



# House of Representatives

General Assembly

**File No. 603**

February Session, 2010

House Bill No. 5050

*House of Representatives, April 20, 2010*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT ESTABLISHING A REVOLVING LOAN FUND FOR  
NONPROFIT ECONOMIC AND COMMUNITY DEVELOPMENT  
ORGANIZATIONS AND CERTAIN LENDERS.***

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

1 Section 1. (NEW) (*Effective October 1, 2010*) The Commissioner of the  
2 Department of Economic and Community Development shall establish  
3 and administer a competitive revolving loan fund that shall be used to  
4 provide funds to nonprofit economic and community development  
5 organizations and certain lenders. Moneys in such fund shall be used  
6 to provide loans to small and other certain business enterprises in this  
7 state. The Banking Commissioner shall remit to the Commissioner of  
8 Economic and Community Development two per cent of all fines  
9 collected by the Banking Department on an annual basis. The  
10 Commissioner of Economic and Community Development shall  
11 deposit all moneys received from the Banking Commissioner in the  
12 revolving loan fund established pursuant to this section.



The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Banking Dept.	BF - Revenue Loss	10,000	10,000
Department of Economic & Community Development	GF - See Below	See Below	See Below

Note: BF=Banking Fund; GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires the Department of Economic and Community Development (DECD) to establish and administer a revolving loan fund for non-profit economic and community development organizations and certain lenders. The costs to DECD to administer this program are contingent on the amount of loans provided. If the annual amount of loans is less than \$10,000, it is anticipated DECD will not incur any costs.

The Department of Banking collects approximately \$500,000 per year in fines.<sup>1</sup> Based on this figure, approximately \$10,000 would be remitted annually to the revolving loan fund. This represents a revenue loss to the Banking Fund, which currently has a projected balance of approximately \$30.0 million.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

<sup>1</sup> Total annual fines collected have ranged from \$125,000 to \$1.2 million over the last ten years.

**OLR Bill Analysis****HB 5050*****AN ACT ESTABLISHING A REVOLVING LOAN FUND FOR NONPROFIT ECONOMIC AND COMMUNITY DEVELOPMENT ORGANIZATIONS AND CERTAIN LENDERS.*****SUMMARY:**

This bill requires the Department of Economic and Community Development (DECD) commissioner to establish and administer a competitive revolving loan fund to provide funds to nonprofit economic and community development organizations and certain lenders for the purpose of providing loans to small businesses and other enterprises in Connecticut. The bill does not specify the criteria for lender or business eligibility.

The bill requires the banking commissioner to annually transmit 2% of all fines collected by the Banking Department to the DECD commissioner, who must deposit the money in the revolving loan fund established by the bill.

EFFECTIVE DATE: October 1, 2010

**BACKGROUND*****Related Bills***

sSB 1, reported favorably by the Finance, Revenue, and Bonding Committee, requires DECD to establish a small business assistance program to provide direct loans and loan guarantees to small businesses. The bill establishes a separate, nonlapsing General Fund account, with funds in the account being used for the small business assistance program. It authorizes the State Bond Commission to issue up to \$20 million in bonds, the proceeds of which must be deposited in the account.

SB 22 (File 383), reported favorably by the Commerce Committee, authorizes DECD to establish a loan and loan guarantee program for businesses with fewer than 250 employees. It authorizes up to \$100 million in bonding for the program, and permits DECD to transfer funds to, and participate with, the Connecticut Development Authority to provide assistance to these businesses.

SB 450 (File 266), reported favorably by the Commerce Committee, requires DECD to create a financing program for businesses with fewer than 50 employees. It authorizes \$20 million in bonds for the program and creates a separate, nonlapsing General Fund account for depositing the bond proceeds.

sHB 5498 (File 435), reported favorably by the Commerce Committee, authorizes \$25 million in state general obligation bonds for DECD to establish and administer a loan program for small businesses that have been denied loans from traditional sources.

**COMMITTEE ACTION**

## Banks Committee

Joint Favorable Change of Reference  
Yea 16 Nay 2 (03/16/2010)

## Finance, Revenue and Bonding Committee

Joint Favorable  
Yea 40 Nay 15 (04/05/2010)