

CHAPTER 158**(SB 156)**

AN ACT relating to economic development for small business.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

SECTION 1. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 and 2 of this Act:

- (1) *"Affiliate" has the same meaning as provided in KRS 154.22-010(2);*
- (2) *"Full-time employee" means a person employed for a minimum of thirty-five (35) hours per week and subject to the tax imposed by KRS 141.020;*
- (3) *"Service or technology" has the same meaning as provided in KRS 154.24-010(19) and shall include regional or headquarters operations of an entity engaged in the defined activities, but shall not include work involving direct service to the public pursuant to a license issued by the state or an association that issues licenses in lieu of the state; and*
- (4) *"Small business" means any business entity organized for profit, including a sole proprietorship, individual partnership, registered limited liability partnership, corporation, limited liability company, joint venture, association, or cooperative, that has fifty (50) or fewer full-time employees at the time it applies for a loan under Section 2 of this Act and is not an affiliate or subsidiary of a larger corporate structure, unless the total number of employees of all the affiliates and subsidiaries within that structure is fifty (50) or fewer.*

SECTION 2. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

- (1) *The Kentucky Economic Development Finance Authority is hereby authorized to develop and fund a small business loan program to assist new or existing small businesses operating in the Commonwealth. The authority may lend up to one hundred thousand dollars (\$100,000) to any eligible small business for acquisition, construction, expansion, working capital, or any other business expense the authority deems reasonable to approve.*
- (2) *The authority shall determine the terms, conditions, and requirements for loans issued under this section, including collateral requirements when deemed reasonable and appropriate. Recognizing that small businesses, while essential for the economic vitality of the Commonwealth, may have difficulty obtaining conventional loans, the authority may provide terms that are more lenient, high-risk, less secure, or otherwise less stringent than industry standards.*
- (3) *To be eligible for a loan under this section, a small business shall be engaged in manufacturing, agribusiness, or service or technology, shall not be engaged primarily in retail, and shall commit to creating and maintaining at least one (1) new full-time job above the number existing on the date of application.*

Section 3. KRS 154.12-216 is amended to read as follows:

- (1) There is established in the Division of *Small Business Services*~~and Entrepreneurship Development~~ in the Department of Community Development a Business Information Clearinghouse Program.
- (2) By January 1, 1985, the clearinghouse shall develop and maintain a current list of all licenses arranged by the Standard Industrial Classification (SIC) developed by the United States Department of Labor or similar classification system as may be developed by the clearinghouse.
- (3) The clearinghouse shall, to the extent possible, develop and distribute informational packets for each business classification. The informational packet for each business classification shall include applications, fee schedules, and informational bulletins for the licenses most commonly required of businesses within that classification.
- (4) The clearinghouse shall provide a toll-free telephone and referral service for the entire Commonwealth to aid new and continuing businesses with the licensing process.
- (5) The clearinghouse shall maintain current information on other agencies' programs that provide business financing and management assistance and shall serve as a referral service to those programs to the staff of the Regulatory Expediting Center as established in KRS 154.12-240.
- (6) The manager shall encourage federal and local governments to participate by submitting copies of application forms for licenses applicable to businesses in the Commonwealth.
- (7) Work teams may be assembled at the request of the issuing agency, the regulated industry, the Governor, or the General Assembly. The clearinghouse and issuing agency shall coordinate the activities of and provide staff assistance to any work teams. Members of the work teams shall serve without compensation.
- (8) The clearinghouse shall prepare an annual report summarizing its work for the Governor and the General Assembly. The report shall include a list of all licenses arranged by business classification and agency, the reports of any work teams, and may include recommendations on necessary statute or regulation changes to enable agencies to simplify or consolidate regulatory activities.

Section 4. KRS 154.12-223 is amended to read as follows:

- (1) There is created within the Cabinet for Economic Development the Department of Community Development, which shall be headed by a commissioner appointed by the Governor pursuant to KRS 12.040. The department shall work with each Kentucky county in:
 - (a) *Assisting community-based economic development agencies in creating and implementing their respective work plans*~~{Determining a long-range plan for economic development which best meets the individual county's needs};~~~~{ and }~~
 - (b) Developing cooperative interaction with existing industries and small and minority businesses and assisting export development; *and*
 - (c) *Providing sufficient technical resources to create and maintain a database to facilitate sales transactions between Kentucky businesses.*
- (2) The Department of Community Development shall include the following divisions, each of which shall be headed by a director appointed by the secretary pursuant to KRS 12.050:

- (a) The Division of *Small Business Services*~~[and Entrepreneurship Development]~~, which shall be responsible for procurement assistance, business information clearinghouse services, and business and technology functions of the cabinet, including, without being limited to:
1. Providing comprehensive information on all state business licenses and requirements;
 2. *Assisting businesses in the identification of government procurement opportunities*~~[Developing and administering a master application and licensure program for grocery stores]; and~~
 - 3.~~[Coordinating and monitoring the various activities being carried out by state agencies that relate to adapting advanced technologies to the workplace; and~~
 - 4.~~[Reviewing and analyzing the possibility of establishing research and technology centers in the Commonwealth;~~
- ~~(b)~~ The Small and Minority Business *Branch, within the Division of Small Business Services*~~[which]~~ shall be responsible for the cabinet's functions relating to small and minority business enterprise, as provided in KRS 154.12-215. The Small Business Advisory Council established by KRS 154.12-218 shall advise the *branch*~~[division]~~;
- ~~(b)~~~~(c)~~ The Western Kentucky Economic Development Division;
- ~~(c)~~~~(d)~~ The Eastern Kentucky Economic Development Division;
- ~~(d)~~~~(e)~~ The Central Kentucky Economic Development Division; and
- ~~(e)~~~~(f)~~ The International Trade Division, which shall promote the development of international markets for Kentucky goods, products, and services for the purpose of identifying and analyzing national and international market developments and opportunities, and gathering and disseminating vital information to Kentucky manufacturers, service providers, and other industries regarding international trade opportunities, *and which shall direct export trade offices that the cabinet may establish in foreign locations.*
- (3) The following programs and commission shall be attached to the Department of Community Development:
- (a) The Kentucky port and river development program created by KRS 65.510 to 65.530, KRS 139.483, and KRS 154.80-100 to 154.80-130;
 - (b) The Waterway Marina Development Program established by KRS 154.80-310; and
 - (c) The Kentucky Investment Capital Network established by KRS 154.12-2333.

Approved March 18, 2005.