

1 AN ACT relating to veteran entrepreneurs.

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

3 ➔SECTION 1. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER
4 154 IS CREATED TO READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Office" means the Office of Entrepreneurship and Innovation;*

7 *(b) "Secretary" means the secretary of the Cabinet for Economic Development;*

8 *(c) "Veteran" means any person who:*

9 *1. Served in the United States Armed Forces, Reserves, or National*
10 *Guard and was separated or released therefrom with an honorable*
11 *discharge, discharge under honorable conditions, or general*
12 *discharge under honorable conditions; or*

13 *2. Currently serves in the United States Armed Forces, Reserves, or*
14 *National Guard; and*

15 *(d) "Veteran entrepreneurs" means veterans who start or own one (1) or more*
16 *small businesses.*

17 *(2) The Veteran Entrepreneur Program is established within the Office of*
18 *Entrepreneurship and Innovation to provide assistance to veteran entrepreneurs*
19 *in the Commonwealth.*

20 *(3) The Veteran Entrepreneur Program shall provide assistance to veteran*
21 *entrepreneurs by:*

22 *(a) Performing outreach functions to improve veteran entrepreneurs'*
23 *awareness of available federal and state benefits and services;*

24 *(b) Assessing the need for benefits and services among veteran entrepreneurs;*

25 *(c) Reviewing and researching programs, projects, and initiatives designed to*
26 *address the needs of veteran entrepreneurs and collaborating with federal,*
27 *state, and private agencies that provide services to veteran entrepreneurs to*

1 allow veterans to make use of those services;

2 (d) Evaluating semiannually the effectiveness of the office's efforts to assist
 3 veteran entrepreneurs and making appropriate recommendations to the
 4 executive director of the office to improve services and assistance provided
 5 to those veterans; and

6 (e) Providing information about opportunities for veteran entrepreneurs in the
 7 office's collaborative network of businesses and organizations.

8 (4) The secretary shall appoint a program coordinator to administer the program and
 9 provide facilities as appropriate in support of the program to the extent funding is
 10 available for that purpose.

11 (5) The office may promulgate administrative regulations in accordance with KRS
 12 Chapter 13A to effectuate this section.

13 (6) The program shall consult with the United States Department of Veterans Affairs
 14 and the United States Small Business Administration in developing procedures
 15 under this section to ensure the services provided by this program do not
 16 duplicate services provided through the United States Department of Veterans
 17 Affairs or the United States Small Business Administration.

18 (7) The office shall establish any additional qualifications necessary for applicants of
 19 the program.

20 ➔Section 2. KRS 154.12-277 is amended to read as follows:

21 (1) There is created in the Cabinet for Economic Development the Office of
 22 Entrepreneurship and Innovation. The office shall be headed by an executive
 23 director appointed by the secretary pursuant to KRS 154.10-050. The office shall be
 24 responsible for various forms of entrepreneurship and innovation assistance,
 25 including but not limited to providing customer service and project management
 26 services to~~[with]~~ small, ~~[and]~~ minority, and veteran entrepreneur-owned
 27 businesses, assisting export development, administering the innovation assistance

1 set forth in KRS 154.12-278, introducing entrepreneurs to individual investors and
2 to investment capital firms interested in start-up and early-stage financing, and
3 collecting, summarizing, and disseminating information helpful to businesses,
4 including information on market research, federal, state, and local minority business
5 programs, government procurement opportunities, and the availability of
6 managerial assistance.

7 (2) The office shall include the Commission on Small Business Innovation and
8 Advocacy established in KRS 11.200.

9 ➔Section 3. KRS 154.12-278 is amended to read as follows:

10 (1) As used in this section, "cluster" and "knowledge-based"~~[-shall]~~ have the same
11 meaning as in KRS 164.6011.

12 (2) The Office of Entrepreneurship and Innovation shall:

13 (a) Implement the Kentucky Innovation and Commercialization Center Program
14 as set forth in KRS 154.12-300 to 154.12-310;

15 (b) **Implement and support the Veteran Entrepreneur Program as set forth in**
16 **Section 1 of this Act;**

17 **(c)** Monitor the return on investments and effectiveness of the Kentucky
18 Innovation Act initiatives as set forth in the Strategic Plan for the New
19 Economy and prepare an annual report by November 1 of each year. The
20 report shall be available on the Cabinet for Economic Development web page
21 as required by KRS 154.12-2035;

22 **(d)**~~[(e)]~~ Oversee the modernization initiative in KRS 154.12-274;

23 **(e)**~~[(d)]~~ Assist the cabinet in the recruitment of research and development
24 companies;

25 **(f)**~~[(e)]~~ Assist the cabinet in the attraction of high-technology research and
26 development centers;

27 **(g)**~~[(f)]~~ Support growth and creation of knowledge-based, innovative

1 companies;

2 ~~(h)(g)~~ Build the infrastructure for innovative businesses and promote networks
3 of technology-driven clusters and research intensive industries;

4 ~~(i)(h)~~ Administer the high-tech construction pool and the high-tech investment
5 pool;

6 ~~(j)(i)~~ Recommend projects to the Kentucky Economic Development Finance
7 Authority for funding through the high-tech construction pool and high-tech
8 investment pool; and

9 ~~(k)(j)~~ Review and approve the annual plan which details the annual allocation
10 of funds from the Science and Technology Funding Program. As used in this
11 paragraph, the Science and Technology Funding Program means the
12 Kentucky enterprise fund, the Rural Innovation Program, the Kentucky
13 Commercialization Program, The Regional Technology
14 Corporations/Innovation and Commercialization Center Satellites, the
15 Experimental Program to Stimulate Competitive Research/Kentucky Science
16 and Engineering Foundation, Small Business Innovation Research and Small
17 Business Technology Transfer grants, and other government grant programs
18 and funding programs as determined by the executive director of the Office of
19 Entrepreneurship and Innovation.

20 (3) The high-tech construction pool shall be used for projects with a special emphasis
21 on the creation of high-technology jobs and knowledge-based companies. The
22 executive director, in administering the high-tech construction pool, shall
23 recommend distribution of funds and projects to the Kentucky Economic
24 Development Finance Authority for its approval. The executive director shall
25 recommend any designated amount of pool funds to be set aside for any match
26 requirements. Any funds used for matching purposes may include public and
27 private funds.

1 (4) The high-tech investment pool shall be used to build and promote technology-
2 driven industries and research-intensive industries, as well as their related suppliers,
3 with the goal of creating clusters of innovation-driven industries in Kentucky. The
4 executive director, in administering the high-tech investment pool, shall be
5 authorized to recommend funds to be used to support loans and grants, or to secure
6 an equity or related position.

7 (5) The Kentucky Economic Development Finance Authority shall ensure in their
8 approval of funding of projects that the highest priority is given to knowledge-based
9 companies in fulfillment of the purposes and intentions of the purposes of this
10 section.

11 ➔Section 4. KRS 154.12-330 is amended to read as follows:

12 (1) The Kentucky Economic Development Finance Authority is hereby authorized to
13 develop and fund a small business loan program to assist new or existing small
14 businesses operating in the Commonwealth. The authority may lend up to one
15 hundred thousand dollars (\$100,000) to any eligible small business for acquisition,
16 construction, expansion, working capital, or any other business expense the
17 authority deems reasonable to approve.

18 (2) The authority shall determine the terms, conditions, and requirements for loans
19 issued under this section and Section 1 of this Act, including collateral
20 requirements when deemed reasonable and appropriate. Recognizing that small
21 businesses, while essential for the economic vitality of the Commonwealth, may
22 have difficulty obtaining conventional loans, the authority may provide terms that
23 are more lenient, high-risk, less secure, or otherwise less stringent than industry
24 standards.

25 (3) To be eligible for a loan under this section, a small business shall be engaged in
26 manufacturing, agribusiness, or service or technology, shall not be engaged
27 primarily in retail, and shall commit to creating and maintaining at least one (1)

1 new full-time job above the number existing on the date of application.

- 2 **(4) The authority shall make reasonable efforts to direct at least seven percent (7%)**
3 **of the small business loan program funds each year to Kentucky-based, veteran**
4 **entrepreneurs provided that the authority receives qualified applications**
5 **requesting at least seven percent (7%) of the small business loan program funds.**
6 **The authority shall develop the criteria to evaluate the applications giving a**
7 **preference to Kentucky-based companies as defined in KRS 164.6011 that:**
8 **(a) Were started by one (1) or more veteran entrepreneurs;**
9 **(b) Are veteran-owned businesses as defined in KRS 14A.1-070; or**
10 **(c) Employ veterans at a rate of no less than twenty-five percent (25%) of their**
11 **total employees.**