

SECOND REGULAR SESSION

[P E R F E C T E D]

SENATE BILL NO. 787

89TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CLAY.

Read 1st time January 21, 1998, and 1,000 copies ordered printed.

Read 2nd time January 27, 1998, and referred to the Committee on Local Government and Economic Development.

Reported from the Committee February 9, 1998, with recommendation that the bill do pass with Senate Committee Amendment No. 1 and be placed on the Consent Calendar.

Senate Committee Amendment No. 1 adopted March 2, 1998.

Taken up March 2, 1998. Read 3rd time and placed upon its final passage; bill passed.

TERRY L. SPIELER, Secretary.

S3170.01P

AN ACT

To amend chapter 620, RSMo, by adding thereto six new sections relating to the development of microenterprise programs.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 620, RSMo, is amended by adding thereto six new sections, to be known as sections 620.1450, 620.1453, 620.1456, 620.1459, 620.1461 and 620.1465, to read as follows:

620.1450. As used in this section the following terms mean:

(1) "Asset-based development", strategies designed to increase individual, family and community assets;

(2) "Community revitalization", an action by a public or private agency to help organize residents of high poverty areas or neighborhoods to develop jobs, homeownership, microenterprises, savings groups, family development accounts, economic literacy training, credit availability, and other strategies designed to increase individual, family and community assets;

(3) "Community revitalization plan", a plan for micro-economic development of a high poverty area based on a strategy of community revitalization and development

of assets;

(4) "Department", the Missouri department of economic development;

(5) "Director", the director of the Missouri department of economic development;

(6) "Economic literacy training", a community-based training process that helps residents in disadvantaged communities understand how economic and financial systems work and how they can utilize them to re-build their lives and communities;

(7) "Family development accounts", dedicated savings accounts for families with incomes up to two hundred percent of the poverty level. Family development accounts may be matched by public and/or private funds. These accounts are used for first home purchase, post-secondary educational expenses, or small business capitalization;

(8) "High poverty area", a neighborhood in a city, or a section of a town, or an unincorporated area of a county, which has at least sixty-five percent of the residents living in the area with incomes below eighty percent of the median income of all residents within the state of Missouri according to the last decennial census and has an unemployment rate of over ten percent or has an unemployment rate of at least one hundred twenty percent of the national average unemployment rate. The boundaries of such area may change as a result of planning and leadership by local residents and institutions;

(9) "Micro-economic development", resident-led economic activity centered in high-poverty areas that includes, but is not limited to, development of jobs, homeownership, microenterprises, savings groups, family development accounts, economic literacy training, credit availability and other strategies designed to increase individual, family and community assets;

(10) "Microenterprise", a sole proprietorship that has fewer than five employees, which cannot obtain access to the commercial banking sector, and which can initially utilize a loan of under fifteen thousand dollars;

(11) "Microenterprise development program", a program run by a not-for-profit organization that provides any combination of credit, technical assistance, training and other business and personal services to a microenterprise; and

(12) "Savings groups", groups of individuals who work together to pool small amounts of money into a common savings account. Individual members may borrow against the pooled funds when the need arises and may establish their own guidelines for pooling and saving the money, and may make group decisions about lending and investing.

620.1453. The department shall initiate three pilot community revitalization projects in high poverty areas of the state, one constitutional charter city with a population over two hundred thousand, one town or village, and one city of the third or fourth class. Project sites will be selected based on a competitive grant program

available to not-for-profit community organizations in collaboration with other local not-for-profit institutions, to permit them to plan and implement a program for community revitalization and asset building. The community organizations or collaboratives will involve community residents in an initial planning process that will last a maximum of one year and will result in submission of a community revitalization proposal to the department.

620.1456. Upon receipt of a community revitalization plan based on micro-economic development strategies, the department shall seek to coordinate public and private resources and contributions in the community, the state, and the United States, to support the implementation of the provisions of the community revitalization plan. These resources include, but are not limited to, banks, credit unions, training and educational institutions, community development corporations and other entities that can help residents and resident organizations to fulfill their plan. The department may match funds raised by the community demonstration projects at a rate of one-to-one. The projects will be funded for at least three years if progress, as determined by the department, is being made toward implementing a community revitalization project.

620.1459. The director shall appoint an oversight committee composed of nine members which will include, but is not limited to, representatives of state government, banks or other financial institutions, business assistance providers, not-for-profit organizations, and others to review the proposals, make recommendations for site selection, and provide implementation advice to the department.

620.1461. The department will conduct a thorough evaluation of contract activities in order to develop capacity and knowledge for future replication of successful micro-economic strategies.

620.1465. 1. The department shall initiate these demonstration projects by July 1, 1999.

2. No project shall be funded pursuant to sections 620.1450 to 620.1465 on or after July 1, 2004.

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