

HOUSE BILL No. 1355

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-10.

Synopsis: Small business development. Requires the Indiana housing and community development authority (authority) to develop and implement a program to award grants of not more than \$25,000 to eligible entities to support new small business concerns. Defines "eligible entity" as an organization: (1) that is located in the United States; (2) the primary purpose of which is to support new small business concerns; and (3) that is often classified as an accelerator. Defines "small business concern" to mean a small business that has been in operation for not more than five years. Requires an eligible entity to obtain 50% matching funds from other sources in order to qualify for a grant. Appropriates \$1,000,000 to the authority in the 2019-2020 state fiscal year and in the 2020-2021 state fiscal year. Requires the authority to award not less than 50% of the amounts appropriated to: (1) accelerators located in geographically underserved areas; and (2) accelerators for which not less than 50% of the small business concerns served by the accelerator are small business concerns that are: (A) owned and controlled by socially and economically disadvantaged individuals, formerly incarcerated individuals, or individuals with disabilities; (B) women's business enterprises; (C) minority business enterprises; or (D) veteran business enterprises.

Effective: July 1, 2019.

Shackleford

January 14, 2019, read first time and referred to Committee on Commerce, Small Business and Economic Development.



First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1355

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-20-10 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2019]:

4 **Chapter 10. Grant Program for Organizations That Support**
5 **Startup Businesses.**

6 **Sec. 1. The following definitions apply throughout this chapter:**

7 **(1) "Accelerator" means an organization that:**

8 **(A) frequently provides, but is not exclusively designed to**
9 **provide, seed investment in exchange for a small amount**
10 **of equity;**

11 **(B) works with a startup for a predetermined amount of**
12 **time;**

13 **(C) provides mentorship and instruction to scale**
14 **businesses; or**

15 **(D) offers startup capital or the opportunity to raise capital**
16 **from outside investors.**

17 **(2) "Authority" refers to the Indiana housing and community**



- 1 development authority.
- 2 (3) "Disability" has the meaning set forth in the Americans
- 3 with Disabilities Act under 42 U.S.C. 12101.
- 4 (4) "Eligible entity" means an organization:
- 5 (A) that is located in the United States;
- 6 (B) the primary purpose of which is to support new small
- 7 business concerns; and
- 8 (C) that is often classified as an accelerator.
- 9 (5) "Minority business enterprise" has the meaning set forth
- 10 in IC 4-13-16.5-1.
- 11 (6) "Program" means the program developed and
- 12 implemented by the authority under section 2 of this chapter.
- 13 (7) "Small business concern" means a small business concern
- 14 that has been in operation for not more than five (5) years.
- 15 (8) "Veteran business enterprise" means a business enterprise
- 16 that has a current verification as a veteran owned small
- 17 business concern under 38 CFR 74 et seq. by the Center of
- 18 Veterans Enterprise of the United States Department of
- 19 Veterans Affairs.
- 20 (9) "Women's business enterprise" has the meaning set forth
- 21 in IC 4-13-16.5-1.3.
- 22 Sec. 2. (a) Not later than July 1, 2020, the authority shall
- 23 develop and implement a program to award grants of not more
- 24 than twenty-five thousand dollars (\$25,000) to eligible entities to
- 25 support new small business concerns.
- 26 (b) A grant provided under this chapter:
- 27 (1) may be used for:
- 28 (A) construction costs;
- 29 (B) space acquisition;
- 30 (C) professional services;
- 31 (D) technology advances; and
- 32 (E) programmatic purposes; and
- 33 (2) may not be used to provide capital to new small business
- 34 concerns either directly or through a subaward of funds.
- 35 (c) In providing grants to eligible entities under this chapter, the
- 36 authority may use incremental or scheduled payments.
- 37 Sec. 3. An eligible entity desiring a grant under this chapter
- 38 must apply to the authority and demonstrate that the eligible entity
- 39 will use the grant money to provide assistance to not less than ten
- 40 (10) small business concerns per year.
- 41 Sec. 4. In soliciting applications and awarding grants to eligible
- 42 entities under this chapter, the authority shall employ a



1 streamlined and inclusive approach that:

- 2 (1) widely publicizes funding opportunities to a broad
3 audience;
4 (2) uses an easily accessible submission process or platform;
5 (3) shall make every effort to minimize:
6 (A) the use of forms, detailed budgets, supporting
7 documentation, or written submissions; and
8 (B) any other burdensome requirement;
9 (4) focuses on solution based approaches and results based
10 outcomes;
11 (5) encourages innovation; and
12 (6) allows proposals or pitches to be presented using various
13 formats or media.

14 **Sec. 5. The authority shall establish criteria for a grant under
15 this chapter and shall give priority to eligible entities that are
16 providing or plan to provide to new small business concerns:**

- 17 (1) office, manufacturing, or warehouse space, including
18 appropriate operations infrastructure;
19 (2) access to capital either directly from the eligible entity
20 (using amounts other than grant amounts provided under this
21 chapter) or through guidance and contacts for acquiring
22 capital from outside investors;
23 (3) access to professional services either directly from the
24 eligible entity or through guidance and contacts for acquiring
25 professional services, including accounting and legal services;
26 or
27 (4) a formal structured mentorship or developmental
28 program that assists new small business concerns with
29 building business skills and competencies.

30 **Sec. 6. In determining whether to award a grant under this
31 chapter to an eligible entity, the authority shall take into account:**

- 32 (1) for eligible entities that have in operation a program to
33 support new small business concerns, the record of the eligible
34 entity in assisting new small business concerns, including, for
35 each of the three (3) full years before the date on which the
36 eligible entity applies for a grant under this chapter:
37 (A) the retention rate of new small business concerns in the
38 program of the eligible entity;
39 (B) the average period of participation by new small
40 business concerns in the program of the eligible entity;
41 (C) the total, average, and median capital raised by new
42 small business concerns participating in the program of the



- 1 eligible entity; and
 2 (D) the total, average, and median number of employees of
 3 new small business concerns participating in the program
 4 of the eligible entity;
 5 (2) for all eligible entities:
 6 (A) the number of new small business concerns assisted or
 7 anticipated to be assisted by the eligible entity;
 8 (B) the number of new small business concerns applying or
 9 anticipated to apply for assistance from the eligible entity;
 10 (C) whether the program of the eligible entity provides or
 11 would provide assistance to individuals in gender, racial,
 12 or ethnic groups underrepresented by existing programs
 13 to assist new small business concerns; and
 14 (D) other metrics determined appropriate by the
 15 authority;
 16 (3) the need in the geographic area to be served by the
 17 program to be carried out using the grant for additional
 18 assistance for new small business concerns, if the area has
 19 sufficient population density, as determined by the authority;
 20 (4) the level of experience of the entrepreneurial leadership of
 21 the eligible entity; and
 22 (5) the ability of the eligible entity to use and leverage local
 23 strengths, including human resources, infrastructure, and
 24 educational institutions.
- 25 **Sec. 7. In order to promote diversity in entrepreneurship, the**
 26 **authority shall award not less than fifty percent (50%) of the**
 27 **amounts appropriated under section 15 of this chapter in a given**
 28 **fiscal year to:**
 29 (1) accelerators located in geographically underserved areas;
 30 and
 31 (2) accelerators for which not less than fifty percent (50%) of
 32 the small business concerns served by the accelerator are
 33 small business concerns that are:
 34 (A) owned and controlled by:
 35 (i) socially and economically disadvantaged individuals;
 36 (ii) formerly incarcerated individuals; or
 37 (iii) individuals with disabilities;
 38 (B) women's business enterprises;
 39 (C) minority business enterprises; or
 40 (D) veteran business enterprises.
- 41 **Sec. 8. (a) An eligible entity receiving a grant under this chapter**
 42 **shall obtain funds from a private individual or entity (including a**



1 for-profit or nonprofit entity) that are:

- 2 (1) for the same purposes for which a grant may be made
 3 under this chapter;
 4 (2) used to carry out the program of the eligible entity carried
 5 out using the grant under this chapter; and
 6 (3) in an amount that is not less than fifty percent (50%) of
 7 the amount of the grant under this chapter.

8 (b) Not more than twenty-five percent (25%) of the funds
 9 obtained under subsection (a) may be in the form of in kind
 10 contributions.

11 **Sec. 9.** The authority shall notify each eligible entity receiving
 12 a grant under this chapter that the failure to abide by the terms
 13 and conditions of the grant award or the requirements of this
 14 chapter may, in the discretion of authority and in addition to any
 15 other civil or criminal consequences, result in the authority
 16 withholding grant payments or ordering the eligible entity to
 17 return the grant funds.

18 **Sec. 10.** Each eligible entity receiving a grant under this chapter
 19 shall submit to the authority an annual report on the progress of
 20 the program carried out using the amounts received under the
 21 grant, including:

- 22 (1) the number of new small business concerns participating
 23 in the program during each of the three (3) years preceding
 24 the report;
 25 (2) the number of new small business concerns applying to
 26 participate in the program during each of the three (3) years
 27 preceding the report;
 28 (3) the retention rate of new small business concerns in the
 29 program;
 30 (4) the average period of participation in the program by new
 31 small business concerns;
 32 (5) the total, average, and median capital raised by new small
 33 business concerns participating in the program;
 34 (6) the total, average, and median number of employees of
 35 new small business concerns participating in the program;
 36 (7) the number of new small business concerns that are:
 37 (A) owned and controlled by:
 38 (i) socially and economically disadvantaged individuals;
 39 (ii) formerly incarcerated individuals; or
 40 (iii) individuals with disabilities;
 41 (B) women's business enterprises;
 42 (C) minority business enterprises; or



- 1 **(D) veteran business enterprises; and**
2 **(8) other metrics determined appropriate by the authority.**
3 **Sec. 11. The authority shall submit to the legislative council an**
4 **annual report before December 1, 2021, and each December 1**
5 **thereafter, on the program under this chapter. The annual report**
6 **shall include an assessment of the effectiveness of the program,**
7 **including an assessment based on the metrics listed in section 10 of**
8 **this chapter. The report to the legislative council must be**
9 **submitted in an electronic format under IC 5-14-6.**
10 **Sec. 12. The authority shall take appropriate action to**
11 **encourage eligible entities receiving a grant under this chapter to**
12 **use and incorporate other programs, including programs**
13 **administered by the Indiana economic development corporation**
14 **and assistance under the Small Business Investment Act of 1958**
15 **(15 U.S.C. 695 et seq.).**
16 **Sec. 13. In consultation with the Indiana department of**
17 **veterans' affairs, the authority shall make available outreach**
18 **materials regarding the opportunities for veterans within the**
19 **program under this chapter for distribution and display at local**
20 **facilities of the Indiana department of veterans' affairs.**
21 **Sec. 14. The authority shall include a list of eligible entities**
22 **receiving a grant under this chapter on the authority's Internet**
23 **web site.**
24 **Sec. 15. There is appropriated from the state general fund to the**
25 **authority:**
26 **(1) one million dollars (\$1,000,000) for the 2019-2020 state**
27 **fiscal year; and**
28 **(2) one million dollars (\$1,000,000) for the 2020-2021 state**
29 **fiscal year;**
30 **for the purposes of carrying out this chapter.**

