



OLR RESEARCH REPORT

December 1, 2011

2011-R-0452

SMALL BUSINESS ASSISTANCE PROGRAMS

By: John Rappa, Chief Analyst

You asked for a list of state and federal small business assistance programs.

Attachments 1 and 2, respectively, summarize the state and federal programs providing financing and tax incentives to a broad range of businesses for various purposes, including constructing facilities and purchasing new machines.

The number of programs and implementing agencies could make it hard for small business owners to identify the ones that meet their needs. But several organizations can help perform this task, including the following:

1. Connecticut Economic Resource Center's Business Response Center
(http://www.cerc.com/Content/Connecticutand_39_s_Business_Response_Center.asp),
2. Department of Economic and Community Development's Small Business Affairs Office
(<http://www.ct.gov/e cd/cwp/view.asp?a=3931&q=462650>),

3. and Small Business Administration (SBA)
(<http://www.sba.gov/category/navigation-structure/loans-grants>).

Attachment 1: Economic Development Loan and Grant Programs by Assistance Limits

<i>Program and Agency</i>	<i>Assistance Limits</i>	<i>Assistance Terms</i>	<i>Eligible Uses</i>
Micro Loan Guarantees for Women and Minority Business Owners (with 50 or fewer employees), Community Economic Development Fund (CEDF) (http://www.cedf.com/loan-enhancements/)	\$5,000-\$50,000	Flexible	<ul style="list-style-type: none"> • Working Capital • Machinery and Equipment • Inventory • Legal
SBA Micro Loans, CEDF (http://www.cedf.com/sba-microloan/)	\$35,000	Three to six years	<ul style="list-style-type: none"> • Working Capital • Machinery and Equipment • Inventory
Standard Loans, CEDF (http://www.cedf.com/standard-loans/)	\$50,000-\$250,000	Tied to business' cash flow	<ul style="list-style-type: none"> • Working Capital • Machinery and Equipment • Inventory • Owner-Occupied Real Estate • Legal
Grow Your Business Loans, CEDF (http://www.cedf.com/grow-your-business-loan/)	Up to \$250,000	Tied to business' cash flow	<ul style="list-style-type: none"> • Fund expansion of existing business • Working Capital • Machinery and Equipment • Inventory • Owner-Occupied Real Estate • Legal
Urbank, Connecticut Development Authority (CDA) (http://www.ctcda.com/Financing/Small_and_Early_Stage_Business/URBANK/)	Up to \$350,000	<ul style="list-style-type: none"> • Interest rate, terms, and maturity determined by lender • Capable of repaying debt • 1.5%-5% fees 	<ul style="list-style-type: none"> • Working capital • Machinery and equipment • Purchase, construct, expand or upgrade facilities
Line-of-Credit to Term Loans, CDA (http://www.ctcda.com/Financing/Loans_and_Guarantees/LINE_OF_CREDIT_TO_TERM_LOANS/)	\$250,000-\$1 million	<ul style="list-style-type: none"> • Owner's personal guarantee • \$20,000 per job created or retained • Capable of repaying debt 	<ul style="list-style-type: none"> • Revenue producing equipment • IT upgrades • Building expansions

Attachment 1 (continued)

Program and Agency	Assistance Limits	Assistance Terms	Eligible Uses
Early Stage Business Loans, CDA (http://www.ctcda.com/Financing/Small_and_Early_Stage_Business/EARLY_STAGE/)	Up to \$ 5 million	<ul style="list-style-type: none"> • Based on business opportunity • Owner's personal guarantee • Equity interest • Maturity tailored to transaction 	<ul style="list-style-type: none"> • Working capital • Machinery and equipment • Purchase, construct, expand or upgrade facilities • Mortgages on owner-occupied real property
Direct Loans, CDA (http://www.ctcda.com/Financing/Loans_and_Guarantees/DIRECT_LOANS/)	\$250,000--\$5 million	<ul style="list-style-type: none"> • Owner's personal guarantee • \$20,000 per job created or retain • Capable of repaying debt • Up to 20 years repayment • Firm must sell most of its products and services out of state and create jobs 	<ul style="list-style-type: none"> • Working Capital • Machinery and Equipment • Purchase, construct, expand, or upgrade facility • Mortgages or owner-occupied real property • Brownfields cleanup and redevelopment
Guaranteed Loans, CDA (http://www.ctcda.com/Financing/Loans_and_Guarantees/GUARANTEED_LOANS/)	Guarantee up to 40% of principal	<ul style="list-style-type: none"> • Owner's personal guarantee • \$20,000 per job created or retain • Capable of repaying debt • Up to 20 years repayment • Firm must sell most of its products and services out of state and create jobs • Interest rate, terms, and maturity determined by lender • 1.5% commitment fee (up to \$25,000) • 2.0% annual guarantee fee 	<ul style="list-style-type: none"> • Working Capital • Machinery and Equipment • Purchasing, constructing, expanding, or upgrading facility • Mortgages or owner-occupied real property • Brownfields cleanup and redevelopment • Finance foreign trade or receivables

Attachment 1 (continued)

Program and Agency	Assistance Limits	Assistance Terms	Eligible Uses
Participating Loans, CDA (http://www.ctcda.com/Financing/Loans_and_Guarantees/PARTICIPATING_LOANS/)	\$250,000-\$5 million	<ul style="list-style-type: none"> • Owner's personal guarantee • \$20,000 per job created or retain • Capable of repaying debt • Up to 20 years repayment • Firm must sell most of its products and services out of state and create jobs • Interest rate, terms, and maturity determined by lender • Participation funded at closing 	<ul style="list-style-type: none"> • Working Capital • Machinery and Equipment • Purchasing, constructing, expanding, or upgrading facility • Mortgages or owner-occupied real property • Brownfields cleanup and redevelopment
SBA 504 Debentures, CDA (http://www.ctcda.com/Financing/Specialty_Programs/SBA_504_DEBENTURES/)	SBA guarantee up to \$4 million	<ul style="list-style-type: none"> • Lender provides 50% of investment at fixed or variable rate • Business provides 40% through sale of long-term debenture (unsecured bond) guaranteed by SBA and funded by private sources • Business provides remaining 10% 	<ul style="list-style-type: none"> • Machinery and Equipment • Purchase, construct, expand, or upgrade facility • Leasehold improvements • Owner-occupied buildings
Technology-Intensive Businesses and Projects, CDA (http://www.ctcda.com/Financing/Specialty_Programs/TECHNOLOGY_INTENSIVE/)	Up to \$5 million	<ul style="list-style-type: none"> • Up to 20-year terms • Appropriate to business opportunity • Owner's personal guarantee • Equity interest when appropriate • \$20,000 per job created or retain 	<ul style="list-style-type: none"> • Working capital • Software, hardware, and infrastructure • Machinery and equipment • Purchase, construct, or expand facilities

Attachment 1 (continued)

Program and Agency	Assistance Limits	Assistance Terms	Eligible Uses
Direct Inducement Loans (i.e., to encourage a business to expand or relocate in Connecticut), CDA (http://www.ctcda.com/Financing/Specialty_Programs/ECONOMIC_INDUCEMENT_FINANCING/)	Up to \$ 5 million	<ul style="list-style-type: none"> • Up to 20 years • \$20,000 per job created or retain 	<ul style="list-style-type: none"> • Working capital • Machinery and equipment • Purchase, construct, or expand facilities • Mortgages on owner-occupied property
Connecticut Credit Consortium Program (for businesses with 50 or fewer employees Department of Economic and Community Development (DECD, http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=463276))	Up to \$500,000 in direct loans and credit lines	<ul style="list-style-type: none"> • Up to 10-year term • 4% interest rate 	<ul style="list-style-type: none"> • Machinery and equipment • Land and facilities • Property improvements
Small Business Express Program, Revolving Loan Fund (DECD, http://www.ct.gov/ecd/cwp/view.asp?a=3931&q=489792), PA 11-1, OSS	\$10,000 – 100,000	<ul style="list-style-type: none"> • Up to 4% interest • Maximum five-year term • DECD determines other loan terms, conditions, and collateral requirements to prioritize job growth and retention 	<ul style="list-style-type: none"> • Acquiring machinery and equipment • Construction or leasehold improvements • Relocation costs • Working capital
Small Business Express Program, Job Creation Incentive Loans (DECD, http://www.ct.gov/ecd/cwp/view.asp?a=3931&q=489792), PA 11-1, OSS	\$10,000 – 250,000 forgivable loans	<ul style="list-style-type: none"> • Loan forgiveness based on attainment of job goals • DECD determines other loan terms, conditions, and collateral requirements to prioritize job growth and retention 	<ul style="list-style-type: none"> • Training • Marketing • Working capital • Other commissioner-approved expenses that support job creation
Small Business Express Program, Matching Grants (DECD, http://www.ct.gov/ecd/cwp/view.asp?a=3931&q=489792), PA 11-1, OSS	\$10,000 – 100,000 grants	<ul style="list-style-type: none"> • Business must match state grants 	<ul style="list-style-type: none"> • New and ongoing training • Working capital • Acquiring machinery and equipment • Construction or leasehold improvements • Relocation within state • Other commissioner-approved expenses

Attachment 1 (continued)

Program and Agency	Assistance Limits	Assistance Terms	Eligible Uses
Manufacturing Assistance Act (MAA), DECD http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=253408	Fixed percent of costs depending on project's location or purpose Range: Up to 90% in 17 targeted investment communities to up to 50% of costs in other communities	<ul style="list-style-type: none"> • Commissioner sets terms and conditions • State Bond Commission sets interest rate 	<ul style="list-style-type: none"> • Feasibility studies, engineering, appraisals, and other planning activities • Property and machinery and equipment purchases • Facility construction and site improvements • Relocation costs • Working capital • Job training, day care, energy conservation, pollution control, and other specified business support services
First Five Program (PA 11-86 as amended by PA 11-1, OSS), DECD (New program)	Up to 100% MAA Financing	<ul style="list-style-type: none"> • Commissioner's discretion 	<ul style="list-style-type: none"> • Same as above
CDC/504 Loan Program, Federal Small Business Administration (SBA) http://www.sba.gov/content/cdc504-loan-program (for businesses with net worth under \$7.5 million and after tax income under \$2.5 million)	Up to 100% loan guarantees for loans up to \$2.0 m	<ul style="list-style-type: none"> • Create or retain one job per \$65,000 of SBA assistance 	<ul style="list-style-type: none"> • Land and building acquisition • Property improvements • Facility construction, renovation, or conversion • Machinery and equipment purchase
Small Business Subsidized Training and Employment Program (Department of Labor (DOL)), PA 11-1, OSS	Up to \$20 per hour subsidy for new employee's training and compensation Subsidy amount phases out over employee's first six months of employment	Business must hire new employee who <ul style="list-style-type: none"> • was unemployed immediately before being hired, • resides in a municipality with relatively high unemployment • has a family income of less than 250% of federal poverty level 	<ul style="list-style-type: none"> • Subsidize employment and training costs

Attachment 1 (continued)

<i>Program and Agency</i>	<i>Assistance Limits</i>	<i>Assistance Terms</i>	<i>Eligible Uses</i>
Small Manufacturer Subsidized Training and Employment Program, (DOL), PA 11-1, OSS	<p>Monthly grants subsidizing new employee training and compensation</p> <p>Initial grants up to \$2,500; grant amount phases out over six months</p>	Business must hire a new employee	<ul style="list-style-type: none"> • Training and compensation

Attachment 2: Business Tax Incentives

Credits Available to Businesses with Fewer than 100 Employees			
Name and CGS §	Applicable Business Taxes	Eligibility	Incentive Amount
Rehabilitation of Historic Business Property for Mixed Residential and Commercial Use (CGS § 10-416b , as amended by PA 11-48), Commission on Culture and Tourism http://www.cultureandtourism.org/cct/cwp/view.asp?a=2127&q=430786	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Air Carrier • Railroad Company • Community Antenna • Utility Companies 	Certified historic commercial, industrial, mixed residential and nonresidential, cultural, and former municipal, state, and federal property on the national or state Register of Historic Places or located in an historic district on the national or state register	<ul style="list-style-type: none"> • Total credits capped at \$50 million per three-year cycle, beginning with FY 09-12 • 25% of qualified rehabilitation expenditures; 30% if project includes units affordable to low- and moderate-income people • No project can receive more than \$5 million 10% of the three-year limit. • Unused credits may be carried forward for up to five years
Manufacturing and Specified Service Facilities in Enterprise Zones, Enterprise Zone Municipalities, or Designate Airport Development Zones (CGS § 12-217e (a) , as amended by PA 11-1, OSS), DECD and the Connecticut Airport Authority http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460	Corporation	Based on developing facilities and creating jobs Facility must be: <ul style="list-style-type: none"> • newly acquired, constructed or improved • located in the enterprise zone or in another part of the town with the zone • used for manufacturing or specified financial services Business must have created jobs to do work in the facility	<ul style="list-style-type: none"> • 10-year credit against tax allocable to facility: <ul style="list-style-type: none"> ○ 25% credit or ○ 50% if at least 150 or 30% of new jobs are held by zone or city residents who qualify for federal job training assistance • Credits automatic in zones; available to manufacturers outside the zone at state's discretion • Specified service firms outside the zones qualify for credits under the program below
Service Facilities in Enterprise Zone Municipalities (CGS § 12-217e (b)), DECD http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460	Corporation	Based on developing facilities and creating jobs	10-year credit based on number of jobs created: <ul style="list-style-type: none"> • 15%, 300-599 jobs

Attachment 2 (continued)

Credits Available to Businesses with Fewer than 100 Employees			
Name and CGS §	Applicable Business Taxes	Eligibility	Incentive Amount
			<ul style="list-style-type: none"> • 20%, 600-899 jobs • 25%, 900-1,199 jobs • 30%, 1,200-1,499 jobs • 40%, 1,500-1,999 jobs • 50%, 2000 or more jobs
Apprenticeship Training (CGS § 12-217g), Department of Labor (DOL) (http://www.ctdol.state.ct.us/progsupt/appren/appren.htm)	Corporation	Hiring manufacturing, plastics, and construction apprentices participating in state-approved apprenticeship training programs Businesses hiring plastics trade apprentices qualify if the number hired exceeds the average number of plastic apprentices hired during the prior five years	<ul style="list-style-type: none"> • Maximum \$4,800 or 50% of wages paid, whichever is less, for manufacturing and plastics trade apprentices • Maximum \$4,000 or 50% of wages, whichever is less, for construction trade
Incremental Research and Development Expenditures (CGS § 12-217j), Department of Revenue Services (DRS) (http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230)	Corporation	Businesses that increase their R&D expenditures over the prior year	20% of the amount spent on R&D over the prior year's spending
Research and Development Expenditures (CGS § 12-217n), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460&ecdNav=1)	Corporation	Any business incurring R&D expenditures	<ul style="list-style-type: none"> • Credit amount determined according to statutory two-step formula • Credits range from 1% for expenditures under \$50 million to 6% for expenditures over \$200 million • Only one-third of credit can be taken per year • Unused credits may be carried forward until fully taken
Research and Development Expenditures for Qualified Small Businesses (CGS § 12-217n), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460&ecdNav=1)	Corporation	Businesses with gross incomes under \$100 million	<ul style="list-style-type: none"> • 6% of total R&D expenditure • Only one-third of credit can be taken per year • Unused credits may be carried forward until fully taken

Attachment 2 (continued)

Credits Available to Businesses with Fewer than 100 Employees			
Name and CGS §	Applicable Business Taxes	Eligibility	Incentive Amount
Machinery and Equipment (CGS § 12-217o), DRS (http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230)	Corporation	Business must have increased the amount it spent for machinery and equipment used in Connecticut over the prior year's amount	Credit depends on the number of employees: <ul style="list-style-type: none"> • 10% for businesses with 250 or fewer employees • 5% for businesses with between 251 and 799 employees
Purchase of Electronic Data Processing Equipment (CGS § 12-217t), DRS (http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230)	<ul style="list-style-type: none"> • Unrelated Business Income of Nonprofit Corporations • Air Carrier • Railroad Company • Community Antenna • Utility Companies • Insurance Premium • Corporation 	Businesses paying property taxes on computers, printers, peripheral computer equipment, bundled software, and similar equipment	Credit is 100% of property tax paid on electronic data processing equipment
Financial Institutions (CGS § 12-217u , terminates December 31, 2013), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460)	Corporation	Constructing minimum 900,000 square foot facility and maintaining specified job levels	Two-stage credits: <ul style="list-style-type: none"> • Maximum \$120 million in credits over 1st 10 years: <ul style="list-style-type: none"> ○ 30% for each year business maintains at least 1,200 new jobs or ○ 40% credit for each year business maintains at least 1,600 new jobs • Maximum \$145 million in credits over next five years: 25% for each year business maintains at least 3,000 new jobs
Fixed Capital Investments (CGS § 12-217w), DRS (http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230)	Corporation	Property must: <ul style="list-style-type: none"> • Have four-year class life • Not be sold or transferred • Be held or used in Connecticut 	5% of fixed capital costs incurred during income year
Human Capital Investments (CGS § 12-217x), DRS	Corporation	Eligible activities:	<ul style="list-style-type: none"> • 5% of expenditure

Attachment 2 (continued)

Credits Available to Businesses with Fewer than 100 Employees			
Name and CGS §	Applicable Business Taxes	Eligibility	Incentive Amount
http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230		<ul style="list-style-type: none"> • Job training • Work education • Child care subsidies • Day care facilities • Donations to colleges and universities for technology 	<ul style="list-style-type: none"> • Unused credits may be carried forward for up to five years
Hiring Incentive for Temporary Family Assistance Program Participants (CGS § 12-217y), DOL http://www.ctdol.state.ct.us/weltowrk/EmplServices.htm	Corporation	Business must hire people who work 30 hours per week and have received program benefits for at least nine months	<ul style="list-style-type: none"> • \$125 per employee for each full month worked • Unused credits may be carried forward for up to five years
Displaced Workers Hired by Electric Suppliers (CGS § 12-217bb), DRS http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230	Corporation	Worker displaced because of electrical industry restructuring; does not include officer or director of electric company or generation entity	\$1,500 per worker available in income year after worker completes first six months of full-time work with business claiming credit
Displaced Workers (CGS § 12-217hh), DRS http://www.ct.gov/drs/cwp/view.asp?a=1510&q=419230	<ul style="list-style-type: none"> • Insurance Companies, Hospitals, and Medical Services • Corporation • Utility Companies 	Any business hiring a worker who: <ul style="list-style-type: none"> • lost his previous job because of a restructuring resulting in at least 10 layoffs and • whose wages are at least 75% of his prior wages 	\$1,500 per displaced worker available in income year after worker completes first 12 months of full-time work with business claiming credit
Job Expansion Tax Credit (PA 11-1, OSS), DECD (available for employees hired between 1/1/12 and 1/1/14)	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Personal Income • Utility Companies 	Businesses with 50 or fewer employees creating at least one new job; those with 51 to 100 employees must create five; and those with more than 100 employees must create 10. Higher amounts for hiring Connecticut residents that are: <ul style="list-style-type: none"> • Receiving unemployment compensation, • Unemployed after exhausting unemployment benefits, • Current or past U.S. Armed Forces members, or • Receiving services from DSS' Bureau of Rehabilitative Services 	Three-year credit equal to \$500 per new employee or \$900 if the employee meets specified criteria
New Job Creation (CGS § 12-217ii , as amended by PA 11-140), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460) (available through 12/31/11)	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Utility Companies 	Any business creating at least 10 new jobs	<ul style="list-style-type: none"> • Total credits capped at \$20 million per year • Five-year credit up to 60% of the income tax deducted and withheld from the new employees'

Attachment 2 (continued)

Credits Available to Businesses with Fewer than 100 Employees			
Name and CGS §	Applicable Business Taxes	Eligibility	Incentive Amount
			wages
Qualified Small Business Job Creation Tax Credit (CGS § 12-217nn , as amended by PA 11-6; (available until December 31, 2012), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460))	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Personal Income 	Business with fewer than 50 full-time, Connecticut-based employees	<ul style="list-style-type: none"> • Three-year credit per new full-time job held by Connecticut resident • Maximum \$200 per month per employee credit
Vocational Rehabilitation Job Creation Tax Credit (CGS § 12-217oo , as amended by PA 11-6; available until December 31, 2012), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460))	Same as above	Same as above	Same as above
Urban and Industrial Sites Reinvestment (CGS § 32-9t), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460))	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Air Carriers • Railroad Company • Community Antenna • Utility Companies • Other specified business taxes 	<p>Business investing in projects developing or redeveloping property, including brownfields, that meet statutory criteria, including generating new tax revenue and other economic benefits</p> <p>Business may invest the funds directly in a project or through a fund manager</p>	<p>Total credits available for all projects capped at \$500 million</p> <p>100% credit, up to \$100 million, spread out over 10 years: 0% in first three years after the investment was made, 10% per year in the next four years, and 20% per year in the remaining three years</p> <p>Unused credits may be carried forward for up to five years or assigned to another taxpayer</p>
Research and Development Expenditures for Enterprise Zone Businesses (CGS § 12-217n), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460))	Corporation	Any business headquartered in an enterprise zone employing over 2,500 people and with annual revenues over \$3 billion	The greater of 3.5% of total R&D expenditure or the amount derived from the statutory two-step formula used by big businesses outside the zone
Corporations Created in Enterprise Zones (CGS § 12-217v), DECD (http://www.ct.gov/ecd/cwp/view.asp?a=1097&q=437460))	Corporation	<p>Corporation must be created in a zone and meet one of these hiring goals:</p> <ul style="list-style-type: none"> • Hire at least 375 employees, at least 40% of whom 	<p>10-year credit:</p> <ul style="list-style-type: none"> • 100% for the first three years

Attachment 2 (continued)

Credits Available to Businesses with Fewer than 100 Employees			
Name and CGS §	Applicable Business Taxes	Eligibility	Incentive Amount
		reside in the zone and qualify for federal job training assistance or • Hire at least 375 employees, at least 150 of whom reside in the zone or qualify for federal job training benefits	• 50% for the next seven years
Manufacturing Reinvestment Account (DECD), PA 11-140, as amended by PA 11-1, OSS	Corporation	Up to 100 small manufacturers (50 or fewer employees)	Up to five-year deferral of taxes on amounts up to \$100,000 deposited in interest-bearing bank account. Withdrawal permitted for worker training and capital expenses. During five-year period, withdrawals subject to 3.5% tax rate; balance remaining after five years taxed at full rate plus 10% surcharge

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