



CONNECTICUT BANKERS ASSOCIATION

February 23, 2021

TO: MEMBERS OF COMMERCE COMMITTEE

FROM: CONNECTICUT BANKERS ASSOCIATION
CONTACTS: TOM MONGELLOW AND ART COREY (860-677-5060), FRITZ CONWAY
(860-229-0301)

RE: **AN ACT CONCERNING THE SMALL BUSINESS EXPRESS PROGRAM (HB 6467)**

The Connecticut Bankers Association supports HB 6467, An Act Concerning the Small Business Express Program. This bill would, in part, amend the business lending programs of the Department of Economic and Community Development (DECD) by allowing the DECD to reduce its reliance on direct lending dollars and toward a greater reliance on the demonstrated lending capacities of Connecticut banks. The effectiveness of the public/private partnership approach was proven in 2019 when the legislature and the administration worked with the banking industry to create both the emergency Federal Worker Loan Guarantee Program (short term loans during the federal shutdown) and the continuing Supplemental Collapsing Foundation Loan Program, which provides gap financing for amounts not covered by the Connecticut Foundation Solutions Indemnity Company.

Connecticut banks stand ready to partner with the DECD and Connecticut Innovations to support the DECD's Small Business Express Program. Connecticut's banks operate on a statewide basis with over 1,000 branches and are able to reach a large number of small businesses that may be interested in financing opportunities through the program. The proposal would allow DECD the ability to leverage existing or future dollars to create a much smaller reliance on general fund appropriations. At the same time, it would add credit enhancements that would allow banks to lend to more small businesses in a regulatorily compliant manner. Connecticut's banks are among the most well capitalized and safest in the United States and have significant business lending expertise.

We are hopeful that as the DECD increases its partnership with Connecticut banks, this effort will support businesses in all areas of the state, particularly small and minority-owned businesses, that are so in need of additional financing options. The economic development that would result from the increased access to credit for these businesses would benefit many communities throughout the state. We look forward to working with the Committee and DECD to accomplish these goals.

We urge your support of House Bill 6467 and thank you for your consideration of our testimony.