposes Fund (now abolished) or the General Revenue Fund by the General Assembly entered into by the Department;

(ii) All proceeds of assets of whatever nature received by the Department as a result of default or delinquency with respect to loan agreements made from the Capital Fund or from direct appropriations by the General Assembly,

including proceeds from the sale, disposal, lease or rental of real or personal property which the Department may receive as a result thereof;

(iii) Any appropriations, grants or gifts made to the Capital Fund;

(iv) Any income received from interest on investments of moneys in the Capital Fund;

(v) All moneys resulting from the collection of premiums, fees, charges, costs, and expenses in connection with the Capital Fund as described in subsection (e) of Section 9-3.

(c) The Treasurer may invest moneys in the Capital Fund in securities constituting obligations of the United States Government, or in obligations the principal of and interest on which are guaranteed by the United States Government, in obligations the principal of and interest on which are guaranteed by the United States Government, or in certificates of deposit of any State or national bank which are fully secured by obligations guaranteed as to principal and interest by the United States Government.

(Source: P.A. 94-91, eff. 7-1-05; 94-392, eff. 8-1-05; 95-331, eff. 8-21-07.)

(30 ILCS 750/9-4.3) (from Ch. 127, par. 2709-4.3)

Sec. 9-4.3. Minority, veteran, female and disability loans.

(a) In the making of loans for minority, veteran, female or disability small businesses, as defined below, the Department is authorized to employ different criteria in lieu of the general provisions of subsections (b), (d), (e), (f), (h), and (i) of Section 9-4.

Minority, veteran, female or disability small businesses, for the purpose of this Section, shall be defined as small businesses that are, in the Department's judgment, at least 51% owned and managed by one or more persons who are minority or female or who have a disability or who are veterans.

(b) Loans made pursuant to this Section:

(1) Shall not exceed \$400,000 ~~\$100,000~~ or 50% of the business project costs unless the Director of the Department determines that a waiver of these limits is required to meet the purposes of this Act.

(2) Shall only be made if, in the Department's judgment, the number of jobs to be created or retained is reasonable in relation to the loan funds requested.

(3) Shall be protected by security. Financial assistance may be secured by first, second or subordinate mortgage positions on real or personal property, by royalty payments, by personal notes or guarantees, or by any other security satisfactory to the Department to secure repayment. Security valuation requirements, as determined by the Department, for the purposes of this Section, may be less than required for similar loans not covered by this

Section, provided the applicants demonstrate adequate business experience, entrepreneurial training or combination thereof, as determined by the Department.

(4) Shall be in such principal amount and form and contain such terms and provisions with respect to security, insurance, reporting, delinquency charges, default remedies, and other matters as the Department shall determine appropriate to protect the public interest and consistent with the purposes of this Section. The terms and provisions may be less than required for similar loans not covered by this Section.

(Source: P.A. 99-143, eff. 7-27-15.)

(30 ILCS 750/9-4.8 new)

Sec. 9-4.8. State Small Business Credit Initiative Fund.

(a) There is hereby created the State Small Business Credit Initiative Fund, also referred to in this Article as the "SSBCI Fund", as a special fund in the State treasury.

The purpose of the SSBCI Fund is to finance intermediary agreements, administration, technical assistance agreements, loans, grants, or investments in Illinois. Investments, administration grants, and financial aid shall be used for the purposes set forth in this Article. Loan financing shall be in the form of loan agreements pursuant to the terms and conditions set forth in this Article. All loans shall be conditioned on the project receiving financing from

participating lenders or other investors.

(b) The following amounts shall be deposited into the SSBCI Fund:

(1) all receipts, including dividends, principal and interest payments, and royalties, from any applicable loan, intermediary, or technical assistance agreement made from the SSBCI Fund or from direct appropriations from the Build Illinois Bond Fund or the General Revenue Fund by the General Assembly entered into by the Department;

(2) all proceeds of assets of whatever nature received by the Department as a result of default or delinquency with respect to a loan agreement made from the SSBCI Fund or from direct appropriations by the General Assembly, including proceeds from the sale, disposal, lease, or rental of real or personal property that the Department may receive as a result thereof;

(3) any appropriations, grants, or gifts made to the SSBCI Fund;

(4) any income received from interest on investments of moneys in the SSBCI Fund;

(5) all moneys resulting from the collection of premiums, fees charges, costs, and expenses described in subsection (e) of Section 9-3.

(c) The Treasurer may invest moneys in the SSBCI Fund in securities constituting obligations of the United States Government, or in obligations the principal of and interest on

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which are guaranteed by the United States Government, or in certificates of deposit of any State or national bank which are fully-secured by obligations guaranteed as to principal and interest by the United States Government.

Section 99. Effective date. This Act takes effect upon becoming law.