

109TH CONGRESS
2D SESSION

H. R. 6150

To establish the National Minority Business Enterprise Incubator Program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2006

Mr. HAYWORTH introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To establish the National Minority Business Enterprise
Incubator Program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Minority
5 Business Enterprise Incubator Program Act”.

6 **SEC. 2. PURPOSES OF NATIONAL MINORITY BUSINESS EN-**
7 **TERPRISE INCUBATOR PROGRAM.**

8 The purposes of the National Minority Business En-
9 terprise Incubator Program are—

10 (1) to promote economic development and the
11 creation of wealth and job opportunity in low-income

1 areas and within areas of economic transition, inclu-
2 sive of parts of the country with declining manufac-
3 turing bases and among minority individuals living
4 in such areas through minority business enterprise
5 incubation centers;

6 (2) to develop a minority business enterprise in-
7 cubation program with the mission of providing fo-
8 cused technical and managerial assistance to aid in
9 the development of minority business enterprises;

10 (3) to make grants to economic development or-
11 ganizations and other entities for the purpose of pro-
12 viding business incubation services to minority busi-
13 ness enterprises; and

14 (4) to revitalize and reuse industrial or com-
15 mercial sites for entrepreneurship and economic
16 growth.

17 **SEC. 3. NATIONAL MINORITY BUSINESS ENTERPRISE INCU-**
18 **BATOR GRANTS.**

19 (a) IN GENERAL.—In accordance with the require-
20 ments of this section, the National Director of the Minor-
21 ity Business Development Agency may make 3-year to 5-
22 year grants to eligible organizations to establish and oper-
23 ate minority business enterprise incubator programs.

24 (b) APPLICATIONS.—To be eligible to receive a grant
25 under this section, an eligible organization shall submit

1 an application to the National Director at such time and
2 in such form and manner as the National Director may
3 require. Each such application shall include the grantee's
4 plan for establishing and operating a minority business en-
5 terprise incubator program.

6 (c) SELECTION OF GRANTEES.—In selecting the
7 grantees under this section, the National Director shall
8 evaluate and rank applicants in accordance with predeter-
9 mined selection criteria that will be stated in terms of rel-
10 evant importance of such criteria. The relative importance
11 of the criteria shall be made publicly available and stated
12 in each solicitation for applicants made by the National
13 Director. The criteria shall include the following:

14 (1) The experience of the applicant in con-
15 ducting business development.

16 (2) The experience of the applicant in tech-
17 nology and manufacturing.

18 (3) The extent to which the incubator will assist
19 in the development of low-income, women, or minor-
20 ity business, or the revitalization of rural areas,
21 inner cities, central cities, or depressed manufac-
22 turing areas.

23 (4) The extent to which the proposed site is in
24 an area of high unemployment and will result in the

1 reuse of a previously used industrial or commercial
2 site.

3 (5) The extent to which the applicant has a
4 management team in place with experience in run-
5 ning a business incubator or relevant business devel-
6 opment experience.

7 (6) The extent to which the applicant's plan will
8 result in the economic development of low-income
9 communities or high-unemployment areas.

10 (7) The ability of the applicant to successfully
11 establish and operate a minority business enterprise
12 incubator program.

13 (8) The ability of the applicant to enter into co-
14 operative agreements with financial institutions to
15 provide a streamlined process for business concerns
16 utilizing the minority business enterprise incubator
17 program to obtain financial assistance.

18 (9) The ability of the applicant to provide the
19 services of licensed professionals.

20 (10) The extent to which the applicant's plan
21 for establishing and operating a minority business
22 enterprise incubator program will do the following:

23 (A) Enhance minority business enterprise
24 development.

1 (B) Meet the needs and goals of the com-
2 munity in which the incubator is to be located.

3 (C) Serve as a catalyst for further entre-
4 preneurial development.

5 (D) Involve the rehabilitation of a ware-
6 house, factory, or building which has fallen into
7 disrepair.

8 (E) Assist in redeveloping and reinvesting
9 in an economically challenged or disadvantaged
10 area.

11 (F) Target minority and women entre-
12 preneurs.

13 (G) Focus on the development of manufac-
14 turing and technology.

15 (H) Retain or create jobs.

16 (I) Include assistance regarding marketing,
17 financial management, human resources devel-
18 opment, and access to capital (both debt and
19 equity).

20 (d) GRANT REQUIREMENTS.—Each grantee shall use
21 the grant funds to establish a minority business enterprise
22 incubator program, which shall make the following assist-
23 ance available (on a shared or unshared basis, as the
24 grantee may determine) to businesses participating in
25 such program:

1 (1) Office space.

2 (2) Office equipment, including computers, fac-
3 simile machines, photocopiers, access to tele-
4 communications services (including broadband serv-
5 ices), and manufacturing equipment.

6 (3) Administrative and technical staff.

7 (4) Training and technical assistance in the
8 areas of marketing, financial management, human
9 resources, and contracting.

10 (5) Assistance in obtaining loans.

11 (6) Assistance in locating investors and net-
12 working with local business organizations.

13 (7) Individualized reviews of marketing, finan-
14 cial, and business plans, which shall occur monthly
15 for such period as the National Director may deter-
16 mine and quarterly thereafter.

17 (8) Legal, accounting, and marketing services.

18 (9) Mentoring program with established, suc-
19 cessful, large businesses to last the duration of the
20 business' stay in the incubator.

21 (e) ADDITIONAL ASSISTANCE.—A grantee may use
22 grant funds to provide family care services to participating
23 business and any other assistance which is approved by
24 the National Director.

25 (f) ADDITIONAL PROGRAM REQUIREMENTS.—

1 (1) PARTICIPATING BUSINESSES.—Each grant-
2 ee shall select the businesses which will participate
3 in the grantee’s minority business enterprise incuba-
4 tion program. The grantee shall select businesses
5 which have the potential to be self-sustaining. Each
6 grantee shall require participating businesses to par-
7 ticipate in the technical and managerial training de-
8 scribed in subsection (d)(4), to submit marketing, fi-
9 nancial, and business plans and to participate in the
10 review of such plans described in subsection (d)(7).

11 (2) COOPERATIVE AGREEMENTS WITH FINAN-
12 CIAL INSTITUTIONS.—Each grantee shall enter into
13 a cooperative agreement with one or more financial
14 institutions to provide a streamlined process by
15 which participating businesses may obtain loans.

16 (3) FEES.—Each grantee may charge partici-
17 pating businesses a fee for the assistance provided to
18 such business by the grantee. The amount of such
19 fee shall be determined under a sliding scale based
20 on the financial success of the participating busi-
21 ness. The grantee may only charge a nominal fee for
22 the first 2 years of such businesses participation in
23 the incubator.

24 (g) NON-FEDERAL MATCHING FUNDS.—The Na-
25 tional Director shall not make available any grant funds

1 under this section until the grantee has contributed non-
2 Federal matching funds in an amount equal to 50 percent
3 of the amount of such grant funds.

4 (h) ELIGIBLE ORGANIZATIONS.—For purposes of
5 this section, the term “eligible organization” means any
6 of the following:

7 (1) An organization described in section
8 501(c)(3) of the Internal Revenue Code of 1986 and
9 exempt from tax under section 501(a) of such Code.

10 (2) A business league, chamber of commerce, or
11 board of trade described in section 501(c)(6) of the
12 Internal Revenue Code of 1986 and exempt from tax
13 under section 501(a) of such Code.

14 (3) A local development agency that is char-
15 tered, established, or otherwise sanctioned by a
16 State or local government.

17 (4) A small business development center (within
18 the meaning of section 21 of the Small Business
19 Act) or equivalent minority business enterprise cen-
20 ter, as defined by the National Director.

21 (5) A college or university.

22 (6) A unit of State or local government.

23 (i) FEDERAL COORDINATION.—The National Direc-
24 tor, in consultation with the Economic Development Ad-
25 ministration, the Rural Development Agency, the Depart-

1 ment of Agriculture, the Department of Housing and
2 Urban Development, the Delta Regional Authority, and
3 the Small Business Administration, shall—

4 (1) undertake efforts to coordinate and enhance
5 Federal programs that relate to minority business
6 enterprise incubation programs; and

7 (2) invite State and local governments, lending
8 institutions, and other appropriate public and pri-
9 vate organizations to serve as intermediaries in out-
10 reach efforts related to minority business enterprise
11 incubation programs.

12 (j) REPORTS.—

13 (1) INITIAL REPORT.—One year after the first
14 grant is made under this section, the National Di-
15 rector shall transmit to the Congress a preliminary
16 report regarding the National Minority Business En-
17 terprise Incubator Program conducted under this
18 section.

19 (2) FINAL REPORT.—Four years after the first
20 grant is made under this section, the National Di-
21 rector shall transmit to the Congress a final report
22 regarding the National Minority Business Enterprise
23 Incubator Program conducted under this section.
24 Such report shall include any recommendations of
25 the National Director regarding ways to improve

1 such program and the recommendation of the Na-
2 tional Director as to whether such program should
3 be extended.

4 (k) AUTHORIZATION OF APPROPRIATIONS.—There
5 are authorized to be appropriated to carry out this section
6 \$25,000,000 for each of fiscal years 2008 and 2009, which
7 amounts shall remain available until expended.

8 **SEC. 4. DEFINITION.**

9 As used in this Act, the term “National Director”
10 means the National Director of the Minority Business De-
11 velopment Agency.

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