

2010 -- H 8097

=====
LC02487
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

J O I N T R E S O L U T I O N

RELATING TO RHODE ISLAND PUBLIC CORPORATION DEBT MANAGEMENT ACT

Introduced By: Representatives Ruggiero, Edwards, Pollard, Baldelli-Hunt, and Marcello

Date Introduced: May 06, 2010

Referred To: House Finance

1 WHEREAS, The Rhode Island Economic Development Corporation was created by the
2 General Assembly pursuant to Chapter 64 of Title 42 of the General Laws in order to, among
3 other things, promote the retention and expansion of businesses and the creation of jobs in Rhode
4 Island; and

5 WHEREAS, One of the methods utilized by the Rhode Island Economic Development
6 Corporation to help promote and expand businesses in Rhode Island is the use of its quasi-public
7 corporation powers to issue bonds and debt and guarantees of debt; and

8 WHEREAS, Rhode Island's small businesses have been limited in their ability to obtain
9 reasonable credit by the national economic downturn and recession of 2008; and

10 WHEREAS, The Rhode Island Economic Development Corporation desires to create a
11 loan guarantee program pursuant to which it will be able to guarantee loan repayments in order to
12 induce lending to small businesses in Rhode Island; and

13 WHEREAS, The Rhode Island Economic Development Corporation seeks to have
14 authority pursuant to Chapter 18 of Title 35 of the General Laws to guarantee debts not to exceed
15 \$25,000,000 in the aggregate of unpaid principal, interest, and costs, thereby limiting the
16 contingent cost of such program to the state to such maximum amount of \$25,000,000; and

17 WHEREAS, The Rhode Island Economic Development Corporation requests the
18 approval of the General Assembly prior to undertaking such program; now, therefore, be it

19 RESOLVED, That the Rhode Island Economic Development Corporation (the
20 "corporation") is hereby empowered and authorized pursuant to Chapter 18 of Title 35 of the

1 General Laws to guarantee the indebtedness of a borrower pursuant to the corporation's Small
2 Business Stimulus Guaranty Program as follows: (i) The corporation is empowered and
3 authorized to guaranty the indebtedness of a small business borrower of up to fifteen percent
4 (15%) of a loan that is guaranteed by the United States Small Business Administration pursuant
5 to its section 7a lending program as authorized by the United States Small Business Act of 1953
6 and the Small Business Act; and (ii) The corporation is empowered and authorized to guaranty
7 the indebtedness of a small business borrower of up to forty percent (40%) of a loan that is
8 guaranteed by the United States Small Business Administration pursuant to its SBA Express
9 program. Any fees paid to a corporation shall be utilized by the corporation to make payments
10 due on such guarantees. Any recoveries by the corporation of guaranteed payments are to be
11 returned to the guaranty reserve fund and utilized to reduce any obligation of the state pursuant to
12 any guarantees entered into by the corporation; and be it further

13 RESOLVED, That on or before January 1 of each year, the corporation shall issue a
14 report on all guarantees issued by the corporation pursuant to this Joint Resolution. The report
15 shall include at a minimum: a list of each guarantee issued; a description of the borrower on
16 behalf of which the guarantee was issued; the lender that made the loan; the amount of such loan,
17 to such borrower; the amount of principal and interest on each such loan outstanding as of the
18 date of such report; a summary of the collateral securing the repayment of such loan for which the
19 guarantee was issued; and a summary of the economic impacts made by such borrower as a result
20 of the guaranteed loan, including but not limited to, the number, type, and wages of jobs created
21 by such borrower, any impacts on the industry in which the borrower operates, and an estimate of
22 income taxes for the State of Rhode Island generated by the employees of such borrower and the
23 borrower itself; and be it further

24 RESOLVED, That this Joint Resolution shall take effect upon passage.

=====
LC02487
=====