



Tennessee Department of
Economic and Community Development

BERO | Business Enterprise Resource Office
Annual Report, Fiscal Year 2020



STATE OF TENNESSEE
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
RURAL AND COMMUNITY DEVELOPMENT
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TN.GOV/ECD/BERO

November 23, 2020

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 commerce 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 FY2020. In an effort to conserve resources and to access resources within more easily online, this report is posted in the BERO website. If you have any questions regarding this report, please do not hesitate to contact Wisty Pender, state director, at 615.741.1888 or wisty.pender@tn.gov.

Respectfully submitted,

Wisty Pender
State Director, BERO

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BERO Annual Report | Index

Tennessee has ranked in the top 10 for small business friendliness in the last four out of five years (2014-2018). *Source: Thumbtack Small Business Friendliness Survey*

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BERO Annual Report | Foreword

Talent is everywhere, opportunity is not. *Nicholas Kristoff*

The report herein addresses a range of topics specifically regarding disadvantaged businesses (DBE) and small businesses in Tennessee.

As Tennessee, the nation and the world work through the ongoing impacts of COVID-19, access to resources, education and tools is crucial for our State's DBEs, small businesses and entrepreneurs. Throughout this report, there are references to relevant outside sources as well as the section titled, BERO Recommends, a list of additional recommended readings, videos, tools, etc.

In a working paper for the National Bureau of Economic Research (NBER), "[The Impact of COVID-19 on Small Business Owners: Evidence of Early-stage Losses from the April 2020 Current Population Survey](#)," released in June 2020, Robert Fairlie, noted the following regarding DBEs:

...The first estimates of the effects of COVID-19 on the number of business owners from nationally representative April 2020 CPS data indicate dramatic early-stage reductions in small business activity. The number of active business owners in the United States plunged from 15.0 million to 11.7 million over the crucial two-month window from February to April 2020. [...]

African-American businesses were hit the hardest by COVID-19. The first estimates from April 2020 for black business owners in the United States indicate a massive drop of 41 percent. Simulations indicate that the industry distribution of blacks was partly responsible placing black business owners at greater risk of losses due to the pandemic. Latinx businesses were also hit hard by COVID-19 losing 32 percent of business owners. Asian business owners experienced a 26 percent decline over the critical two-month window. [...] Immigrant businesses were also devastated with losses of 36 percent. The negative early-stage impacts on minority- and immigrant-owned businesses, if prolonged, may be problematic for broader racial inequality because of the importance of minority businesses for local job creation (disproportionately for other minorities), economic advancement, and longer-term wealth inequality (Boston 1999, 2006; Bradford 2003, 2014; Fairlie and Robb 2008).

[...] The disproportionate losses in April 2020 to the number of female business owners will only further increase gender inequality in business ownership and perhaps broader economic inequality.

The following are two initiatives of particular interest, intended to support aspiring and existing DBEs, small businesses and entrepreneurs and the communities in which they live and work:

- **TN SmartStart™ Community Initiative** | Smart Businesses Start Here

The TN SmartStart™ Community initiative trains and equips Community Partners with the resources and tools to address the needs of new and existing small businesses and entrepreneurs within their own communities. A SmartStart™ Community partners with TNECD's BERO office to support a thriving "no wrong door" approach to education, tools and resources.

- **TN Placemakers Entrepreneurship Fund** | New category: Pivot and Recover

Established to increase the success and stabilization of local small businesses and entrepreneurs impacted by COVID-19 through technical assistance, operating expenses, technology or microgrant programs.



Resources to Know About | COVID-19

Encourage business to seek assistance sooner rather than later to find support

As businesses manage their day-to-day operations, the following are some quick references for high-level information that can be (and has been) shared:

For small, innovation, creative, main street, startups

These websites offer guidance from health officials, various updates and resources to support small businesses and startups, webinars and other virtual learning opportunities. Check them regularly as they are updating as applicable.

- [Center for Profitable Agriculture](#): COVID-19 resources for ag-related businesses
- [Co.Starters' Recovery Guide](#)*: a “continuously curating of resources to help small businesses regain their footing after disaster”
- [HelloAlice: COVID-19 Small Business Resource Center](#)*: funding and guidance on how to support entrepreneurs and small business owners through the impacts of coronavirus
- [NFIB](#): A membership-based small business association supplying COVID-19; some things are for members only
- [Pathway Lending/Women's and Veteran's Business Outreach Centers](#): from lending to providing a wide-range of services, which include in-depth business counseling, classroom training, and peer-to-peer learning to help entrepreneurs start, expand, and successfully manage their businesses.
- [SBA](#) and [TSBDC](#): up-to-date resource providers to help with preparing and [submitting SBA loans](#) (for COVID-19 and tornados)
- [State of Tennessee](#): a reliable point of entry for businesses seeking assistance
** especially robust breadth of resources including private grants*

For larger businesses

- [TN Chamber](#) updates: They are doing a good job of providing daily updates for the businesses and chambers
- [UT-CIS](#): List resources by Industry and Field (i.e. guidance for manufactures, OSHA guidance, industrial disinfectant use, etc.)

For communities

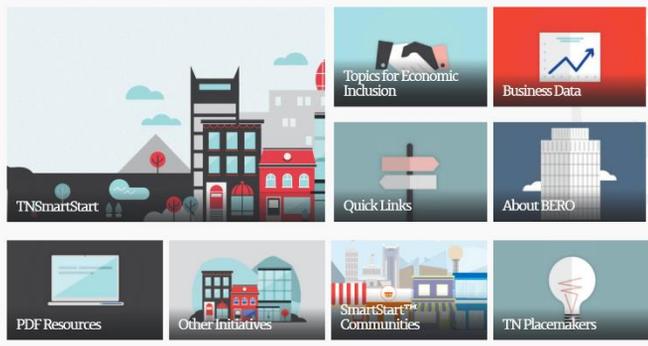
- [Aspen Institute](#): COVID-19 Resources Useful for Rural People and Communities
- [Co.Starters' Recovery Guide](#): a “continuously curating of resources to help small businesses regain their footing after disaster”
- [National Main Street](#): they are compiling existing resources, opportunities, and community response examples to help Main Street districts during this crisis
- [Nonprofit Finance Fund](#): provides a COVID-19 guide for nonprofits
- [Restore Your Economy](#): IEDC managed, resources for working on economic recovery efforts for a disaster-impacted community
- [Retail Strategies](#): a good guide for retailers and communities that addresses federal small business loans; laws and advocacy; local resources for marketing, getting creative.

▲ NOTE: Access to Education, Resources and Tools

In periodic check-ins with grantees and other ESOs (entrepreneur support organizations) a corollary outcome we have identified is that businesses that participated in some type of small business or entrepreneurial training, business counseling, or other formalized program are weathering better overall.



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.

TN.GOV/ECD/BERO

Inquiries

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

The first part of FY2020 was much like previous years events tied to DBEs, small business and entrepreneurship development with the last part of the fiscal year focused on COVID-19.

- Meeting on innovations in technology on emerging technologies, especially blockchain by [Tokenize TN](#) (statewide)
- Rural Strong Initiative (Athens, [Winchester](#), Martin, Jackson)
- 36/86 Festival (Nashville)
- ESO (entrepreneur support organizations) on [theVenture](#) around TN and Rural Development Conference
- △ Coordinated statewide COVID-19 disaster declaration with the US Small Business Administration (SBA)
- △ Hosted the SBA for daily to weekly webinars with specifics on Economic Injury Disaster Loans (EIDL) and Paycheck Protection Program (PPP)
- △ Participations in Town Hall calls with various legislators;
- △ Coordination of targeted outreach for DBEs

Contact Information

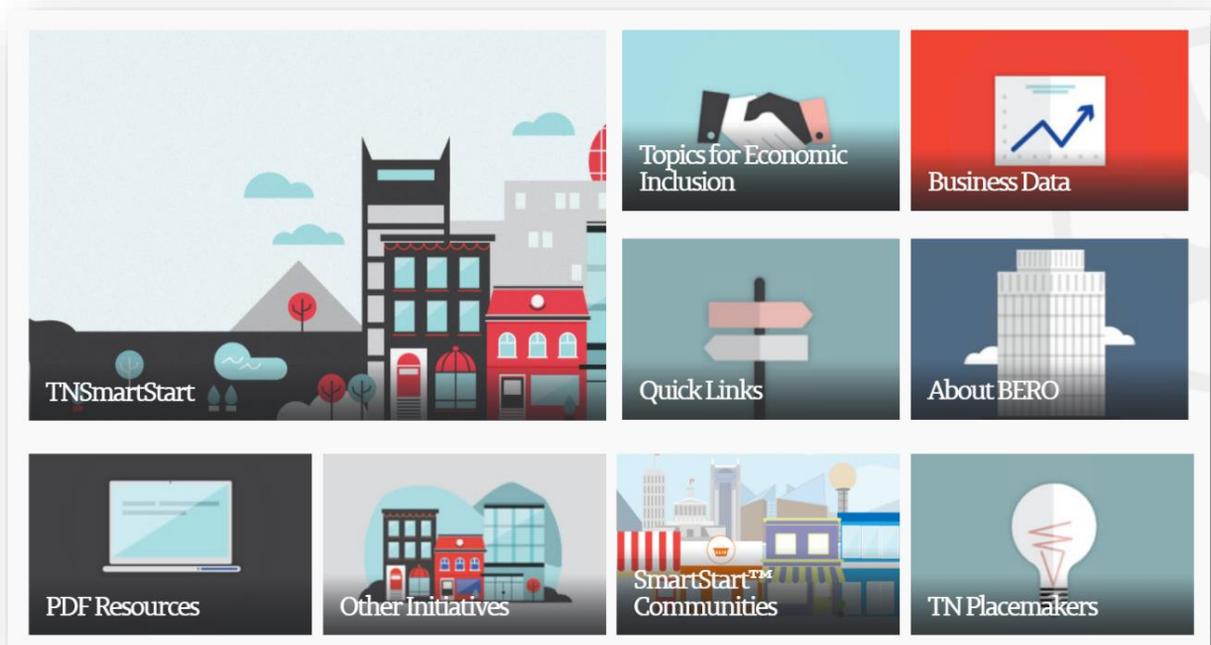
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BERO | Website overview

70% of small businesses in Tennessee felt positive in April 2019, placing them 3rd nationwide. That's an improvement from a year ago. *Source: Thumbtack, 2019 Small Business Friendliness Survey*



Here's what you'll find...

- Interactive guide for starting a business, including how to register, referrals to entrepreneur support organizations for assistance locally, and a dynamic business model canvas, all of which are tailored to the user's responses (*TN SmartStart*)
- Static, PDF/hardcopy resources: (1) TN SmartStart™ Guide, a guide for new and existing small businesses and entrepreneurs, (2) a visual flowchart "How to Start a Business," and (3) a blank Business Model Canvas (*PDF Resources*)
- Procurement, certification, policy information and resources for small and DBE business owners (*Topics in Economic Inclusion*)
- Access to current data for businesses that have employees or have no employees as well as data based on business ownership by race, ethnicity, gender and veteran status. (*Dashboards*)
- Resources to help businesses and communities deliver better, with topics from advocacy to data collection, art to agriculture to tech. (*Quick Links*)
- General information and annual reports (*About BERO*)
- Funding opportunities for rural and urban core small business and entrepreneurship development (*TN Placemakers* Entrepreneurship Fund*)
- *TN SmartStart™ Community* initiative trains and equips Community Partners with the resources and tools to address the needs of new and existing small businesses and entrepreneurs within their own communities.
- Public-Private Partnerships: Rural Opportunity Fund, TN Driving Innovation mobile platforms – theLab, the Venture and theAMP (*Other Initiatives*)

*Placemakers leverage local assets (human and natural) in a way that impacts the cultural, economic and social aspects of their community to intentionally create a good sense of place and enhance a strong sense of community and well-being.



Dashboards | (Non)Employer and economic inclusion data

The startup survival rate percent of startups in TN, still active after one year is 81.18% compared to the US at 79.78%. *Source: Kauffman Indicators of Entrepreneurship*

Small Business Employment

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.

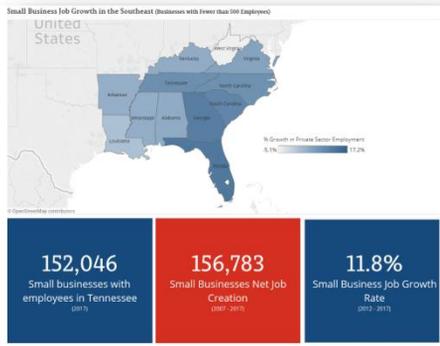
Nonemployer Firms

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.

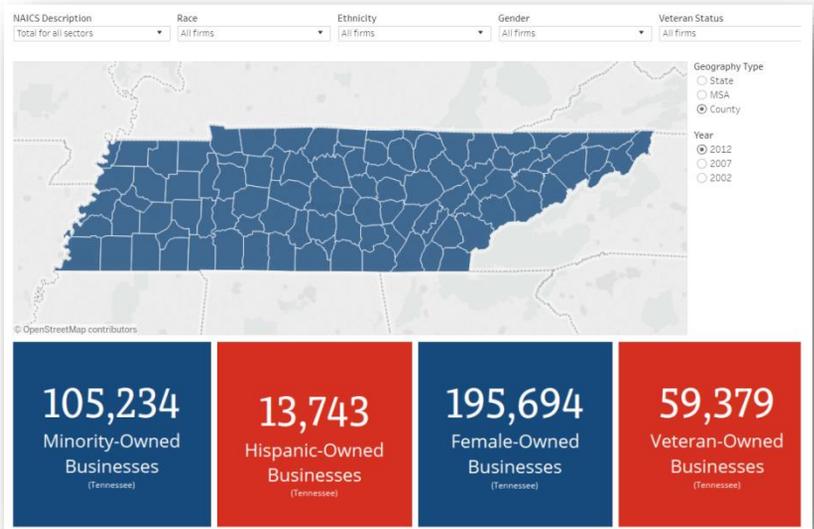
Economic Inclusion of Businesses

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).

Small Business Employment



Economic Inclusion of Businesses



Nonemployer Firms



NOTE:

The Census Bureau reconfigured and replaced multiple surveys replacing them with the “Annual Business Survey.” We are in the process of determining how best to present the data and plan to update the dashboard during 2021 appropriately. To learn more about the survey, visit [here](#).

Locate all dashboards located [here](#).



Tennessee SmartStart™ | A bit of guidance

With one of the country's best business climates, there's no better place to start or grow a business than in Tennessee.

Upon the declaration of the national emergency issued on March 13, 2020, the focus on websites for DBEs, small businesses and entrepreneurs shifted to centralizing resources for COVID-19 impacted business at tn.gov/smallbusiness. Everything was developing and shifting at a brisk pace, and dissemination of resources became the primary focus. As would be expected, the shift of people wanting to start businesses slowed and businesses needing assistance and guidance took precedence. This website contained everything from how to apply for the US Small Business Administration's (SBA) economic injury disaster loans (EIDL) and Paycheck Protection Program (PPP) to coordinating and hosting daily to weekly webinars and accompanying videos to various State programs from how to apply for unemployment for our state's sole proprietors and 1099 contractors to the TN Business Relief Program to reopening and accessing personal protection equipment (PPE).

It is worth mentioning that while in FY2019, SmartStart™ saw upwards of 250K pageviews, from January to July there were approximately 180K pageviews with the same number of pageviews directed to tn.gov/smallbusiness for COVID-19 related resources.

The **Tennessee SmartStart Guide™** (SmartStart™) is utilized throughout TNECD's nine regions and among a wide array of 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.

SmartStart™ enables a user to do three things: (1) get a step-by-step guide to register a business in Tennessee, (2) connect relevant resources, and (3) create a business model canvas. It is noteworthy that on some pages (canvas) of the .com site users spend almost four minutes, which a very long time comparatively and it also has a very low bounce rate of less than one percent. It serves as a base component of the TN SmartStart™ Community initiative.

Tennessee SmartStart™



Smart Businesses
Start Here

[TNSMARTSTART.COM](https://tnsmartstart.com)

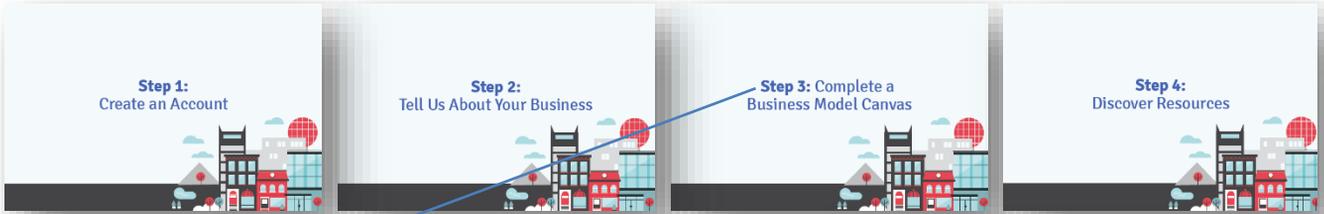
On a related but separate project note:

Tennessee was selected as one of five states (AK, CO, DE, RI) to the National Governor's Association (NGA) and Pew Charitable Trust's (Pew) Small Business Regulatory Academy. One focus that NGA/Pew chose to focus on the section was TN SwiftStart, a complete lifecycle business registration with the goal of making Tennessee the easiest place in the nation to start and run a business. SwiftStart, at its core, is a customer focused approach to meeting the needs of a businesses. The initial meeting with NGA and Pew was slated for March 2020, the project was paused due to COVID-19. It is the longer-term goal of SmartStart™.



Tennessee SmartStart | Locating resources

Smart Businesses Start Here



Rack ABC Canvas

Customer Identify your customer(s) you can profitably reach and challenge yourself to serve. 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 customer" isn't narrow enough to help you market your business. Get started with help from our example statement:	Alternatives How is your customer currently solving their need, pain or desire? Why or what is your current solution? Are there products/services offered by competitors that your customer is already solving their need, pain or desire?	Benefit What benefits does the customer gain from your product or service?	Distribution Explain the ways your product or service reaches your customers. How does your production channel get to your customer's hands? Do you offer them all the ways you were successful in reaching your customer? Keep in mind that since you have
Problem What need, pain or desire does your customer have that your product or service addresses? Your Customer Discovery can help you refine your scope. Get started with help from our example statement:	Solutions Describe what value your customer receives by using your product or service. How do you solve their problem? Your solution to your customer's need, pain or desire is called your business's value proposition. Get started with help from our example statement.	Advantage What does it cost your customer to make the choice to use your product or service?	Revenue Describe your plans for at least one of your targeted revenue streams. How is your product or service priced? What ways are you using to pay the bills of the business? You have to earn money to continue a successful business, and you may make money via various revenue streams in your
Startup Needs You will need to identify startup needs (money, people, things, activities, etc.). Your startup costs are expenses that		Message Your business has a story to tell. How do you tell it?	Costs What are your ongoing costs that are essential to keep you going (money, people, things)? Think about your

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 women/females between the ages of 32-40 with an average income of \$38K to \$90K and they work in the marketing business/industry.

Details

Business Model Canvas

Users complete a business canvas by answering the mad lib questions. The user's answers populate the canvas, and that helps users better understand what they still need to know, and it gives them a way to talk about their business with one of the resources on their referral list.

Tennessee SmartStart

- STEP ONE: Choose a name**
- What is your business name?
- STEP TWO: Choose a Legal Structure**
- Recommendation: Consult an attorney, CPA, business counselor
- STEP THREE: Obtain Your Taxpayer ID Number**
- SSN or FEIN: Sole Proprietor/General Partnership (Social Security Administration or IRS)
- FEIN: Corporation, LLC, LLP, LP (IRS)
- STEP FOUR: Taxes**
Identify the basic tax obligations of operating your business in Tennessee.
- Register: TN Dept. of Revenue
- County Tax Assessor, possibly others...
- STEP FIVE: Register Your Business**
- Sole Proprietor/General Partnership (Municipal/County Clerk)
- Corporation, LLC, LLP, LP (TN Secretary of State and Municipal/ County Clerk)
- STEP SIX: Employees**
- Will your business employ additional staff?
- Yes/No: TN Dept. of Labor and Workforce Development
- STEP SEVEN: Regulations/Licenses**
Is your business required to register with other departments or agencies?
- Based on business: ABC, Ag, Commerce and Insurance, TDEC, Health, Labor WFD, ATF, USDA, etc.

This information is a general guideline for registering your business. Aspects of your business may require additional steps, registrations and/or licenses. You may need to consult an attorney, CPA or business counselor.

Checklist

Registering a business is not an intuitive process and may require various registrations across multiple agencies at local, state and federal levels.

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



The simplified version from the hard copy/PDF version serves as a quick reference visual guide and is easy to access. This is a great resource for any size business.

Good to know

Resources continue to be added and updated as well as become more localized.



Initiatives to Know About | Small businesses and DBEs



Initiatives within TNECD

- **TN SmartStart™ Community**

It is a community that partners with BERO to support a thriving entrepreneurial environment by being trained in the utilization of available tools and resources for local entrepreneurs.

(tn.gov/ecd/bero)

- **TN Placemakers Entrepreneurship Fund**

Fund is a pool of monetary resources dedicated to assisting entrepreneurs and small business statewide (from rural to urban) create and expand their businesses.

(tn.gov/ecd/rural-development/tn-placemakers.html)

- **Opportunity Zones**

A federal economic development tool designed to spur economic development and job creation in low-income communities.

(tn.gov/ecd/opportunity-zones.html, oz.tnecd.com)

- **Economic Gardening**

Targets existing second stage small businesses with assistance on strategic issues and provides customized research so they can grow.

(Tennessee.NationalCenterEG.org)

Initiatives through Public-Private Partnership

- **Rural Opportunity Fund**

Access to \$18.75M in capital for loans and lines of credit ranging from \$5,000 to \$5M for Tennessee's rural small businesses.

(pathwaylending.org)

- **Driving Innovation**

A mobile resource for youth and adults designed to create awareness and provide technical assistance for future and existing small businesses. All three platforms, theLab, theVenture and theAMP, are travelling the highways and byways of Tennessee.

(tndrivinginnovation.com)



SmartStart™ Community | A “no wrong door” approach

Smart Businesses Start Here

The SmartStart™ Community initiative was piloted initially in Pulaski and Collierville. The full rollout was set to begin in the first quarter of 2020; due to COVID-19 the program was reworked to take place fully virtual by early summer.

What is a SmartStart™ Community?

The TN SmartStart™ Community initiative trains and equips Community Partners with the resources and tools to address the needs of new and existing small businesses and entrepreneurs within their own communities. A SmartStart™ Community partners with TNECD’s BERO office to support a thriving “no wrong door” approach to education, tools and resources.

What are the benefits?

A SmartStart™ Community increases collaboration in a community, enabling its members to deliver the most up-to-date resources and tools to its aspiring and existing small businesses and entrepreneurs. Participating organizations, or Community Partners, increase value in their own community and improve overall customer and stakeholder satisfaction.

How does a community participate?

Communities self-select, and

1. Have a minimum of three unique Community Partners
2. Attend an initial training
3. Agree to regular communication with BERO

Onboarding is rolling and multiple communities may attend trainings.

Who can be a Community Partner?

Any organization in the community that is willing to provide resources for their aspiring and existing small businesses and entrepreneurs. Partners can be any combination of elected official’s, chambers of commerce, ESOs (Entrepreneurial Support Organizations), electric providers, business leaders and entrepreneurs, educational institutions, artists, maker’s spaces, inventors, etc. There is a lot of flexibility because each “community” is different.

Estimate: 35 Tennessee SmartStart™ Communities trained by the end of CY2020, and an additional 15 to completed by the end FY2021. Communities are listed on the website upon completion of specified steps.

For more information visit tn.gov/ecd/bero.

A Tennessee SmartStart™ Community



Smart Businesses Start Here



TN Placemakers Entrepreneurship Fund | Apply now!

Talent is everywhere, opportunity is not. *Nicholas Kristoff*



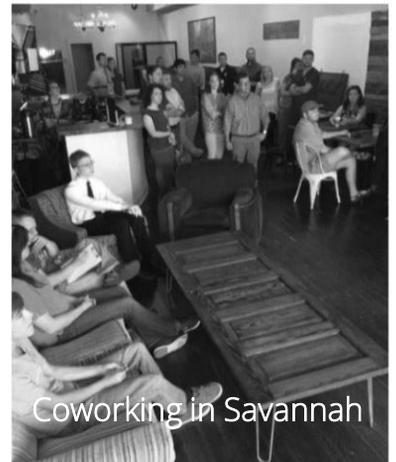
Sweetwater



Mentor-Protégé Urban and Rural TN



Etsy in Rural TN



Coworking in Savannah

General Placemakers update:

To date, 22 grants totaling \$843,000 have been awarded from rural to urban core areas of Tennessee with a focus on underserved and underrepresented existing and future microenterprises and DBEs. Additional dollars are available in FY2020.

• • •

▲ NOTE: Access to Resources, Education and Tools

As it relates to PPP... "Indeed, the process for loan forgiveness is likely to be more complicated than the process for loan applications, which means that there needs to be a commensurate investment in local capacity to help small business owners with technical assistance."

Source: *Small businesses have received uneven relief from COVID-19 federal aid, Brookings, May 29, 2020.*



TN Placemakers | From rural to urban core access

55 percent of Tennessee business establishments have fewer than five employees.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Wages and Employment 2019.1

First, what is a placemaker?

Placemakers leverage local assets (human and natural) in a way that impacts the cultural, economic and social aspects of their community to intentionally create a good sense of place and enhance a strong sense of community and well-being.

About this initiative

A pool of monetary resources dedicated to assisting communities across the state, from rural to urban, to develop and train small businesses and entrepreneurs by allowing them to obtain funds for broad and diverse activities.

Why does it matter?

TN Placemakers initially resolved the confusion and fragmentation relative to TNECD's entrepreneurship and small business development initiatives*. Consolidating them into a single fund has increased the overall customer experience and streamlined access to funds for our communities.

Talent is everywhere, opportunity is not, and availability does not equate to equitable access. TN Placemakers strives to help communities provide opportunity through true access for the small businesses and entrepreneurs that are and will be a part of their community. We know those businesses include microenterprises, minority, women and veteran-owned businesses, entrepreneurs with disabilities and those in underserved and underrepresented areas.

NOTE: The previous standalone initiatives and programs that are now under the umbrella of TN Placemakers include Main Street Entrepreneur Grants and LiftTN: Microenterprise, Rural* and Urban Core Editions.

Application Period:

Applications are accepted on an ongoing basis and reviewed quarterly, based, in part, on the number of applications received. Applications are reviewed and scored by a team.

Who can apply?

Eligible applicants include nonprofits, educational institutions and governments (established and in good standing in the State of Tennessee). Eligible applicants may include economic development agency, a chamber, a development district, public-private partnership, TCATs, community colleges, etc. The intent of these dollars is for the purposes of placemaking and not as an incentive or funding source for a single for-profit business. Collaboration, partnering and leveraging are highly encouraged to maximize impacts.

All projects must have a clearly defined small business/entrepreneurship focus. Applicants considering applying for these dollars are strongly encouraged to carefully review the website and contact the [TN Placemakers Team](#) prior to application.

What are the three funding categories?

The initiative opened with total funds available of \$1,000,000 with a maximum grant of \$100,000 per grant to include a 10 percent required match. In June 2020, an estimated \$843,000 was available; however budgets have faced significant adjustments.



TN Placemakers | Expanded

55 percent of Tennessee business establishments have fewer than five employees.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Wages and Employment 2019.

The two groups of funding are (1) Assess & Plan, Build & Sustain, and Support & Train, and (2) Pivot & Recover. Pivot & Recover is a new funding group tied to the impact of the pandemic.

Group 1, maximum grant allocation of \$100,000:

1. Assess and Plan, up to \$15,000

- Assessing the small business and entrepreneurship landscape by assisting communities with information gathering and dissemination.
- *Eligible activities:* Determine gaps in the community and plan ways to close them which may include, but are not limited to, retail development, tourism, agribusiness, coworking spaces, commercial kitchen incubators, entrepreneurship training services, etc.

2. Build and Sustain, up to \$75,000

- Increase the success of local small business and entrepreneurs through stabilization and expansion funds to grantees (and subrecipients) directly engaged in small business and entrepreneurial development.
- *Eligible activities:* Furniture, fixtures, and equipment; offset of operational cost to reach sustainability (i.e. rent utilities, installation of technology like gig service into a building without it, etc.), applied primarily to physical locations, such as commercial kitchens, pop-up shops, coworking spaces, etc.

3. Support and Train, up to \$25,000

- Provide access to education, resources, and tools directly to future and existing small businesses and entrepreneurs.
- *Eligible activities:* Small business and entrepreneurial development activities, including, but limited to, mentor-protégé program, coding classes, popup shops, craft and artisan development, food, agritourism (i.e. Etsy), pitch competitions, Co-Starters classes, Economic Gardening.

Group 2, **New category:** Pivot and Recover:

- Increase the success and stabilization of local small businesses and entrepreneurs impacted by COVID-19 through technical assistance, operating expenses, technology or microgrant programs.
 - Up to \$100,000 for technical assistance, operating expenses, technology; no match requirement
 - Up to \$50,000 for microgrant program; requires a 50% or 1:1 cash match

Contract periods:

Contracts are 24-months, with months 1-18 focusing on implementation and utilization and months 19-24 slated for observation, data reporting, and close-out of the grant. Contracts may finish earlier.

*[LiftTN Microenterprise: Rural Edition](#)

At the end of FY2020 three grants had time remaining on their 24-month contract. In FY2018, eight grants were awarded totaling \$499,860; of those eight grants, one grant was terminated in September 2019 due to changes in the grantees structure and realignment of scope of work. Grantees focus on mentor-protégé, coding for youth, artist development of online sales, among others. The calendar year goal of the LiftTN: Microenterprise, Rural Edition was to impact 183 businesses, and at the close of FY2019, 120 businesses were impacted. The LiftTN Microenterprise program became a part of the [Tennessee Placemakers Entrepreneurship Fund](#) late FY2019. LiftTN awarded almost \$1.3M over 20 grants to support the development of 965 DBEs, small businesses and entrepreneurs across Tennessee – the number of DBEs, small businesses and entrepreneurs will increase as final reports are submitted from the last of the LiftTN Microenterprise grantees (all rural).



Opportunity Zones | An economic development tool

Tennessee's total inflation-adjusted venture capital investment exceeds the median investment for all states. *Source: National Science Board, 2018 Science and Engineering Indicators*

“Opportunity Zones have the potential to be the largest economic development program in U.S. history.”
Steve Glickman, Co-Founder, Economic Innovation Group

Opportunity Zones are an economic and community development tool established by the Tax Cuts and Jobs Act of 2017. This tool is designed to drive long-term capital to low-income communities. The law provides a [federal tax incentive for investors](#) to re-invest their capital gains into Opportunity Funds, which are specialized vehicles dedicated to investing in designated in specific communities.

There are 176 census tracts in Tennessee that are qualified opportunity zones. These tracts reflect recommendations from a strategic and data-driven review of feedback from county officials in addition to state priorities and initiatives including:

- Brownfield redevelopment opportunities
- Retail, commercial and tourism development opportunities
- Community and rural development initiatives
- Low-income housing development opportunities
- Proximity to entrepreneur centers and post-secondary institutions

Tennessee at a glance:

- 75 of the 95 Tennessee counties contain an Opportunity Zone
- 54,000+ businesses currently operate within an Opportunity Zone
- 700,000 Tennesseans live within an Opportunity Zone

In FY2020 TNECD launched a website to match investors with projects in OZs, along with follow along educational opportunities.

Websites:

- General information can be found at tn.gov/ecd/opportunity-zones.html
- Matching investors with projects can be found at oz.tnecd.com

▲ NOTE: Access to Resources, Education and Tools

"Identify Grassroot Movements to Understand What a Neighborhood Needs

...In Memphis, a crowdfunding campaign for a protected bicycle and walking lane was part of a push for greater place-based investment in local businesses. It attracted funding from the Hyde Family Foundation and FedEx. ..."

Source: How to Ensure Opportunity Zone Investments Strengthen Local Communities, Stanford Social Innovation Review, September 6, 2019.



Economic Gardening | Grow existing small business

1,050,151 Tennesseans work in a business that employs fewer than 50 employees.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Wages and Employment 2019.

Economic Gardening is an effective way for states and regions to “grow their own” companies instead of relying solely upon economic hunting activities. At its most basic, it leverages research using sophisticated business intelligence tools and databases that growth companies either aren’t aware of or cannot afford.

Program: Tennessee Economic Gardening Initiative

Operating Area: State of Tennessee

To be eligible for the Tennessee Economic gardening Initiative, participants must:

1. Be a for-profit, privately-held company that is currently headquartered and operating in the state.
2. Generate an annual revenue between \$500,000 and \$50M
3. Employ between three and 99 full-time equivalent employees
4. Demonstrate growth in employment and/or revenue during two of the past five years
5. Provide products or services beyond the local area to regional, national or international markets
6. Be referred by a participant economic development or entrepreneur support organization

How is Economic Gardening relevant to Tennesseans?

- 94 percent of Tennessee business establishments have fewer than 50 employees, and
- 55 percent of Tennessee business establishments have fewer than five employees.

Sources: U.S. Bureau of Labor Statistics, Quarterly Census of Wages and Employment 2019;

U.S. Census Bureau, 2017 Nonemployer Statistics

To learn how to participate in the Tennessee Economic Gardening Initiative, visit tennessee.nationalcentereg.org or contact Lamont Price at lamont.price@tn.gov.

For more information about the National Center for Economic Gardening visit nationalcentereg.org.

• • •

▲ NOTE: Access to Resources, Education and Tools

“Nearly half of respondents (46%) indicated it will take more than 12 months for their communities to return to the conditions prior to the disruption from COVID-19.”

Source: Perspectives from Main Street: The Impact of COVID-19 on Low- to Moderate-Income Communities and the Entities Serving Them, Federal Reserve System, June 2020



Rural Opportunity Fund | Pathway Lending

Tennessee ranks No. 1 for small business employment growth over the last year.

Source: Paychex Small Business Jobs Index, October 2019

What is the Rural Opportunity Fund?

In partnership with the State of Tennessee and member banks of the Tennessee Bankers Association, Pathway Lending provides loans to small businesses in rural and distressed areas of the state through the Tennessee [Rural Opportunity Fund \(ROF\)](#). Loans and lines for credit ranging from \$5,000 to \$5M for Tennessee's rural businesses. (pathwaylending.org)

Why does it matter?

- Access to capital to Tennessee's rural small businesses
- To assist companies in the retention and expansion of its operations to retain and create jobs

To learn more about Pathway Lending and its resources visit pathwaylending.org.

Important to understand:

- In addition to providing capital to rural businesses, Pathway Lending is also tasked with an education element including assisting to de-risk the local lending environment and utilization of Community Reinvestment Act (CRA) dollars. These educational opportunities are geared towards helping to open access to capital to borrowers at the local level and help direct CRA funds into new areas in Tennessee.
- Pathway Lending is a CDFI with an economic development mission; they are a non-traditional lender. That means that if the ROF dollars were not available, the businesses that received an ROF loan would not have been able to secure funding. Not being able to secure funding can lead to many outcomes from businesses to closure to laying off employees. Pathway works with businesses considered un-bankable businesses to get them to a place where they can obtain funding through more traditional avenues.

Update on loan fund:

Administered by Pathway Lending, ROF was expanded with an additional investment from the State. The State's \$7.5M will be matched with at least \$11.25M in private capital to create an \$18.75M expansion of the revolving loan fund. This investment provides access to capital to support the growth and expansion of rural businesses that would not have been able to access capital from other sources.

As of June 30, 2020, 84 loans were originated totaling almost \$19.1M. Of the 84 loans, 11 were originated to businesses whose primary operations are in At-Risk (tier 3) or Distressed Counties (tier 4); six loans were originated to women-owned businesses and four to minority-owned business. Additionally, the funding enabled those businesses to create and/or retain 566 jobs in rural communities.

. . .

▲ **NOTE: Access to Education, Resources and Tools**

"Federal COVID-19 relief through the CARES Act used the banking system as the primary channel for Paycheck Protection Program (PPP) loans. This had an adverse impact on the ability of rural enterprises to access that relief. [...] While this improved in the second round, it illustrates a structural disadvantage in rural small businesses' ability to access the capital they need to launch, innovate, survive, and thrive.."

Source: *Two local leaders discuss how smarter federal policy can save rural America during COVID-19, Brookings, August 2020*



Driving Innovation | Mobile platforms

a public-private partnership

Driving Innovation is a mobile program that supports economic and workforce development in Tennessee's rural communities. The three mobile innovation labs focus on STEAM education, entrepreneurship and small business support, and community placemaking that target at-risk and distressed counties.

- theLab: STEAM education, launched in November 2017
- theVenture: entrepreneurship and small business support, launched in October 2018, and
- theAMP: community placemaking, launched in May 2019



These mobile labs tour the state and equip rural areas to support small business owners, advance STEAM education, and enhance their community's spaces.



What have they been up to so far? Here's a quick snapshot:

- 65 counties visited

Since February 2018, they brought programming and resources directly to Tennessee's rural communities.

- 25,000 people reached
Events have been attended by students, teachers, business owners, community leaders, entrepreneurs and more.

- 185 events hosted, workshops and tours in rural communities at schools, festivals, libraries, summer camps, conferences, chambers, and more.

COVID-19 update:

theVenture has been providing virtual assistance in follow-up to its sessions prior to the pandemic as well as providing new and ongoing support for businesses impacted, with particular focus on areas that are distressed and at-risk.

For more information visit tndrivinginnovation.com.



Inside the theAMP



...the working group

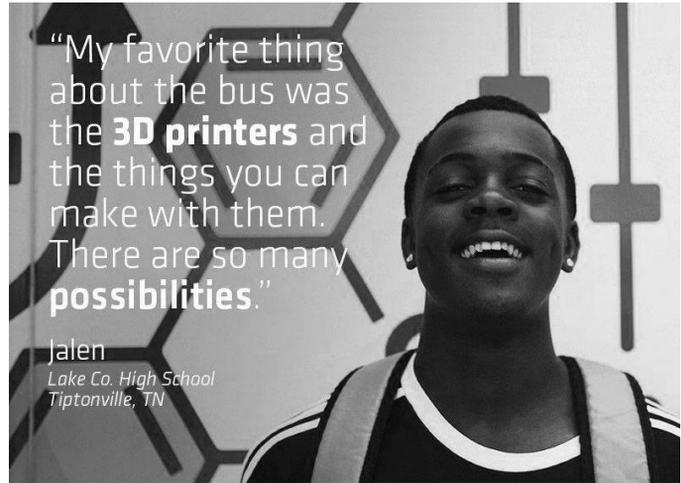
▲ NOTE: Access to Education, Resources and Tools

Embrace a regional mindset. Rural America is staggeringly diverse with economic, historical, demographic, and cultural contexts that differ from one region to another. Both national and local policymakers must be sensitive to regional variation while also considering how individual rural communities exist within a regional economy or system. Urban markets are essential to rural economies, just as rural resources are central to the viability of urban centers. In addition, assembling the critical mass of people, ideas, resources, and connections needed for success requires working across sectors and geographic boundaries in less densely populated places. Smart rural policy requires a regional mindset and a comfort with nuance.

Source: Redesign Required: Principles for Reimagining Federal Rural Policy in the COVID-19 Era, Aspen Institute, April 14, 2020.



theVenture: BizGrowth Roadshow



“My favorite thing about the bus was the **3D printers** and the things you can make with them. There are so many **possibilities.**”

Jalen
Lake Co. High School
Tiptonville, TN



Governor visits theLab and theVenture

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 community and rural development 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.

Comment

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.

BERO | Program data and reports



Reports – 2 (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.

BERO | Program data and reports



Reports – 3 (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 FY2020

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, 2019 to September 30, 2020. There were 285 total contracts made to 208 firms totaling \$39,702,788.53. Of the 285 contracts, 16 contracts (or 5.6 percent) totaling were awarded to 11 firms classified as women-owned totaling \$4,061,069.05 (10.2 percent of the total spend). There were no contracts awarded to minority-owned firms. Of the 285 total contracts, there were 80 total unique subcontracts, totaling \$4,352,401.25 (28.1 percent of the total spend).

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.

[\(CDBG\)](#)

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](#).

The data requested in this section 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. See comment in TCA [§4-26-105](#) Reports.



BERO Recommends | For further review

- AEO Works. May and June 2020. “Resilient: Small Businesses Strengthening Local Economies.” Virtual Conference. aeoworks.org/2020virtualconference.
- American Express OPEN. 2019. “The 2019 State of Women-Owned Businesses Report: Key Trends.” about.americanexpress.com/files/doc_library/file/2019-state-of-women-owned-businesses-report.pdf.
- Aspen Institute. July 22, 2020. “Still Open for Business: Working with Minority-Owned Rural Firms through the Pandemic.” Road Sessions, webinar. aspeninstitute.org/events/still-open-for-business.
- Bartik, Alexander W., Marianne Bertrand, Zoë B. Cullen, Edward L. Glaeser, Michael Luca, and Christopher T. Stanton. 2020. “How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey.” NBER Working Paper No. w26989.
- Brown, Daniel. 2019. “Small Business Facts: Spotlight on Community Banking.” SBA Office of Advocacy, Office of Economic Research. advocacy.sba.gov/2019/09/26/small-business-facts-spotlight-on-community-banking.
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- Klein, Joyce. 2018. “Entrepreneurship as a re-entry strategy primer.” Field at the Aspen Institute. aspeninstitute.org/podcasts/joyce-klein-talks-reentry-and-entrepreneurship-on-the-own-it-podcast.
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- Opportunity Insights. Real-time tracking.. “Track the Recovery: Small Business Open.” tracktherecovery.org.
- Orozco, Marlene, Inara Sunan Tareque, Paul Oyer, Jerry I. Porras. August 2020. “The Ongoing Impact of COVID-19 on Latino-Owned Businesses.” Research Brief. Stanford Latino Entrepreneurship Initiative.
- Thumbtack.com. 2019. “Thumbtack.com Small Business Friendliness Survey.” thumbtack.com/survey#/2019/1/states.
- U.S. Census Bureau. 2020. June 15, 2020. “Small Business Pulse Survey.” Small Business Administration and Job Creation, Congressional Research Service, crsreports.congress.gov CRS#R41523.

BERO ANNUAL REPORT FY2020

Enabling Statute



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

Title 4 State Government
Chapter 26 Business Enterprise Office (2020)

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.

HISTORY: Acts 1977, ch. 135, § 3; T.C.A., § 4-2603; Acts 1988, ch. 532, §§ 3, 4.

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 commerce 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; 2019, ch. 345, § 10.

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.



Questions? Visit tn.gov/e cd/bero or email ecd.bero@tn.gov

