



State of Connecticut
Latino and Puerto Rican
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Testimony of Werner Oyanadel, Principal Legislative Analyst of the LPRAC
Regarding Raised H.B. No. 6478, "An Act Concerning the Use of State Guarantees to
Encourage Lending to Small and Medium-Sized Businesses"
Tuesday, February 24, 2009 at 10: 00 A. M. in Room 2B of the LOB

Good morning Senator Bob Duff, State Representative Ryan Barry and honorable members of the Banks Committee. My name is Werner Oyanadel, Principal Legislative Analyst of the Latino and Puerto Rican Affairs Commission. I am here today to speak in support of Raised H.B. No. 6478, "An Act Concerning the Use of State Guarantees to Encourage Lending to Small and Medium-Sized Businesses in the State"

The LPRAC, for the record, is currently working with the Governor of the State of Connecticut, the leadership of the Connecticut General Assembly, the various statewide Hispanic Business and Merchants Associations and with the Small Business Administration (SBA) on ways to increase access to opportunities for Connecticut Latino entrepreneurs. Our main premise is that Latino businesses receive a much smaller percentage of government contracts than do other firms and that many of the larger state contracts are given to out of state companies rather than companies doing business in Connecticut. The LPRAC, in specific, stated in its 2009 Legislative Agenda that it will advocate this session to ensure that the funds already available for small minority businesses get appropriately dispersed to those small Connecticut based businesses and specifically those of Latino descent.

According to the Small Business Administration, there were 12,970 (or 4.1% of 316,348 small business) Latino-owned businesses in Connecticut as of 2007. The Latino purchasing power in Connecticut is estimated to be about 9 billion dollars. Minority-owned businesses are growing at more than six times the rate of all firms in the United States and nearly twice the rate of all firms in annual sales. A study conducted by the Urban Institute found that Minority Business Enterprise (MBE) receive only 57 cents for every dollar they would be expected to get from governmental contracting. Connecticut State procurement programs consist of a certification process and a registry of MBEs to be used by state agencies in advertising bidding opportunities. Some states like Florida, Illinois, Kentucky, Maryland, and Connecticut have laws that include specific targets for minority participation. Connecticut's current MBE procurement goal is 20% of a 25% allocation of the allotted amount to small businesses. And yet, our MBE small businesses do not get their full participation or fair share of this small goal.

It is within this context that the LPRAC supports the creation of the "Public Offering Guarantee Fund" to encourage lending to small businesses in the state as stipulated in Raised Bill Number 6478. The LPRAC believes that this is a sound policy that has the potential to help Latino businesses thrive during a national economic downturn and a worsening credit crisis. Latino entrepreneurs making investments in Connecticut are feeling the weight of this economic crisis and are going to need access to capital to stay competitive. Recently, Governor Rell announced a \$100 Million loan program for Connecticut businesses as part of the Governor's "Four-Point" Credit Plan to ensure the continued free flow of credit in the state's economy. The LPRAC is supportive of this plan; however, the LPRAC does not believe that these funds are trickling down to Latino businesses. While the passage of this bill does not guarantee that either, it does facilitate the monetary flow during a critical time in our economy. All we are asking is that these resources are given in unbiased way so that small Latino businesses may compete with their counterparts from Connecticut or anywhere in the world.