

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB EDTS 11-05 Microenterprises

SPONSOR(S): Economic Development & Tourism Subcommittee

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Economic Development & Tourism Subcommittee		Kruse	Kruse

SUMMARY ANALYSIS

In 1997, the Legislature authorized the Governor's Office of Tourism, Trade, and Economic Development to contract with a nonprofit or governmental organization to foster microenterprise development in Florida. The program provided a number of competitive grants to community-based nonprofit organizations located throughout the state, which in turn provided technical assistance and loans to low and moderate income individuals to help them achieve self-sufficiency through self-employment. However, the program experienced a high number of failures and the Legislature has not subsequently funded the program.

The bill repeals the law that created the microenterprise program.

The bill does not have a fiscal impact.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Microenterprises

In 1997, the Legislature authorized the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to contract with a nonprofit or governmental organization to foster microenterprise development in Florida. The Legislature appropriated \$1 million to OTTED to support this endeavor in Fiscal Year 1997-98. OTTED subsequently entered into a contract with Enterprise Florida, Inc., to develop and administer a microloan program. EFI, in turn, outsourced the program's administration to a consulting firm. The program, known as MicroEnterprise Florida, provided competitive grants to 17 community-based nonprofit organizations located throughout the state. Under the program, the nonprofit organizations provided technical assistance and loans to low and moderate income individuals to help them achieve self-sufficiency through self-employment. Loan amounts ranged from \$500 to \$10,000. Loan repayments were made to the microloan providers so they could be used to capitalize additional loans. MicroEnterprise Florida reported that it assisted 216 microenterprise start-ups and 16 expanding businesses in Fiscal Year 1998-99. However, Enterprise Florida, Inc., representatives reported that approximately 70% of businesses assisted by the program failed. The Legislature did not fund the program after Fiscal Year 1997-98.

Changes made by the bill

The bill repeals s.288.9618, F.S., which created the microenterprise law.

The bill has no fiscal impact.

The bill provides an effective date of July 1, 2011.

B. SECTION DIRECTORY:

Section 1. Repeals s. 288.9618, F.S.

Section 2. Provides an effective date of July 1, 2011.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES