

## Nebraska Administrative Code

### Title 85 - NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT

#### Chapter 4 - Microenterprise Development Act

The Nebraska Department of Economic Development, under the authority of, and compliance with Sections 81-1295 through 81-12,105 of the Nebraska Revised Statutes Supplement, 1997, promulgates the following Microenterprise Development Act Rules and Regulations as prescribed and are effective until revoked or amended.

#### 001 Definitions

001.01 Act. The Act means the Microenterprise Development Act.

001.02 Commercial Lending Organization. Commercial Lending Institutions means any financial institution defined in subsection (4) of 8-157 of the Nebraska Revised Statutes, 1991.

001.03 Department. The Department means the Nebraska Department of Economic Development.

001.04. Director. The Director means the Director of the Nebraska Department of Economic Development.

001.05 Microenterprise . Microenterprise means any business whether new or existing with five or fewer employees full time employees and includes startup, homebased and self-employed businesses.

001.06 Microloan Delivery Organization. Microloan Delivery Organizations means any community based or nonprofit program which has developed a viable plan for providing training, access to financing and technical assistance for microenterprise and which meets the criteria and qualification established for the Act.

001.07 Operating Costs. Operating costs means the costs associated with administering a loan, a loan guaranty, a revolving loan program, or providing for business training and technical assistance to a microloan recipient.

001.08 Program. Program means the Microenterprise Partnership Program.

001.09 Statewide Microlending Support Organization. A Statewide Microlending Support Organization means any community based or nonprofit organization which has a demonstrated capacity and a plan for providing administering grants or loans to microloan delivery organizations.

002 Needs Identified in the Act

002.01 Encourage Microenterprise entrepreneurship. The Act identifies a need to encourage microenterprise entrepreneurship for microenterprise development.

002.02 Create employment. The Act identifies a need to create employment and employment opportunities in areas of chronic economic distress and in low income urban and rural areas.

002.03 Lack of credit sources. The Act declares that Nebraska's microenterprises often do not have access to commercial sources of credit because of a lack of business experience, training and or collateral to secure business loans, or business records to demonstrate their loan repayment potential.

003. Purposes Identified in the Act.

003.01 Creation of Microenterprises. The Department is to provide funding which will foster the creation of microenterprises throughout the state.

003.02 Coordinating Office. The Act establishes the Department as the coordinating Office for the facilitation of microlending and microenterprise development in the state. This Office will facilitate the development of a permanent, statewide infrastructure of microlending support organizations to serve Nebraska microenterprise and self employment sectors.

004 Eligible Applicants under the Act.

004.01 Microloan Delivery Organization. Any community based or nonprofit program which has developed a viable plan for providing training, access to financing and technical assistance for microenterprises and which meets the criteria and qualifications established for in the Act.

004.02 Regional Microlending Delivery Organizations, which provide services throughout a region, a county or several units of governments are eligible to receive funding under the Act .

005 Grant Amount. The Department will provide up to \$25,000 in funds appropriated under this Act for each qualified Microenterprise Delivery Organization. approved by the Evaluation Committee. For any funds used to establish a revolving loan fund or guaranty funds, 50% of such program funds must be used for microloans which do not exceed \$10,000.

006 Purposes for which Grants made by the Department may be used for as established in the Act.

006.01 Grants may be used to satisfy matching funds requirements for other federal or private grants which are made to Microloan Delivery Organizations.

006.02 Grants made by the Department may be used to establish a revolving loan fund from which the Microloan Delivery Organizations may make loans to microenterprises.

006.03 Grants made by the Department may be used to establish a guaranty fund from which the Microloan Delivery Organizations may guarantee loans made by commercial lending institutions to microenterprises.

006.04 Grants made by the Department to Microloan Delivery Organizations may be used to provide funding for the operating costs of microloan delivery organizations.

007 Application Process and Evaluation.

007.01 Application. All eligible Microenterprises and Microenterprise Delivery Organizations will submit an application to the Department for review and approval. The application will be evaluated based upon the criteria established in the Act.

007.02 Evaluation Committee. Applications will be evaluated by a Departmental committee. This committee will be appointed by the Director, or their designee, and will consist of representatives from the Department, banking industry, regional organizations, councils of governments and others as determined by the Director.

Where funds under this Act are leveraged with non-state funds of a Statewide

Microlending Support Organization, the Director may authorize integrating Program procedures and evaluation committee members with that of the Statewide Microlending Delivery Organization.

007.03 Evaluation Criteria. Applications made to the Department by Micro- loan Delivery Organizations may be evaluated based on the following criteria established in the Act.

007.03A The Microloan Delivery Organization's plan for providing business development services and microloan loans to microenterprises. This plan must include a comprehensive scope of services and coordination of services and loans by the Microloan Delivery Organization with commercial lending institutions.

007.03B All geographic areas and regions of the state, including both urban and rural communities, neighborhoods should be considered.

007.03C The ability of the Microloan Delivery Organization to provide for business development in areas of chronic economic distress and low income regions of the state.

007.03D The ability of the Microloan Delivery Organization to provide business training and technical assistance to microloan clients.

007.03E The ability of the Microloan Delivery Organization to monitor and provide financial oversight of the recipients of the microloans.

007.03F The ability of the Microloan Delivery Organization to have sufficient sources of operating funds presently and in the future.

007.03G The ability of the Microloan Delivery Organization to match granted funds. Granted Funds must be matched by nonstate funds equivalent in money or in kind equal to each one dollar for each one dollar of the grant funds requested. Such matching funds can come from any nonstate source, including private foundations, federal or local governments sources, quasi-governmental entities or commercial lending institutions, or any other funds whose source does not include funds appropriated from the Legislature.

007.03H At least fifty percent of the microloans must be disbursed by the Microloan Delivery Organizations in microloans which do not exceed ten

thousand dollars.

008 Engage in Contractual Relations.

The Act enables the Department to engage in the contractual relationship with a Statewide Microlending Support Organization which has the capacity to administer grants subject to the requirements of the Act and where such relationships would leverage additional nonstate support funds

008.01 Funds granted to any Statewide Microlending Organizations must be matched by nonstate funds equivalent in money or in kind equal to one dollar for each one dollar of grant funds requested. Such matching funds can come from any nonstate source, including private foundations, federal or local government sources, quasi-governmental entities or commercial lending institutions, or any other funds whose source does not include funds appropriated from the Legislature.

008.02 The Act requires that no greater than 10% of the appropriate or contracted funds are to be used by the Department or the Statewide Microlending Support Organization for operating and administration expenses required for this Program.

009 Reporting Requirements.

The Department will submit an annual report to the Governor and the Legislature on or before January 1 of each year which will include, but not be limited to, a description of the demand for the program from microenterprises and grant recipients in Nebraska, a listing of the recipients and amount of grants made pursuant to the Microenterprise Development Act in the previous fiscal year, the impact of the grants, a description of the partnership between commercial lending institutions and microloan delivery organization that have resulted from grants made by the program and a evaluation of the program's performance based on the documented goals of the recipients. The Department may require program recipients to provide periodic performance reports to enable the Department to fulfill the requirements of the reports to the Legislature.

0010. Nondiscrimination.

All recipients of the funds granted under this Act must adhere to all state and federal civil rights rules and regulations. Recipients under this Act must agree that they will not discriminate based upon race, sex, creed, color, age national origin and disability.