



Southeastern Connecticut Enterprise Region

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Testimony of the Southeastern Connecticut Enterprise Region (seCTer) *Proposed HB 6467: An Act Concerning the Small Business Express Program*

February 19, 2021

Good morning, distinguished Co-Chairs and Members of the Joint Committee on Commerce. My name is Nancy Cowser and I am the Executive Director of seCTer, the Southeastern Connecticut Enterprise Region, southeastern Connecticut's regional economic development organization. I am writing in support of *Proposed House Bill No. 6467: An Act Concerning the Small Business Express Program*.

SeCTer has been a long-standing partner of the Department of Economic and Community Development (DECD). For over twenty years, seCTer has provided small business lending for the region's businesses that are not yet bankable. This includes young businesses without enough of a track record to qualify for traditional lending, start-ups, or industries that are difficult to fund, such as agriculture or aquaculture. As part of our portfolio of loan options, we were proud to have participated in the Small Business Express Program Rounds 1 and 2.

- We received and lent \$991,500 in SBEP 1 funding. The companies receiving funding through SBEP1 created approximately 20 new jobs and retained approximately 60. As an example:
 - AgroSci of Colchester was a start-up company when seCTer combined \$150,600 in our own funds with a \$49,400 SBEP1 grant to launch the company and its Greenwall technology. Over the past several years, seCTer has provided an additional \$325,000 in seCTer direct funding to fund growth and product expansion. The company recently completed a multi-million-dollar contract with the Seminole Indian Tribe to provide interior and exterior Greenwalls for their Hard Rock Hotel in Hollywood, Florida.
- We received and lent \$1,450,000 in SBEP2 funding; there were also seven (7) grants totaling \$550,000. In all instances, grants were combined with SBEP2 Loans and seCTer direct loans to deliver funding for one small business incubator, three agricultural manufacturers, one aquaculture grower/harvester, two manufacturing wholesalers, one disabled veteran owned manufacturer, and one manufacturer. We also provided disaster relief to one small business client. Together, these clients created approximately 55 jobs and retained 81 jobs. Again, as with the SBEP1, these funds were combined with approximately \$900,000 in seCTer direct funding to allow these

businesses to acquire assets, grow employment and expand business operations.

Examples include:

- The Beer'd Brewing Company received funding for manufacturing efficiency and technical upgrades and for expansion of their manufacturing facility and resulting capacity.
- Components for Manufacturing was able to acquire a small business in another state and relocate and expand in southeastern Connecticut.
- Consumers Interstate was able to expand their sales and marketing efforts and their point of sale capacity and actually stabilized and grew the company to the point where it was sold to a national company who has continued to hire employees and expand in the region.
- Studio One 7 LLC was a disaster relief loan as a devastating fire in Norwich put two hairdressers temporarily out of business. The proceeds of the SBEP2 loan allowed them to permanently relocate and resume operations.

Based on the impact of SBEP funding to our small business community, we were disappointed when SBEP funding became unavailable to us as a regional partner. We therefore firmly support the state's commitment to continuing the SBEP program under a new model. While limited, we are fortunate to have other funding sources that we use to support businesses in our region that are still unable to qualify for bank funding but would welcome the opportunity to again participate in the SBEP lending program. In many cases, as described above, our ability to support a business can actually leverage bank funding. A bank may be unwilling to fund the whole deal, but if a partnership can be put together with a variety of funding sources, the deal can make sense. A DECD loan guarantee program would also be a welcome addition to encourage private small business lending at the local level, allowing us to maximize and leverage resources while managing risk. Similarly, a DECD commitment to helping fund those businesses that are historically most under supported - those owned by women, minorities, persons with disabilities and veterans – would be a welcome boost to our critical small business ecosystem. We know that the state must be wise in the way it marshals its resources, while still evidencing maximum return on its investment.

SeCTer places great value on our relationship with DECD and we would certainly review any resultant RFP and would give strong consideration to applying if appropriate. We are also recipients of a new funding pool from the Economic Development Agency, EDA, as part of its CARES ACT funding, to help ensure that nontraditional lending remains available to the small businesses in our region – critical economic drivers and employers – particularly as we enter economic recovery. We are seeking still more funding streams and have recently expanded our lending territory into northeastern CT. This would help us leverage any new opportunities that would result in the passage of this bill.

As an economic development agency, we are unique in that our programming, our Small Business Development Counselor, lending program and our statewide Procurement Technical Assistance Center, touches a number of businesses from several different entry points. Municipalities and AdvanceCT ask us to help with site finding; developers ask for data on businesses that might be

interested in their project; we collaborate with Women's Business Development Council, SCORE, Chambers of Commerce and the Small Business Administration, and perform training and outreach. All these entry points help us to weave together a support system for the businesses we encounter. The continuation of the Small Business Express Program is critically important towards that effort.

We look forward to supporting DECD to successfully implement this program. I am happy to provide any further information you might require to evaluate this testimony.

Thank you for your time and consideration.

A handwritten signature in black ink that reads "Nancy Cowser". The signature is written in a cursive, flowing style.

Nancy Cowser
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