AN ACT CONCERNING THE SMALL BUSINESS EXPRESS PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 32-7g of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2020):

(a) There is established within the Department of Economic and Community Development the Small Business Express program. Said program shall provide small businesses with various forms of financial assistance, using a streamlined application process to expedite the delivery of such assistance. The Commissioner of Economic and Community Development, at his or her discretion, may partner with the lenders in the Connecticut Credit Consortium, established pursuant to section 32-9yy, in order to fulfill the requirements of this section. A small business eligible for assistance through said program shall (1) employ, on at least fifty per cent of its working days during the preceding twelve
months, not more than one hundred employees, (2) have operations in Connecticut, (3) have been registered to conduct business for not less than twelve months, and (4) be in good standing with the payment of all state and local taxes and with all state agencies.

(b) The Small Business Express program shall consist of various components, including (1) a revolving loan fund, as described in subsection [(d)] (e) of this section, to support small business growth, [(2) a job creation incentive component, as described in subsection (e) of this section, to support hiring, (3) a matching grant component, as described in subsection (f) of this section, to provide capital to small businesses that can match the state grant amount, (4)] (2) not more than two minority business revolving loan funds, as described in subsection [(g)] (d) of this section, to support the growth of minority-owned businesses, [and (5)] (3) a component established in consultation with representatives from Connecticut-based banks and a banking industry association, as described in subsection [(h)] (e) of this section. [The Commissioner of Economic and Community Development shall work with eligible small business applicants to provide a package of assistance using the financial assistance provided by the Small Business Express program and may refer small business applicants to the Subsidized Training and Employment program established pursuant to section 31-3pp and any other appropriate state program.] and (4) a component established in consultation with Connecticut Innovations, Incorporated, as described in subsection (f) of this section. Notwithstanding the provisions of section 32-5a regarding relocation limits, the department may require, as a condition of receiving financial assistance pursuant to this section, that a small business receiving such assistance shall not relocate, as defined in section 32-5a, for five years after receiving such assistance or during the term of the loan, whichever is longer. All other conditions and penalties imposed pursuant to section 32-5a shall continue to apply to such small business.

[(c) The commissioner shall establish a streamlined application process for the Small Business Express program. The small business applicant may receive assistance pursuant to said program not later
than thirty days after submitting a completed application to the
department. Any small business meeting the eligibility criteria in
subsection (a) of this section may apply to said program. The
commissioner shall give priority for available funding to small
businesses creating jobs and may give priority for available funding to
(1) economic base industries, as defined in subsection (d) of section 32-
222, including, but not limited to, those in the fields of precision
manufacturing, business services, green and sustainable technology,
bioscience and information technology, (2) businesses attempting to
export their products or services to foreign markets, and (3) businesses
located in designated innovation places, as defined in section 32-39j.

[(d) (1)] (c) There is established as part of the Small Business Express
program a revolving loan fund to provide loans, loan guarantees, loan
portfolio guarantees, fund guarantees, portfolio insurance and grants.
to eligible small businesses. Such loans shall be used for acquisition or
purchase of machinery and equipment, construction or leasehold
improvements, relocation expenses, working capital, which may be
used for payment of rent, or other business-related expenses, as
authorized by the commissioner.

(2) Loans from the revolving loan fund may be in amounts from ten
thousand dollars to a maximum of one hundred thousand dollars, shall
carry a maximum repayment rate of four per cent and shall be for a term
of not more than ten years. The department shall review and approve
loan terms, conditions and collateral requirements in a manner that
prioritizes job growth and retention.

(3) Any eligible small business meeting the eligibility criteria in
subsection (a) of this section may apply for assistance from the revolving
loan fund, but the commissioner shall give priority to applicants that, as
part of their business plan, are creating new jobs that will be maintained
for not less than twelve consecutive months.

(e) (1) There is established as part of the Small Business Express
program a job creation incentive component to provide loans for job
creation to small businesses meeting the eligibility criteria in subsection (a) of this section, with the option of loan forgiveness based on the maintenance of an increased number of jobs for not less than twelve consecutive months. Such loans may be used for training, marketing, working capital, which may be used for payment of rent, or other expenses, as approved by the commissioner, that support job creation.

(2) Loans under the job creation incentive component may be in amounts from ten thousand dollars to a maximum of three hundred thousand dollars, shall carry a maximum repayment rate of four per cent and shall be for a term of not more than ten years. Payments on such loans may be deferred, and all or part of such loan may be forgiven, based upon the commissioner's assessment of the small business's attainment of job creation goals. The department shall review and approve loan terms, conditions and collateral requirements in a manner that prioritizes job creation.

(f) (1) There is established as part of the Small Business Express program a matching grant component to provide grants for capital to small businesses meeting the eligibility criteria in subsection (a) of this section. Such small businesses shall match any state funds awarded under this program. Grant funds may be used for ongoing or new training, working capital, which may be used for payment of rent, acquisition or purchase of machinery and equipment, construction or leasehold improvements, relocation within the state or other business-related expenses authorized by the commissioner.

(2) Matching grants provided under the matching grant component may be in amounts from ten thousand dollars to a maximum of one hundred thousand dollars. The commissioner shall prioritize applicants for matching grants based upon the likelihood that such grants will assist applicants in maintaining job growth.

(3) The commissioner may waive the matching requirement for grants under this subsection for working capital to small businesses located within distressed municipalities, as defined in section 32-9p.]
(g) (d) (1) There are established as part of the Small Business Express program not more than two revolving loan funds to provide loans to eligible small businesses that are owned by one or more members of a minority. As used in this subsection, (A) "minority business development entity" means a nonprofit organization (i) having a lending portfolio on or before June 9, 2016, from which at least seventy-five per cent of lending is provided to minority-owned businesses statewide; and (ii) that provided technical assistance on or before June 9, 2016, provided at least seventy-five per cent of such assistance was provided to minority-owned businesses statewide; and (B) "minority" means (i) Black Americans, including all persons having origins in any of the Black African racial groups not of Hispanic origin; (ii) Hispanic Americans, including all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; (iii) all persons having origins in the Iberian Peninsula, including Portugal, regardless of race; (iv) women; (v) Asian Pacific Americans and Pacific islanders; or (vi) American Indians and persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.

(2) Notwithstanding the provisions of section 32-7h, the commissioner shall allocate from the available funding under the Small Business Express program a total of five million dollars for grants-in-aid to not more than two minority business development entities in each of the fiscal years ending June 30, 2016, to June 30, 2020, inclusive, for the purpose of establishing and administering minority business revolving loan funds. Moneys from such funds shall be used to (A) provide loans to eligible small businesses, and (B) fund the administrative costs associated with the provision of such loans by a minority business development entity, provided a minority business development entity may not use more than ten per cent of the amount received as a grant under this section to fund such costs. Such loans shall be used for acquisition or purchase of machinery and equipment, construction or leasehold improvements, relocation expenses, working capital, which
may be used for payment of rent, or other business-related expenses, as authorized by the minority business development entity.

(3) Loans from a minority business revolving loan fund may be in amounts from ten thousand dollars to a maximum of two hundred fifty thousand dollars, shall carry a maximum repayment rate of four per cent and shall be for a term of not more than ten years. The minority business development entity shall review and approve loan terms, conditions and collateral requirements in a manner that prioritizes job growth and retention.

(4) Any eligible small business owned by one or more members of a minority may apply for assistance from a minority business revolving loan fund, provided the minority business development entity shall give priority to applicants that, as part of their business plan, are creating new jobs that will be maintained for not less than twelve consecutive months.

(5) Loans from a minority business revolving fund shall be provided in such a manner that, on or before five years after the date such loan fund is established, the annual funds or revenues derived from investment income, loan repayments or any other sources received by the minority business development entity in connection with such loan fund is sufficient to fund the administrative costs associated with such loan fund.

(6) A minority business development entity receiving a grant pursuant to this subsection shall annually submit to the commissioner a financial audit of grant expenditures until all grant moneys have been expended by such entity. Any such audit shall be prepared by an independent auditor and if the commissioner finds that any such grant is used for purposes that are not in conformity with uses set forth in subdivisions (2) and (3) of this subsection, the commissioner may require repayment of such grant.

[(h)] (e) The commissioner, in consultation with representatives from Connecticut-based banks and a banking industry association, may
establish as part of the Small Business Express program a component operated in collaboration with Connecticut-based banks, which may include, but need not be limited to, loan guarantees, short-term loans used as a bridge to private sector financing and the transfer of loans issued under subsection [(d) or (e)] (c) of this section. Any loans issued under such component shall be used for acquisition or purchase of machinery and equipment, construction or leasehold improvements, relocation expenses, working capital, which may be used for payment of rent, or other business-related expenses, as authorized by the commissioner. The provisions of subsections [(d) to (g), inclusive,] (c) and (d) of this section shall not be construed to apply to such component. Such component shall be administered by the Department of Economic and Community Development or Connecticut Innovations, Incorporated. [Notwithstanding the provisions of section 32-7h, the commissioner may allocate not more than ten per cent of available funding under the Small Business Express program to such component.] For purposes of this section, "Connecticut-based banks" means banks and out-of-state banks, each as defined in section 36a-2, having deposit-taking branches in the state.

(f) The commissioner, in consultation with Connecticut Innovations, Incorporated, may establish as part of the Small Business Express program a component operated in collaboration with Connecticut Innovations, Incorporated, which may include, but need not be limited to, financial assistance consistent with the provisions and purposes of sections 32-23e, 32-23ii and 32-265, as amended by this act. Such component may be administered by the Department of Economic and Community Development or Connecticut Innovations, Incorporated.

[(i) (g) Not later than June 30, 2012, and [every six months] annually thereafter, the commissioner shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, appropriations, commerce and labor. Such report shall include available data on (1) [the number of small businesses that applied to the Small Business Express program, (2)] the number of small
businesses that received assistance under [said program] the Small Business Express program and the general categories of such businesses, [(3)] (2) the amounts and types of assistance provided, [(4)] (3) the total number of jobs on the date of application and the number proposed to be created or retained, and [(5)] (4) the most recent employment figures of the small businesses receiving assistance. The contents of such report shall also be included in the department's annual report.

Sec. 2. Subsection (b) of section 32-265 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2020):

(b) In order to stimulate and encourage the growth and development of the state economy, the Connecticut Capital Access Fund is created to provide portfolio insurance to participating financial institutions to assist them in making loans that are somewhat riskier than conventional loans. The insurance shall be based on a portfolio insurance mechanism applicable to loans enrolled by a financial institution in the program, rather than loans by loan guarantees. The state, acting through Connecticut Innovations, Incorporated, shall enter into a participation agreement with each financial institution approved to participate in the program. A participation agreement entered into by the corporation and a financial institution shall establish a separate loan loss reserve account within such financial institution or a third-party financial institution approved by Connecticut Innovations, Incorporated, owned and controlled by Connecticut Innovations, Incorporated, but earmarked to cover losses on loans enrolled by that financial institution in the program. A separate loan loss reserve account shall be established for each participating financial institution. Each time a financial institution enrolls a loan in the program, payments shall be made into the earmarked loan loss reserve account by the borrower, financial institution and the corporation, in amounts consistent with the provisions of the participation agreement. The financial institution shall be allowed to recover the cost of its payment from the borrower.
This act shall take effect as follows and shall amend the following sections:

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<th>Section</th>
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<th>Amendment</th>
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<tr>
<td>1</td>
<td>October 1, 2020</td>
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<td>2</td>
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<td>32-265(b)</td>
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**Statement of Purpose:**
To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]