

Bill number	S. 566
Title	Rural Entrepreneur and Micro-Enterprise Assistance Act of 2007
Sponsor / Co-sponsors	Sponsored by Sen. Ben Nelson (D-NE) Co-sponsors: Sen. Ken Salazar (D-CO)
Description	The Rural Entrepreneur and Micro-Enterprise Assistance Act (S. 566) would establish a program within the United States Department of Agriculture to provide valuable technical and financial assistance to “micro-enterprises” (generally defined as businesses with 10 or fewer employees, though most have 5 or less.) The establishment and continued success of micro-enterprise businesses is generally recognized as crucial to sustaining vibrant rural economies. The program would specifically target economically disadvantaged entrepreneurs who would not be able to otherwise get access to credit.
Latest Development	Introduced on 2/13/2007
ACTION NEEDED	ENCOURAGE YOUR SENATORS TO CO-SPONSOR THIS IMPORTANT BILL.

Background: Micro-enterprises and rural entrepreneurs are key ingredients for successful rural economies. Micro-enterprises are generally defined as having 10 or fewer employees, yet most of these businesses actually have less than five full-time employees. The Center for Rural Affairs found that in farm and ranch counties in Iowa, Kansas, Minnesota, Nebraska, and the Dakotas nearly 60% of the job growth in the 1990s came from people creating their own jobs by starting small non-farm businesses. This approach has been proven to work. The Kansas City Federal Reserve Bank concluded that “entrepreneurs can generate new economic value for their communities. Entrepreneurs add jobs, raise incomes, create wealth, and improve the quality of life of citizens and help rural communities operate in the global economy.”

One of the biggest barriers that these micro-enterprises and rural entrepreneurs face is the lack of access to financing and technical assistance. Many cannot secure bank financing for a variety of reasons including no credit history or poor credit history, insufficient collateral, and limited or no business experience. In addition, with the increase in bank consolidation and the decline of rural banks, character lending techniques are no longer available.

The Rural Entrepreneur and Micro-Enterprise Assistance Act would establish a program within the United States Department of Agriculture to provide valuable technical and financial assistance to these “micro-enterprises”, specifically targeting economically disadvantaged entrepreneurs who would not otherwise be able to get access to credit. The Act is patterned after Nebraska’s Micro-enterprise Development Act which has provided \$6.9 million in loans to micro-enterprises, at an average loan size of \$8,200, and provided training and technical assistance to 15,000 individuals and businesses over the past 10 years. As of June 30, 2006, Nebraska’s program has led to the creation and retention of over 7000 jobs at an average cost of less than \$350 per job. Each dollar of state funding in 2006 for this program leveraged over \$12 from other sources.

The *Rural Entrepreneur and Micro-Enterprise Assistance Act (S. 566)* would:

- Provide training and technical assistance through USDA qualified organizations to build capacity and expertise
- Authorize USDA to make grants to these qualified organizations to provide training and technical assistance to micro-entrepreneurs in rural areas
- Establish a low interest fund and technical assistance grants through which USDA will loan to qualified intermediary organizations who will make loans and provide technical assistance to micro-businesses that borrow the funds
- Authorizes \$50 million per year for this program from mandatory funds authorized in the upcoming farm bill

FOR MORE INFORMATION ABOUT THIS & OTHER RURAL DEVELOPMENT PROGRAMS, GO TO:

<http://www.sustainableagriculturecoalition.org/farmbill/FinalPolicyBackgnd%20-%20Rural%20Development.pdf>