



General Assembly

January Session, 2021

Raised Bill No. 6467

LCO No. 3345



Referred to Committee on COMMERCE

Introduced by:
(CE)

AN ACT CONCERNING THE SMALL BUSINESS EXPRESS PROGRAM.

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

1 Section 1. Section 32-7g of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

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

16 all state and local taxes and with all state agencies.]

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

44 [(c) The commissioner shall establish a streamlined application
45 process for the Small Business Express program. The small business
46 applicant may receive assistance pursuant to said program not later
47 than thirty days after submitting a completed application to the
48 department. Any small business meeting the eligibility criteria in
49 subsection (a) of this section may apply to said program. The

50 commissioner shall give priority for available funding to small
51 businesses creating jobs and may give priority for available funding to
52 (1) economic base industries, as defined in subsection (d) of section 32-
53 222, including, but not limited to, those in the fields of precision
54 manufacturing, business services, green and sustainable technology,
55 bioscience and information technology, (2) businesses attempting to
56 export their products or services to foreign markets, and (3) businesses
57 located in designated innovation places, as defined in section 32-39j.]

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

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

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

77 (e) (1) There is established as part of the Small Business Express
78 program a job creation incentive component to provide loans for job
79 creation to small businesses meeting the eligibility criteria in subsection
80 (a) of this section, with the option of loan forgiveness based on the
81 maintenance of an increased number of jobs for not less than twelve

82 consecutive months. Such loans may be used for training, marketing,
83 working capital, which may be used for payment of rent, or other
84 expenses, as approved by the commissioner, that support job creation.

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

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

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

108 (3) The commissioner may waive the matching requirement for
109 grants under this subsection for working capital to small businesses
110 located within distressed municipalities, as defined in section 32-9p.]

111 [(g)] (d) (1) There are established as part of the Small Business Express
112 program not more than two revolving loan funds to provide loans to
113 eligible small businesses that are owned by one or more members of a

114 minority. As used in this subsection, (A) "minority business
115 development entity" means a nonprofit organization (i) having a
116 lending portfolio on or before June 9, 2016, from which at least seventy-
117 five per cent of lending is provided to minority-owned businesses state-
118 wide; and (ii) that provided technical assistance on or before June 9,
119 2016, provided at least seventy-five per cent of such assistance was
120 provided to minority-owned businesses state-wide; and (B) "minority"
121 means (i) Black Americans, including all persons having origins in any
122 of the Black African racial groups not of Hispanic origin; (ii) Hispanic
123 Americans, including all persons of Mexican, Puerto Rican, Cuban,
124 Central or South American, or other Spanish culture or origin,
125 regardless of race; (iii) all persons having origins in the Iberian
126 Peninsula, including Portugal, regardless of race; (iv) women; (v) Asian
127 Pacific Americans and Pacific islanders; or (vi) American Indians and
128 persons having origins in any of the original peoples of North America
129 and maintaining identifiable tribal affiliations through membership and
130 participation or community identification.

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

147 (3) Loans from a minority business revolving loan fund may be in

148 amounts from ten thousand dollars to a maximum of [one hundred] two
149 hundred fifty thousand dollars, shall carry a maximum repayment rate
150 of four per cent and shall be for a term of not more than ten years. The
151 minority business development entity shall review and approve loan
152 terms, conditions and collateral requirements in a manner that
153 prioritizes job growth and retention.

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

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

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

175 [(h)] (e) The commissioner, in consultation with representatives from
176 Connecticut-based banks and a banking industry association, may
177 establish as part of the Small Business Express program a component
178 operated in collaboration with Connecticut-based banks, which may
179 include, but need not be limited to, loan guarantees, short-term loans

180 used as a bridge to private sector financing and the transfer of loans
181 issued under subsection [(d) or (e)] (c) of this section. Any loans issued
182 under such component shall be used for acquisition or purchase of
183 machinery and equipment, construction or leasehold improvements,
184 relocation expenses, working capital, which may be used for payment
185 of rent, or other business-related expenses, as authorized by the
186 commissioner. The provisions of subsections [(d) to (g), inclusive,] (c)
187 and (d) of this section shall not be construed to apply to such
188 component. Such component shall be administered by the Department
189 of Economic and Community Development or Connecticut Innovations,
190 Incorporated. [Notwithstanding the provisions of section 32-7h, the
191 commissioner may allocate not more than ten per cent of available
192 funding under the Small Business Express program to such component.]
193 For purposes of this section, "Connecticut-based banks" means banks
194 and out-of-state banks, each as defined in section 36a-2, having deposit-
195 taking branches in the state.

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

204 [(i)] (g) Not later than June 30, 2012, and [every six months] annually
205 thereafter, the commissioner shall provide a report, in accordance with
206 the provisions of section 11-4a, to the joint standing committees of the
207 General Assembly having cognizance of matters relating to finance,
208 revenue and bonding, appropriations, commerce and labor. Such report
209 shall include available data on (1) [the number of small businesses that
210 applied to the Small Business Express program, (2)] the number of small
211 businesses that received assistance under [said program] the Small
212 Business Express Program and the general categories of such
213 businesses, [(3)] (2) the amounts and types of assistance provided, [(4)]

214 (3) the total number of jobs on the date of application and the number
215 proposed to be created or retained, and [(5)] (4) the most recent
216 employment figures of the small businesses receiving assistance. The
217 contents of such report shall also be included in the department's annual
218 report.

219 Sec. 2. Subsection (b) of section 32-265 of the general statutes is
220 repealed and the following is substituted in lieu thereof (*Effective July 1,*
221 *2021*):

222 (b) In order to stimulate and encourage the growth and development
223 of the state economy, the Connecticut Capital Access Fund is created to
224 provide portfolio insurance to participating financial institutions to
225 assist them in making loans that are somewhat riskier than conventional
226 loans. The insurance shall be based on a portfolio insurance mechanism
227 applicable to loans enrolled by a financial institution in the program,
228 rather than loans by loan guarantees. The state, acting through
229 Connecticut Innovations, Incorporated, shall enter into a participation
230 agreement with each financial institution approved to participate in the
231 program. A participation agreement entered into by the corporation and
232 a financial institution shall establish a separate loan loss reserve account
233 within such financial institution or a third-party financial institution
234 approved by Connecticut Innovations, Incorporated, owned and
235 controlled by Connecticut Innovations, Incorporated, but earmarked to
236 cover losses on loans enrolled by that financial institution in the
237 program. A separate loan loss reserve account shall be established for
238 each participating financial institution. Each time a financial institution
239 enrolls a loan in the program, payments shall be made into the
240 earmarked loan loss reserve account by the borrower, financial
241 institution and the corporation, in amounts consistent with the
242 provisions of the participation agreement. The financial institution shall
243 be allowed to recover the cost of its payment from the borrower.

244 Sec. 3. Section 32-7h of the general statutes is repealed and the
245 following is substituted in lieu thereof (*Effective July 1, 2021*):

246 (a) There is established an account to be known as the "small business
 247 express assistance account" which will be a separate, nonlapsing
 248 account within the General Fund. The account shall contain any moneys
 249 required by law to be deposited in the account. Repayment of principal
 250 and interest on loans shall be credited to such fund and shall become
 251 part of the assets of the fund. Moneys in the account shall be expended
 252 by the Department of Economic and Community Development for the
 253 purposes of the Small Business Express program established pursuant
 254 to section 32-7g, as amended by this act. Except as provided in
 255 subsection [(g)] (d) of section 32-7g, as amended by this act, all moneys
 256 received for the purposes of the Small Business Express program and
 257 payments of principal and interest on any loans given under said
 258 program shall be credited to the account.

259 (b) Except as provided in subsection [(g)] (d) of section 32-7g, as
 260 amended by this act, the Commissioner of Economic and Community
 261 Development may provide for the payment of any administrative
 262 expenses or other costs incurred by the department or its lender partners
 263 in carrying out the purposes of the Small Business Express program not
 264 to exceed five per cent of funding from this program from the account
 265 established pursuant to subsection (a) of this section, provided one per
 266 cent shall be dedicated to develop capacity for capital construction
 267 projects for minority business enterprises.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	32-7g
Sec. 2	July 1, 2021	32-265(b)
Sec. 3	July 1, 2021	32-7h

Statement of Purpose:
 To increase access to capital for businesses, opportunity zones and distressed municipalities.

[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.]