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FLOOR DEBATE

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Microenterprise Development Act of 1997 made it possible to provide loans, training and technical assistance to Nebraska businesses with five or fewer employees. The Microenterprise Development Act established the Department of Economic Development as the facilitator for microlending and microenterprise development. It also provided funding to foster the creation of microenterprises, and it also developed a permanent statewide infrastructure of microlending support organizations. And then finally, it enabled DED to engage in contractual relationships with statewide microlending support organizations. The original act defined as microloan any business loan up to \$25,000. LB 59 changes that definition to read \$35,000, so we're increasing the amount of loans that a microenterprise loan can be, from \$25,000 up to \$35,000. The bill does not change the \$247,500 amount in state General Funds that we allocate to this fund. We're not asking for more money; simply asking that the amount of the loans be increased to \$35,000. There are two reasons for the proposal. The microenterprise industry in the United States has moved to a new definition of "microloan," meaning \$35,000. So this, by increasing our amount from \$25,000 to \$35,000, we keep in step with the rest of the country's definition, and the U.S. Small Business Administration Microloan Program, and the Association for Enterprise Opportunity increased the definition of their microloan from \$25,000 to \$35,000 in 2001. Secondly, as capital needs for microbusinesses increase beyond the \$25,000 that was approved or set in 1997, business limits have obviously grown and we've got an equity gap. These are businesses that typically cannot get a loan from a bank, and an increase in a microloan size would provide them necessary capital for continued growth while building equity. Eighty-five...or, excuse me, eighty-seven percent of Nebraska's businesses have five or fewer employees. Microbusinesses are the base of Nebraska's economy, both from the perspective of their current activity and their future potential. The Nebraska Microenterprise Development Act is an important part of Nebraska's economic growth. It impacts small businesses throughout our state, and updating this definition will expand opportunities for these start-up businesses. I ask for your support in the advancement of LB 59. Thank you.