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## **OLR Bill Analysis**

**sSB 405 (File 629, as amended by Senate "A")\***

### ***AN ACT CONCERNING TARGETED HEALTH AREAS***

#### **SUMMARY:**

This bill opens the Small Business Express Program to licensed physicians and physician offices in up to 10 state-designated Targeted Health Areas (THAs), which the Department of Public Health (DPH) commissioner must designate based on the bill's criteria and in consultation with the parties the bill specifies. The program provides business loans and grants to Connecticut-based businesses with 50 or fewer employees.

\*Senate Amendment "A" deletes provisions establishing a separate loan and grant program for THA-based physicians and physicians modeled after the Small Business Express Program.

EFFECTIVE DATE: Upon passage

#### **DESIGNATING THAs**

The bill requires the DPH commissioner to designate, by October 1, 2012, and within available appropriations, up to 10 municipalities as THAs, in consultation with the social services commissioner and a representative of the Connecticut State Medical Society. The commissioner may designate a municipality as a THA if it has a medically underserved population or a high chronic disease rate.

#### **FINANCIAL ASSISTANCE**

Licensed physicians and physician offices in THAs qualify for financing under the Department of Economic and Community Development's (DECD) Small Business Express Program, which provides revolving loans, creation incentive loans, and matching grants. Table 1 summarizes the program's eligible expenditures and terms and conditions for each type of assistance.

**Table 1: Summary of Small Business Express Financial Assistance**

<b>Program Characteristic</b>	<b>Financial Assistance</b>		
	<b>Revolving Loans</b>	<b>Licensed Physician Hiring Loans</b>	<b>Matching Grants</b>
Type of Assistance	Loans	Deferrable or forgivable loans for businesses that increase or maintain jobs	Matching capital grants
Eligible Expenditures	<ul style="list-style-type: none"> <li>Acquiring machinery and equipment</li> <li>Construction or leasehold improvements</li> <li>Working capital</li> <li>Other DECD-approved business expenses</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Marketing</li> <li>Working capital</li> <li>DECD-approved expenses supporting the hiring of licensed physicians</li> </ul>	<ul style="list-style-type: none"> <li>New or ongoing training</li> <li>Working capital</li> <li>Acquisition of machinery and equipment</li> <li>Construction or leasehold improvements</li> <li>Other DECD-approved business expenses</li> </ul>
Terms and Conditions	<ul style="list-style-type: none"> <li>\$10,000-\$100,000 loans</li> <li>Up to 4% interest</li> <li>Maximum 10-year term</li> <li>Loan terms, conditions, and collateral requirements to meet prioritized job growth and retention</li> </ul>	<ul style="list-style-type: none"> <li>\$10,000-\$250,000 loans</li> <li>Loans deferred may be deferred based on commissioner's assessment of business' job attainment goals</li> <li>Loans may also be forgiven based on business attaining job creation goals or maintaining an increased number of jobs for at least 12 consecutive months</li> <li>DECD reviews and approves loan terms, conditions, and collateral requirements to prioritize job creation and retention</li> </ul>	<ul style="list-style-type: none"> <li>\$10,000-\$100,000 grants</li> <li>Business must match grant</li> <li>DECD prioritizes based on likelihood of application maintaining job growth</li> </ul>

The commissioner may combine Express Program loans and grants with financing and tax credits provided under other programs.

### **ELIGIBILITY**

The bill opens the Express Program to licensed physicians and physician offices in THAs. Physicians qualify if they meet one of two sets of criteria. Under the first set, a physician qualifies if he or she practices medicine in a THA and actively provides (1) primary care for adults and children or (2) any medical specialty the commissioner

determines the THA needs. The physician must also be up-to-date on all state and local taxes.

Alternatively, the physician qualifies under current law if he or she meets the Express Program's criteria. The physician must employ no more than 50 people during the prior 12 months and:

1. be based and operate in Connecticut,
2. have been registered to do business here for at least 12 months,
3. be current on all state and local taxes, and
4. be in good standing with all state agencies.

Physician offices qualify for Express loans and grants under the first set of criteria.

## **BACKGROUND**

### ***Legislative History***

The Senate referred the bill (File 411) to the Finance, Revenue and Bonding Committee, which reported a substitute eliminating the original file's \$10 million bond authorization.

## **COMMITTEE ACTION**

### Commerce Committee

Joint Favorable  
Yea 13 Nay 4 (03/27/2012)

### Public Health Committee

Joint Favorable  
Yea 24 Nay 1 (04/24/2012)

### Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 45 Nay 0 (05/03/2012)