

**Public Hearing Testimony**  
**Governor's Bill No. 5007 (LCO No. 616)**  
**Committee on Commerce**  
**February 27, 2020**

**John Holt**  
**President & CEO**  
**Nutmeg State Financial Credit Union**

Chairpersons Hartley, Simmons, Ranking Members Martin, Cummings and Members of the Committee.

Good morning, my name is John Holt and I am the President and CEO of Nutmeg State Financial Credit Union and I am here to testify in support of HB 5007 "*AN ACT CONCERNING THE SMALL BUSINESS EXPRESS PROGRAM*" and to request the Committee add a technical change in Section 1 to improve the legislation by including credit unions as well as banks and make consistent with Section 2 of the bill.

Nutmeg State Financial Credit Union is a Connecticut member-owned, not-for-profit financial cooperative headquartered in Rocky Hill, Connecticut. We practice the philosophy of returning profits to our members in the form of excellent rates, programs, services and more.

Since our founding in 1936, Nutmeg has become one of the most prominent and innovative credit unions in the United States. Here in Connecticut, we've become one of the financial leaders of expanding important and needed services in consumer and commercial markets.

We have partnered with the State through the Department of Motor Vehicles by opening unique shared branch offerings through our joint Nutmeg & DMV Express in North Haven and Milford with more exciting locations coming soon.

As we continue to serve our members and the Connecticut market, we are always seeking ways to help grow the Connecticut economy and with new products and technology while also providing exceptional member experiences.

That's why we are excited to testify today in support of the Governor's proposed bill HB 5007, with the technical parity correction to Section 1, to improve and expand the Connecticut Small Express Program through an innovative new

targeting and support program for Connecticut small businesses. This legislation will expand the potential partners who can work with the “Connecticut Capital Access Fund” from a state-run program to other community lenders and other third-party institutions, who will help write more small business loans and get much needed capital out to small businesses.

This legislation is based on the successful Massachusetts Capital Access Program (CAP) which has been helping small businesses throughout Massachusetts obtain loans from certain banks but improves on it by through some innovative and smart new provisions. The Massachusetts CAP program has helped over 6,100 small businesses and made loans totaling over \$390 million since the start of the program.

Most important for Nutmeg and our efforts in the community, HB 5007 will greatly improve and update “Connecticut Capital Access Fund” by allowing for the participation and support from community financial institutions like Nutmeg, who are already in the community serving many small business and community entrepreneurs.

Access to the CT Capital Access Fund and allowing for the participation by established community financial lending institutions like Nutmeg will get more capital out in the Connecticut marketplace to the right kind of businesses at the right time.

In our experience, the key to helping these local and small businesses grow is to be there at the critical point that they need access to capital. Expanding and improving participation to the CT Capital Access Fund will be the exact kind of support needed at the precisely the right time.

Because Nutmeg is based in Connecticut and our commercial lending is done in Connecticut, we were very excited when we first heard about this new innovative policy program expansion.

The key part of the legislation for Nutmeg and other community-based lenders is that the new language in Section 2 expands the current language to allow for a “participation agreement” with a “financial institution or 3<sup>rd</sup> party financial institution approved by the Fund, not just a traditional bank.

This will serve to expedite and improve access to capital for the small business at the right time that they need it. HB 5007 will improve the Small Business Express program through expanding this important lending program.

Because Nutmeg, and others like us, are already out in the community working with small businesses and entrepreneurs in your communities, we can provide

swift and effective connection to this important program.

If passed, HB 5007 will enable Nutmeg and other community financial institutions to make loans they might otherwise be unable to grant and help get businesses working to expand and grow access to much needed capital.

HB 5007 will help provide more loans for growing businesses gain access to financing where there may not be quick and easy access. Nutmeg is committed to providing these loans and making them readily available throughout all our locations in Connecticut.

Loans guaranteed through this program may be used to start or expand businesses, or to provide permanent working capital to ensure continued profitable operations. These uses may include equipment purchases, start-up costs, and other business and could also be used for working capital lines of credit.

We would ask for the Committee's support to ensure Section 1 is consistent with Section 2 by the addition of the technical change in Section 1 adding "credit unions" to provide equal access to governmental programs and services for all financial institutions interested in participating in this program.

Thank you for the opportunity to testify before you today. I'm happy to answer any you may have.