
SALT LAKE CITY COUNCIL MEMORANDUM

DATE: June 15, 2004
TO: Council Members
FROM: Gary Mumford
SUBJECT: SMALL BUSINESS REVOLVING LOAN FUND STUDY
CC: Sam Guevara, Rocky Fluhart, Steve Fawcett, DJ Baxter

The Department of Management Services completed a study in compliance with Utah Code Section 10-8-2 (sometimes referred to as the Doug Short ruling) regarding the Small Business Revolving Loan Fund. The 2003 Legislature added language to the state code providing that a municipal legislative body may appropriate money for corporate purposes that in the judgment of the municipal legislative body, provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality subject to a study of the value received for any money appropriated and subject to a public hearing.

The study finds that benefits to the City of the Small Business Revolving Loan Fund include increasing the size and number of businesses operating within the City and thus stimulating further economic development, creation of jobs or preserving jobs, increasing property values resulting in increased property tax revenues to the City, increasing sales tax revenues to the City, encouraging private investment, blight elimination and enhancing neighborhood vitality. In many cases, the interest rate charged exceeded the interest rate the City earned on its pooled investments. The study concludes that the net value to be received by the City by making future loans will constitute adequate consideration, or equivalent value, for the benefit being provided in making such loans.

The resolution also restates the criteria that the Council previously established. No changes are proposed to the actual criteria, but a section has been added that refers to the net benefit the City will derive and lists the factors to be considered by the City's Small Business Revolving Loan Fund Committee. This list includes economic development, job creation, job preservation, blight elimination, safety, and convenience of the inhabitants of the municipality.

SUGGESTED MOTION

Following the public hearing, the Council may wish to consider the following motion:

["I move that the Council"] **Adopt a resolution accepting the study and authorizing an appropriation of \$900,000 for the City's Small Business Revolving Loan Fund and amending the loan criteria for that fund.**