



Tennessee Department of
Economic and Community Development

BERO | Business Enterprise Resource Office
Annual Report, Fiscal Year 2017

This page was intentionally left blank.



STATE OF TENNESSEE
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
STRATEGY DIVISION
312 ROSA L. PARKS AVENUE, TWENTY-SEVENTH FLOOR
NASHVILLE, TENNESSEE 37243
TELEPHONE: 615.741.2626
WWW.TN.GOV/ECD/BERO

November 29, 2017

Greetings:

Pursuant to Tennessee Annotated Code Section 4-26-105, the Department of Economic and Community Development, Business Enterprise Resource Office (BERO) shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

Herein, please find the BERO annual report for FY2017. In an effort to conserve resources and to access resources within more easily online, only a [digital version](#) is being distributed this year. If you have any questions regarding this report, please do not hesitate to contact Wisty Pender, state director, at 615-741-8914 or wisty.pender@tn.gov.

Respectfully submitted,

Wisty Pender
State Director, BERO



BERO Annual Report | Index

	Foreword	1
	About BERO	2
	BERO Website	3
	Performance Metrics Employer and Nonemployer and Economic Inclusion Data <ul style="list-style-type: none">• Nonemployer and Employers Businesses• Economic Inclusion of Businesses in Tennessee	4
	Tennessee SmartStart Hardcopy to Interactive	5
	LIFTTN: Microenterprise A rural and urban core microenterprise development program	8
	Update Governor's Rural Task Force Rural Businesses	10
	BERO Program Data and Reports	11
	Recommended Reading	14
	Attachment: Enabling Statute	15



BERO Annual Report | Foreword

The report herein addresses a range of topics specifically regarding disadvantaged businesses (DBE) in Tennessee. The following highlights align with Gov. Haslam's priorities of Jobs and Economic Development, Education and Workforce Development, and Fiscal Strength.

The following areas are highlights for consideration:

Employer and Nonemployer and Economic Inclusion Dashboards

Housed on TNECD's Performance Metrics website are three dashboards that provide key DBE and small business data at the fingertips of the user. The data includes user friendly tools to see the employment at small businesses, job growth occurring among small businesses, and the age of Tennessee's small businesses and nonemployers. The newest dashboard, "Economic Inclusion of Businesses in Tennessee," includes data that may be sorted not only by owners by race, ethnicity, gender and/or veteran status, but also by industry (NAICS codes), geographic area (statewide, MSA, or county) and by year (2012, 2007, 2002).

Tennessee SmartStart

From FY2015 to FY2016 the usage of BERO's key online resources, Tennessee Smart Start Guide (PDF format) and How to Start a Business, a simplified step-by-step guide to registering a business in Tennessee, averaged a combined total of approximately 10,000 unique pageviews per month. The resources were in demand and plans to create Tennessee SmartStart™, an interactive guide, began in FY2016. In FY2017, the process of combining those two key resources into a decision tree model application with mobile accessibility began. The design and early testing occurred during FY2017 with the official release taking place in September 2017, during FY2018. Also of note is that Smart Start (hard copy version) was submitted (in FY2017) and awarded (in FY2018) the gold award by the [International Economic Development Council](#).

LiftTN: Microenterprise

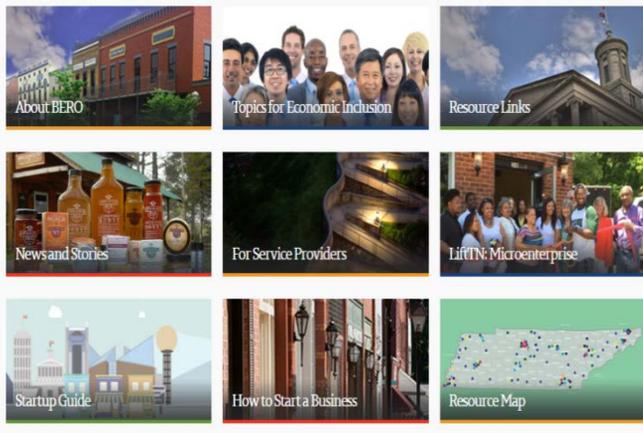
"LiftTN: Microenterprise," a program to expand microenterprise development across the state. TNECD launched the Rural Edition as a pilot program in February 2015 with \$400,000 in total grant money awarded over a two-year contract to five grantees. The program, funded through the United States Department of Housing and Urban Development (HUD) chose to meet the national objective of low to moderate income (LMI). At the time of its launch, Tennessee was the only state using this approach with HUD's Community Development Block Grants (CDBG) dollars. In FY2017, the Urban Core Edition launched its first pilot round of funding, which was made available through state dollars. LiftTN is a reimbursable grant program.

The first fully competitive round of application for both Rural and Urban Core Editions opened in early FY2018 tn.gov/ecd/topic/liftn.

There are many exciting things happening across Tennessee's DBE and small business landscape!



About BERO | Business Enterprise Resource Office



BERO is housed within the state of Tennessee Department of Economic and Community Development (TNECD).

BERO | Business Enterprise Resource Office

- serves as a voice for and advocate of economic inclusion*;
- analyzes, disseminates and promotes best practices and access to capital to service providers; and
- reports on the status of DBEs statewide (disadvantaged businesses or **DBEs).

*Economic inclusion describes the efforts made to bring DBEs into the economic mainstream.

**For the purposes of BERO, DBE refers to businesses owned by women, minorities, veterans and persons with disabilities; as well as those in areas of chronic high unemployment and low income.

BERO was legislatively established within the department of economic and community development in 1977 by Title 4, Chapter 26 as the office of business enterprise.

Inquires

BERO addresses direct information requests received for business information and assistance made through telephone, email, postal service and referrals from communities, elected officials, resource partners, other businesses, etc. Individuals and companies can submit requests for business information through TNECD's website at tnecd.com/about/contact. BERO also serves as a go-to resource on DBE topics to TNECD's business development staff statewide. The most requested topics are related to elements involved in steps to startup or move a business, access to capital, certification and procurement.

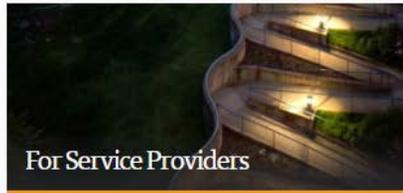
Presentations and Events

Below is an abbreviated sample list of the events in which BERO was represented through participation, presentation and/or a booth during FY2016.

- USDA Rural Development Conference, Murfreesboro
- Memphis Demo Day, Memphis
- Global Action Summit, Nashville
- BEST, Cohort 3, TN Women's Prison, Nashville
- SBA Emerging Leaders Program, Nashville
- CO.STARTRES Summit, Chattanooga
- IEDC Federal Forum, Arlington, VA
- LiftTN: Microenterprise grand openings, Bolivar
- SBA Federal procurement Conference, Nashville
- Diversify 2017, Chattanooga
- TDOT Annual DBE Meeting, Franklin

Contact Information

Wisty Pender
State Director, BERO
Tennessee Department of Economic and Community Development
Tennessee Tower, 27th Floor
312 Rosa L. Parks Ave., Nashville, TN 37243
p. 615.741.8914
wisty.pender@tn.gov
tn.gov/ecd/bero
TNECD.com
TNSmartStart.com



Here's what you'll find...

- The numbers and distribution, educational attainment, industries and more on DBEs in the state through annual reports (*About BERO*)
- Procurement, certification, policy information and resources for businesses owned by women, minorities, veterans, persons with disabilities, previously incarcerated and youth (*Topics in Economic Inclusion*)
- State and federal resources for all businesses, including information on grants (*Resource Links*)
- Newsletters that highlight best practices, access to capital, opportunities for funding, articles from the previous quarter geared towards resources partners, service providers, EDs, chambers, etc. (*News and Stories*)
- Resources for communities, services providers (*For Service Providers*)
- Funding opportunities for rural and urban core microenterprises (*LiftTN: Microenterprise*)
- Tennessee Smart Start Guide, in PDF format, a guide for new and existing small businesses and entrepreneurs (*Startup Guide*)
- Starting a business in Tennessee from resources to help with ideas to how register it legally (*How to Start a Business*)

Note:

As of November 2017, the BERO website is undergoing a change with the addition of the Tennessee SmartStart™ application as well as the additions to the Key Performance Indicators (KPI) dashboard with employer and nonemployer business and economic inclusion data, among others items.



Performance Metrics | Employer and Nonemployer and Economic Inclusion Data

Tennessee has ranked #1 in Small Business Job Growth from January 2017 to June 2017 and continues to hold the #1 spot as of October 2017. *Source: PAYCHEX - IHS SMALL BUSINESS JOBS INDEX*

Small Business Employment

View the dashboard [here](#).

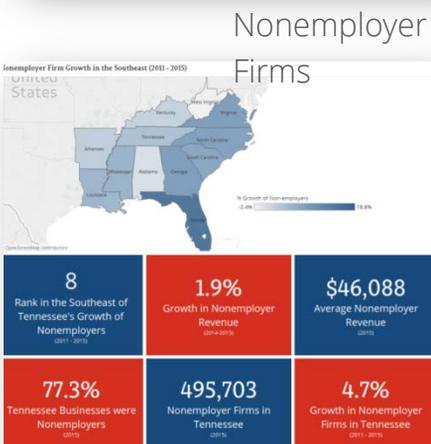
This dashboard includes employment at small businesses, job growth occurring among small businesses, and the age of Tennessee’s small businesses. The dashboard reflects private sector employers, thereby excluding nonemployers and government or other public sector organizations.



Nonemployer Firms

View the dashboard [here](#).

Businesses classifying as “nonemployers” have annual receipts of \$1,000 or more and are subject to federal income taxes. Most nonemployers are self-employed individuals ... The majority of all business establishments are nonemployers, but due to their small economic impact, these firms are excluded from most other federal business statistics.



Economic Inclusion of Businesses

View the dashboard [here](#).

This dashboard represents information on the economic inclusion of business owners by race, ethnicity, gender and veteran status in Tennessee. It includes data on businesses with and without employees. Data may be further sorted by industry (NAICS codes), geographic area (statewide, MSA, or county) and by year (2012, 2007, 2002).

Key screenshots of dashboards located [here](#).





Tennessee SmartStart | Hardcopy to Interactive

The Tennessee Smart Start Guide (Smart Start), the print version, is distributed throughout TNECD's nine regions and to its resource partners and stakeholders including, but not limited to, elected officials, chambers of commerce, development districts, state agencies (such as the Office of the Small Business Advocate, Revenue, Secretary of State, Human Services and Labor and Workforce Development), UT-CIS, TN Small Business Development Centers, the US Small Business Administration, USDA Rural Development, SCORE, the Federal Reserve Banks of Atlanta and St. Louis, regional entrepreneur centers, coworking spaces, business incubators, among many others. Approximately 10,000 hard copies were printed and distributed in a 10-month period.

From FY2015 to FY2016 the usage of BERO's key online resources, Smart Start (PDF format) and How to Start a Business, a simplified step-by-step guide to registering a business in Tennessee, averaged a combined total of approximately 10,000 unique pageviews per month. The resources were in demand and plans to create an interactive guide began in FY2016. In FY2017 the process of combining those two key resources into Tennessee SmartStart™, a decision tree model application with mobile accessibility began. The design and early testing occurred during FY2017 with the official release taking place in September 2017, during FY2018. Also of note, is that Smart Start, the print version, was submitted (in FY2017) and was awarded (in FY2018) the gold award by the [International Economic Development Council](#) for the "special purpose print brochure" category.

* * *

From the September 2017 [press release](#)...

TNECD LAUNCHES NEW ONLINE TENNESSEE SMARTSTART GUIDE

Interactive guide provides resources crucial to early stage businesses

...Tennessee SmartStart™ provides resources through an interactive, step-by-step guide designed to assist early stage business owners establish a business in Tennessee and navigate rules and regulations.

...Continue reading [here](#).

Hard Copy/PDF

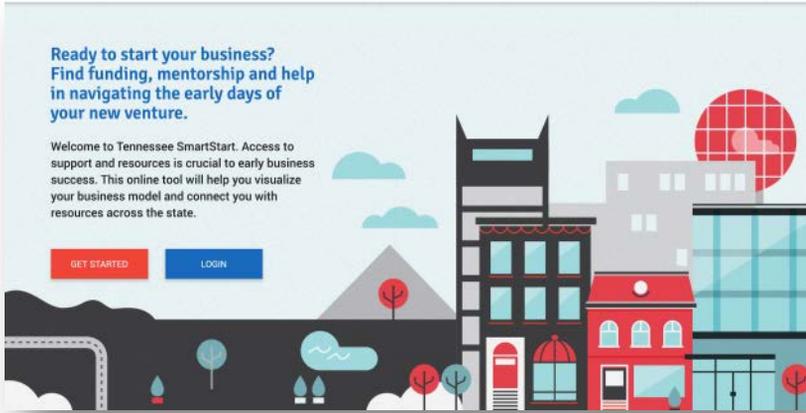


Online tool





Tennessee SmartStart | Screenshots 1



Smart Businesses Start Here

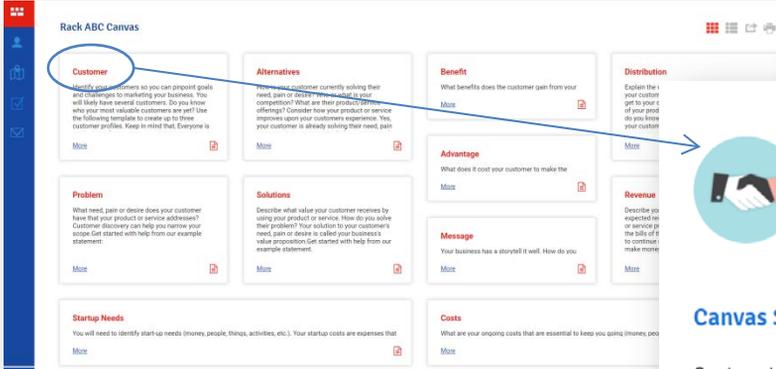
Watch this video to learn how to use the app, and/or visit the website at tnsmartstart.com to get started now.

Tennessee SmartStart™





Tennessee SmartStart | Screenshots 2



Customer



Identify your customers so you can pinpoint goals and challenges to marketing your business. You will likely have several customers. Do you know who your most valuable customers are yet? Use the following template to create up to three customer profiles. Keep in mind that, "Everyone is our (potential) customer!" isn't narrow enough to help you market your business. Get started with help from our example statement:

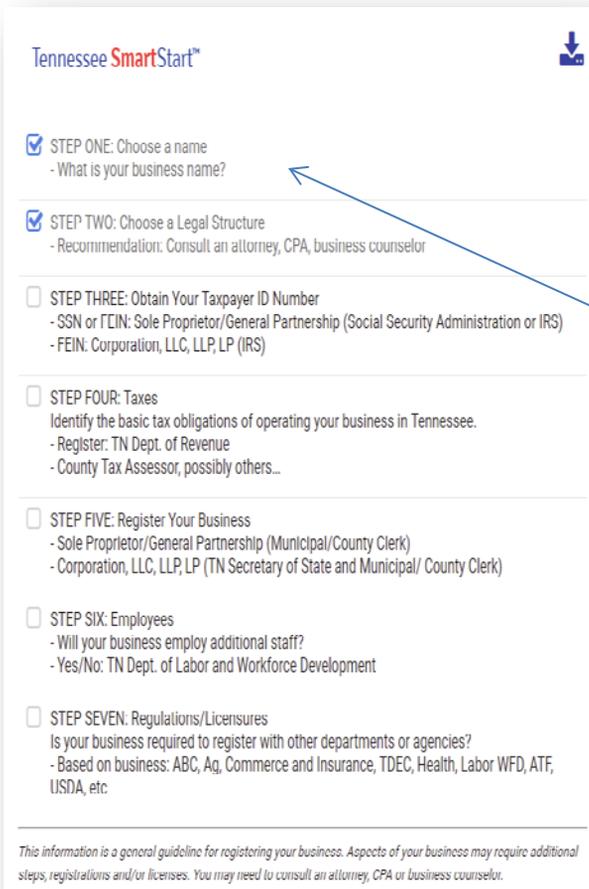
Canvas Starter

Our target customer is primarily between the ages of with an average income of and they work in the business/industry.

Details

Business Model Canvas

Users complete a canvas that may be customized to the specific business.



Checklist

It provides a simplified step-by-step guide to registering a business in Tennessee.

Tennessee SmartStart | Next Steps

This is Phase I of development. Resources will continue to be added and updated as well as become more localized. This tool is part of the mobile platforms (see Governor's Rural Task Force Update) as well as the No Wrong Door/Front Door approach to reach the new and existing entrepreneurs and small business in Tennessee.

Other steps that are under consideration are soft referrals and virtual mentorship.



LIFTTN: Microenterprise | A rural and urban core microenterprise development program

About LiftTN: Microenterprise, Rural and Urban Core Editions

“LiftTN: Microenterprise,” a program to expand microenterprise* development across the state. TNECD launched the Rural Edition as a pilot program in February 2015 with \$400,000 in total grant money awarded over a two-year contract to five grantees. The program, funded through the United States Department of Housing and Urban Development (HUD) chose to meet the national objective of low to moderate income (LMI). At the time of its launch, Tennessee was the only state using this approach with HUD’s Community Development Block Grants (CDBG) dollars. In FY2017, the Urban Core Edition launched its first pilot round of funding, which was made available through state dollars. LiftTN is a reimbursable grant program.

What’s next?

The first fully competitive round of application for both Rural and Urban Core Editions opened in early FY2018.

*“Microenterprise” is a business with five (5) or fewer employees including its owners.

Original Rural program press release [here](#). Learn more about the grantee’s respective programs visit the website [here](#).

Rural Edition, pilot program, 2015-2017 Grantees and Projects

[Communities Unlimited](#)
(west)



[altShops](#), a business incubator program for popup retail shops

Knoxville Chamber
(east)



[Propel](#), a mentor-protégée program

Growth Enterprises Nashville
(middle and statewide)



[Incubator Without Walls](#), virtual business incubation program

Sonnenschein Green Initiative
(community-based)



[Hohenwald Marketplace](#), a place for local vendors to operate and sell services and goods

[TN Code Academy](#), BizFoundry
(youth)



Apps and Entrepreneurship, teaching youth to make an app and how to monetize it



LIFTTN: Microenterprise | A rural and urban core microenterprise development program

Urban Core Edition, pilot program, FY2017

Grantees and Projects

City of Memphis, [Office of Business Diversity & Compliance](#)
(Memphis)



Expansion of Sub-to-Prime pilot procurement program initiative. Sub-to-Prime works with businesses through offering bid training, scaling assistance and reducing certification costs.

Memphis BioWorks Foundation/[EPIcenter](#)
(Memphis)



Establish and sustain successful entrepreneurship training and support in partnership with MCUTS (Memphis Center for Urban Theological Studies) and Alcy Ball CDC.

[Greater Memphis Chamber](#)
(Memphis)



Support for the research, development and launch of the Memphis Chamber's mentor-protégé program.

[Greater Knoxville Chamber of Commerce](#)
(Knoxville)



Two initiatives: (1) the Propel Mentor-Protégé program, through the utilization of distance learning options, as well as provide program fees support to enable protégé businesses to participate in the Propel program, and (2) increase participation in the Young Entrepreneurs Academy (YEA!) that teaches middle and high school students how to start their own business.

[LEAP Organization](#)
(Clarksville)



Two program initiatives: (1) a youth career readiness program (for 15-18 year olds) that incorporates entrepreneurship modules, provides internships and has a juvenile court referral component, and (2) to operate an education and technical assistance program for entrepreneurs.

[LAUNCH](#), Inc.
(Chattanooga)



Two program initiatives : (1) entrepreneurial education through startup training and (2) increased participation in public and private procurement (in partnership with Chattanooga Chamber of Commerce Office of Diversity and Inclusion)

Update | Governor's Rural Task Force Rural Businesses

Recommendations from the Governor's Rural Task Force (RTF), began in FY2016, are in the execution process.

Refresher:

RTF was a year-long process begun with initial meetings, followed by input sessions after which six committees were created to develop specific action steps. One of the six was the Agriculture, Entrepreneurship and Small Business committee, which met from March 2016 to June 2016.

The Agriculture, Entrepreneurship and Small Business committee was comprised of 29 members including elected officials, stakeholders, service/resource providers, entrepreneurs, farmers, bankers, government agencies and nonprofits, among others representing all parts of the state. It was a truly an engaged working committee that invested their time and brought the breadth of their knowledge and talents to bear. The committee submitted five (the maximum number) proposals on topics related to access to capital, including grants, loans and tax incentives, as well as, branding, access to markets, education and technical assistance. The recommendations from the Agriculture, Entrepreneurship and Small Business are robust. Take a moment to check them out.

From the final report:

The report on the RTF was released on October 10, 2016. There were 22 proposals outlined in it. Over 120 individuals participated in the six committees, and the two main areas that emerged were capacity building and placemaking. Capacity building speaks to the process of increasing the community's ability to take advantage of resources and achieve its goals. Placemaking deals with the planning and design of community places to promote the overall well-being of an area.

The capacity building recommendations for the State's rural businesses that expand access to resources and capital, and which are currently in process are the following:

- Rural Small Business and Entrepreneur Education and Technical Assistance (p.33-36) includes:
 - Gap Analysis
 - Buildout of Smart Start Guide/Tennessee SmartStart™
 - Front door/No Wrong Door
 - Mobile Bus Tour
- Access to Capital for Agricultural and Rural Businesses through Rural Opportunity Fund (p. 42)
- AgEnterprise Adjustment Fund (p. 46)

Page numbers are for the Governor's Rural Task Force recommendations [here](#).

The Agriculture, Entrepreneurship and Small Business committee continues to provide input and support as the mentioned projects are launched and evolve.

BERO | Program Data and Reports



Program Data

The department shall maintain complete and consistent program data. (TCA §4-26-104(C)(b)(2))

Data continues to be organized in a similar fashion as is presented here. BERO is housed within the strategy division of TNECD.

Reports

The enabling statute for the Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO) requires several written reports. The reports fall under the following:

- TCA [§4-26-105](#). Reports.
- TCA [§4-26-106](#). Disadvantaged business loan guarantee program.
- TCA [§4-26-107](#). Guidelines and reports to the government operations committees of the senate and house of representatives.
- TCA [§4-3-728](#). Community development block grants to disadvantaged businesses.

TCA [§4-26-105](#) Reports.

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

The Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO), was created in the Department of Economic and Community Development (TNECD) by Chapter 135 of the Public Acts of 1977, codified as TCA §4-26-101 et seq.

Update

During FY2015, BERO went through sunset hearings and was unanimously continued for five years.

Given the era of BERO's establishment and the changes that have taken place in the 40 years since its original statute, suggested revisions for consideration were submitted to the department by BERO prior to the issuance of this report.

Staffing

The office is composed of a dedicated director charged with managing the statutory duties of the office.



Reports (continued)

TCA §4-26-106. Disadvantaged business loan guarantee program.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

HISTORY: Acts 1990, ch.1071, § 1.

Comment

This loan program remains unfunded within TNECD.

TCA §4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller. [Acts 2006, ch. 935, § 3.]

Comment:

There is nothing to report relative to this section.

TCA §4-3-728. Community development block grants to disadvantaged businesses.

BERO shall annually report on advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.

Community Development Block Grants (CDBG)

TNECD awards CDBGs to rural municipalities and communities for infrastructure, health and safety projects, and downtown improvement. The communities in turn contract with a company for its CDBG project performance.

Per federal guidelines under Section 570.491 of the State Community Development Block Grant (CDBG) Rule requires states to submit to HUD data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in or beneficiaries of CDBG programs. The following shows what the participation report reflected for the applicants, and *does not include* entitlement communities. Entitlement areas are Shelby County and Memphis, Jackson, Clarksville, Davidson County, Murfreesboro, Franklin, Hendersonville, Oak Ridge, Knox County and Knoxville, Chattanooga, Cleveland, Morristown, Kingsport, Bristol and Johnson City.



Reports (continued)

As the following data does not include the entitlement communities data, it is not an accurate representation of the total DBE participation in projects funded through HUD CDBG dollars statewide.

Contract Awards for Federal FY2016

In the U.S. Department of Housing and Urban Development (HUD) report, Contract and Subcontractor Activity for non-entitlement communities, the CDBG awards were reported for the federal fiscal year, October 1, 2016 to September 30, 2017. There were 109 total prime contracts made to 61 firms totaling \$23,750,128.25. Of the 109 contracts, 15 contracts (or 13.7 percent) totaling \$1,696,370.00 (or 7.1 percent) were awarded to firms classified as women-owned and none went to businesses classified as minority-owned. Of the 109 total contracts 40 (36.7 percent) totaling \$18,141,660.25 (76.4 percent) were construction projects and 69 (63.3 percent) were categorized as professional services/other. Additionally there were 53 total subcontracts made to 50 firms totaling \$2,661,784.00. Of the 53 contracts, five (9.4 percent) for a total of \$202,653.00 were awarded to firms classified as women-owned and none went to businesses classified as minority-owned. Of the 53 total subcontracts 28 (52.8 percent) totaling \$1,129,634.00 (42.4 percent) were construction projects, and 20 (47.2 percent) totaling \$1,532,159.00 (57.6 percent) were categorized as professional services/other.

HUD uses the following racial and ethnic designations for its reporting: White Americans, Black Americans, Native Americans, Hispanic Americans, Asian/Pacific Americans and Hasidic Jews.

tn.gov/ecd/CDBG

Comment:

BERO partnered with the Governor's Office of Diversity Business Enterprise (Go-DBE) to make CDBG opportunities available to a larger numbers of DBEs by posting contracting opportunities in the Current Procurement Opportunities section of [Go-DBE's webpage](#).



BERO | Recommended Reading

Note: Look over the Recommended Reading in the annual report as well as the articles provided in the newsletters over the course of the last year for further DBE-related information.

- Ezell, S., Andes, S., Localizing the economic impact of research and development: Policy proposals for the Trump administration and Congress (Washington D.C., Brookings Institute, December 2016), itif.org/publications/2016/12/07/localizing-economic-impact-research-and-development-policy-proposals-trump.
- Fetsch, Emily, Including People of Color in the Promise of Entrepreneurship, Educational Policy Brief (Kansas City, MO: Entrepreneurship Policy Digest, Ewing Marion Kauffman Foundation, December 5, 2017), kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/including-people-of-color-in-the-promise-of-entrepreneurship.
- From Struggle to Resilience: The Economic Impact of Refugees in America (New American Economy: newamericaneconomy.org, June 2017), research.newamericaneconomy.org.
- Kelley, D., Singer, S., et. al. GEM 2015/16 Global Report (London, UK: Global Entrepreneurship Research Association, June 2016), gemconsortium.org/report.
- Kerr, Sari Pekkala and Kerr, William, Working Paper: Immigrant Entrepreneurship (Boston, MA: Harvard Business School, July 2016), hbs.edu/faculty/Pages/item.aspx?num=51304.
- Main Street Marshall Plan, State of Black America 2017 (New York, NY: National Urban League, May 2017), stateofblackamerica.org
- Minority Business Development Oversight Committee, Executive Summary (Memphis, TN: City of Memphis, August 2015), memphistn.gov/Portals/0/pdf_forms/Minority%20Business%20Development%20Oversight%20Committee%20Report.pdf.
- Prison to Proprietor: Entrepreneurship as a Re-entry Strategy (Washington, D.C.: Field at the Aspen Institute, September 2016), aspeninstitute.org/publications/prison-proprietor-entrepreneurship-re-entry-strategy.
- Puente, Lucas, 2016 Thumbtack Small Business Friendliness Survey: Methodology & Analysis (Thumbtack.com, June 15, 2016), thumbtack.com/blog/2016-methodology.
- Seeds of Growth: Building Your Local Economy By Supporting Immigrant Entrepreneurs, Welcoming America and Global Detroit (Decatur, GA: Welcoming America), welcomingamerica.org/sites/default/files/SeedsofGrowth_FINAL_web.pdf.
- The State of Women-Owned Businesses, 2016 (American Express OPEN, April 2016), womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf.
- The State of Women-Owned Businesses, 2017 (American Express OPEN, November 8, 2017) about.americanexpress.com/news/docs/2017-State-of-Women-Owned-Businesses-Report.pdf.
- The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success (Washington, D.C.: Association for Enterprise Opportunity, February 2017), aeoworks.org/images/uploads/fact_sheets/AEO_Black_Owned_Business_Report_02_16_17_FOR_WEB.pdf.
- Wilmoth, Daniel, The Ascent of the Senior Entrepreneur (Washington, D.C.: SBA Office of Advocacy, August 18, 2016), sba.gov/sites/default/files/advocacy/Ascent-Senior-Entrepreneur.pdf.

BERO ANNUAL REPORT FY2017

ATTACHMENT



**Tennessee Department of Economic & Community Development
Business Enterprise Resource Office (BERO)
Enabling Statute: Attachment A**

**Title 4 State Government
Chapter 26 Business Enterprise Office (2017)**

4-26-101. Establishment.

There is established within the department of economic and community development an office of business enterprise.

HISTORY: Acts 1977, ch. 135, § 1; T.C.A., § 4-2601.

4-26-102. Chapter definitions.

As used in this chapter, unless the context otherwise requires:

(1) "Bid bond" means a bond conditioned upon the entering into a contract by a bidder, if the bidder receives the award thereof, and furnishing the prescribed payment bond and performance bond;

(2) "Commissioner" means the commissioner of economic and community development;

(3) "Department" means the department of economic and community development;

(4) "Director" means the director of the office of business enterprise;

(5) "Disability" means a physical impairment that, in the written opinion of a person's licensed physician, substantially limits one (1) or more of the major life activities of such person and is expected to continue to exist for more than five (5) years. As used in this subdivision (5), "major life activities" means caring for oneself and performing manual tasks, which includes writing, walking, seeing, hearing, speaking, and breathing;

(6) "Disadvantaged business" means a business that is solely owned, or at least fifty-one percent (51%) of the outstanding stock of which is owned, by a person who is either:

(A) By reason of social background unable to obtain technical, business or financial assistance of a quality or quantity similar to that available to the average business;

(B) Impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war; provided, that it is not the policy of this state to encourage employment outside the home of mothers of minor children;

(C) Unable to compete effectively because of tendencies of regular financing and commercial organizations to restrict their services to established businesses;

(D) In a state of chronically low income because of long residence in an urban area with high unemployment and low income; or

(E) Impeded from normal entry into the economic mainstream because of a disability;

(7) "Obligee" means:

(A) In the case of a bid bond, the person requesting bids for the performance of a contract; or

(B) In the case of a payment bond or performance bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a payment bond or performance bond;

(8) "Payment bond" means a bond conditioned upon the payment by the principal of money to persons under contract with the principal;

(9) "Performance bond" means a bond conditioned upon the completion by the principal of a contract in accordance with its terms;

(10) "Prime contractor" means the person with whom the obligee has contracted to perform the contract;

(11) (A) "Principal" means:

(i) In the case of a bid bond, a person bidding for the award of a contract; or

(ii) The person primarily liable to complete a contract for the obligee, or to make payments to other persons in respect of such contract, and for whose performance of such person's obligation the surety is bound under the terms of a payment or performance bond.

(B) A principal may be a prime contractor or a subcontractor;

(12) "Subcontractor" means a person who has contracted with a prime contractor or with another subcontractor to perform a contract; and

(13) "Surety" means the person who:

(A) Under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond;

(B) Under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract; or

(C) Under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if the principal fails to make prompt payment.

HISTORY: Acts 1977, ch. 135, § 2; T.C.A., § 4-2602; Acts 1987, ch. 369, § 2; 1993, ch. 488, § 1; 1994, ch. 767, §§ 1, 2.

4-26-103. Powers and duties.

The department is authorized to:

(1) Provide assistance to disadvantaged businesses by advising and counseling on all phases of procurement policies, by obtaining information concerning prime contractors in letting subcontracts and by encouraging the letting of subcontracts by prime contractors to disadvantaged businesses;

(2) Receive funding from sources other than the state;

(3) Make studies and conduct workshops, conferences and seminars, with owners and employees of disadvantaged businesses to enhance their understandings of business management, bidding, licensing procedures, procurement procedures and any other activities incident to their positions in business;

(4) Develop training and educational programs in cooperation with institutions, associations, and other state, local and federal agencies, and coordinate the training efforts of the various organizations presently providing technical assistance to disadvantaged businesses;

(5) Encourage and provide the direction and coordination necessary to secure franchises and dealerships from private firms for disadvantaged businesses;

(6) Review and evaluate legislation and determine its effect upon disadvantaged businesses and make appropriate

recommendations to the governor and the general assembly;

(7) Employ such personnel as may be required to implement and administer this chapter; and

(8) (A) Develop sources of capital for minority entrepreneurs;

(B) Assist in setting up new minority banks, small business investment companies, as defined in 15 U.S.C. § 681(a), and minority enterprise small business investment companies, being the companies authorized in 15 U.S.C. § 681(d) [repealed]; and

(C) Develop loan packages to assist minority business persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.

(b) (1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.

(2) The department shall maintain complete and consistent program data.

4-26-104. Purpose and construction.

This chapter shall be liberally construed to carry out the following purposes and objectives that:

(1) Disadvantaged businesses share in the American economic system of private enterprise through free and vigorous competition;

(2) Such competition be fostered through the encouragement and development of disadvantaged businesses; and

(3) The state aid, counsel and assist in every practical manner disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community.

HISTORY: Acts 1977, ch. 135, § 4; T.C.A., § 4-2604.

4-26-105. Reports.

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

HISTORY: Acts 1977, ch. 135, § 5; T.C.A., § 4-2605; Acts 2013, ch. 236, § 14.

4-26-106. Disadvantaged business loan guarantee program.

(a) (1) The general assembly finds that conventional funding sources for emerging and expanding disadvantaged businesses are limited or nonexistent.

(2) The general assembly further finds that promoting and encouraging economic opportunity and development within the state's minority community is a worthy public purpose.

(3) Such economic opportunity and development serve the health, safety and welfare of all citizens through creation of long-term employment opportunities, reduction of unemployment, diminished demand for costly social services and increased revenue collections.

(b) (1) There is created within the state treasury a restricted account not to exceed fifty thousand dollars (\$50,000) to be known as the "disadvantaged business loan guarantee account."

(2) Amounts in the account at the end of any fiscal year shall not revert to the general fund but shall remain available to the department for the purposes set forth in this section.

(3) Amounts in the account shall be invested for the benefit of the account by the state treasurer pursuant to § 9-4-603. The account shall be administered by the commissioner.

(c) (1) There is created within the department the disadvantaged business loan guarantee program.

(2) The purpose of the loan guarantee program is to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.

(3) To qualify for a loan guarantee, a disadvantaged business must demonstrate to the satisfaction of the commissioner that the loan will be fully repaid and will produce economic benefit for the community and state.

(4) The department is authorized to determine the total dollar amount of loans to be guaranteed, subject to a maximum of five (5) times the balance of appropriated funds within the loan guarantee account, plus income, less expenses associated with the program.

(5) The department is authorized to charge a premium to the borrower to help defray the cost of administering the program.

(6) The department may establish other terms and conditions for guarantees of loans.

(7) The total aggregate amount of the loan guarantee may not exceed eighty percent (80%) of any loan.

(8) All documentation evidencing a loan guarantee shall clearly state that such guarantee is an obligation of the disadvantaged business loan guarantee account and not of the general fund or the state of Tennessee, and that any amounts required to be paid pursuant to the loan guarantee are subject to the availability of sufficient funds within the guarantee account.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

HISTORY: Acts 1990, ch. 1071, § 1.

4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller.

HISTORY: Acts 2006, ch. 935, § 3.

Additional TCA relative to BERO:**Title 4 State Government****Chapter 3 Creation, Organization and Powers of Administrative Departments and Divisions****Part 7 Department of Economic and Community Development****4-3-728. Community development block grants to disadvantaged businesses.**

(a) Notwithstanding any provision of the law to the contrary, in the allocation and use of community development block grants it is the policy of this state that a substantial portion of such grants shall be utilized whenever reasonably possible for the development of contracts with disadvantaged businesses as defined in § 4-26-102.

(b) The office of business enterprise in the department of economic and community development shall advise the commissioner, or any other official with authority to allocate or disperse community block grants, of disadvantaged businesses that should be considered as recipients of such block grants.

(c) The office of business enterprise shall annually report not later than December 1, to the general assembly, of all such advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.

HISTORY: Acts 1984, ch. 873, § 1.

4-3-732. Enhanced policymaking role for minority business.

Notwithstanding the provisions of any law to the contrary, the director of the office of business enterprise, created by § 4-26-101, may, in the discretion of the commissioner, serve as a full, voting member of each committee, board, task force, group or other entity that is formally or informally attached to or established within the department for the purpose of formulating, adopting or recommending state policies to enhance economic and community development. The general assembly urges the department of economic and community development to develop an enhanced policymaking role for minority business.

HISTORY: Acts 1996, ch. 976, § 1.

Title 7 Consolidated Governments and Local Governmental Functions and Entities Local Government Functions**Chapter 53 Industrial Development Corporations****Part 3 Operation and Powers****7-53-313. Purpose.**

(b) To assist industrial development corporations in achieving such purposes and objectives, the department of economic and community development and the office of business enterprise, established by § 4-26-101, shall be available to provide technical assistance and consultation.

HISTORY: Acts 1999, ch. 298, § 1.