



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE COMMERCE COMMITTEE
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Secretary
Office of Policy and Management

Testimony Supporting Governor's Bill No. 22

AN ACT CONCERNING SMALL BUSINESS ASSISTANCE

Senator LeBeau, Representative Berger and distinguished members of the Commerce Committee, thank you for the opportunity to offer testimony on Governor's Bill No. 22, An Act Concerning Small Business Assistance.

This bill authorizes \$100 million of general obligation bonds in fiscal year 2011 that the Department of Economic and Community Development will use to provide loans and loan guarantees to small and medium size businesses. The aftermath of the financial crisis has made credit access difficult for the small and medium size businesses that drive our economy and these loan programs will help to alleviate the problem.

First, \$75 million would be used to guarantee loans of between \$500,000 and \$3 million each for businesses with 250 or fewer employees. These funds will leverage approximately \$400 million in private loan funds to help our small and medium size businesses remain in business, grow and retain and create jobs. In the event that banks do not participate in this guarantee program, the Department of Economic and Community Development would provide direct loans to businesses. The loan guarantee program would be monitored by the Commissioners of Economic and Community Development and Banking, as well as the Connecticut Bankers Association.

The remaining \$25 million would be set aside for direct state loans, rather than loan guarantees. These loans would be for smaller amounts and for smaller businesses which are less likely to obtain financing from commercial banks. The loans would be targeted to businesses with 100 or fewer employees for a maximum amount of \$500,000 each. The parameters for loan qualification, interest rates and repayment terms would be set by the DECD Commissioner to maximize the number of business that will qualify.

Because enactment of this bill will greatly benefit our state's small and mid-sized business enterprises, I respectfully request that you support Governor's Bill No. 22.