



General Assembly

**Substitute Bill No. 5045**

February Session, 2016

\* \_\_\_\_\_HB05045FIN\_\_\_\_041916\_\_\_\_\_\*

**AN ACT CONCERNING REVISIONS TO THE SMALL BUSINESS EXPRESS PROGRAM.**

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

1 Section 1. Section 32-7g of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) There is established within the Department of Economic and  
4 Community Development the Small Business Express program. Said  
5 program shall provide small businesses with various forms of financial  
6 assistance, using a streamlined application process to expedite the  
7 delivery of such assistance. The Commissioner of Economic and  
8 Community Development, at his or her discretion, may partner with  
9 the lenders in the Connecticut Credit Consortium, established  
10 pursuant to section 32-9yy, in order to fulfill the requirements of this  
11 section. A small business eligible for assistance through said program  
12 shall [, as of June 15, 2012,] (1) employ [, on at least fifty per cent of its  
13 working days during the preceding twelve months,] not more than one  
14 hundred employees, (2) have operations in Connecticut, (3) have been  
15 registered to conduct business for not less than [twelve] six months,  
16 and (4) be in good standing with the payment of all state and local  
17 taxes and with all state agencies. A small business eligible for a loan  
18 under subsection (d) or (e) of this section shall also demonstrate that it  
19 has been denied a loan for a similar amount by a private sector lender.

20 (b) The Small Business Express program shall consist of various  
21 components, including (1) a revolving loan fund, as described in  
22 subsection (d) of this section, to support small business growth, (2) a  
23 job creation incentive component, as described in subsection (e) of this  
24 section, to support hiring, [and] (3) a matching grant component, as  
25 described in subsection (f) of this section, to provide capital to small  
26 businesses that can match the state grant amount, and (4) a fund  
27 established in collaboration with private sector lenders doing business  
28 in Connecticut, as described in subsection (g) of this section, to  
29 encourage lending and provide small businesses in the state with  
30 access to capital. The Commissioner of Economic and Community  
31 Development shall work with eligible small business applicants to  
32 provide a package of assistance using the financial assistance provided  
33 by the Small Business Express program and may refer small business  
34 applicants to the Subsidized Training and Employment program  
35 established pursuant to section 31-3pp and any other appropriate state  
36 program. Notwithstanding the provisions of section 32-5a regarding  
37 relocation limits, the department may require, as a condition of  
38 receiving financial assistance pursuant to this section, that a small  
39 business receiving such assistance shall not relocate, as defined in  
40 [said] section 32-5a, for five years after receiving such assistance or  
41 during the term of the loan, whichever is longer. All other conditions  
42 and penalties imposed pursuant to [said] section 32-5a shall continue  
43 to apply to such small business.

44 (c) The commissioner shall establish a streamlined application  
45 process for the Small Business Express program. The small business  
46 applicant may receive assistance pursuant to said program not later  
47 than thirty days after submitting a completed application to the  
48 department. Any small business meeting the eligibility criteria in  
49 subsection (a) of this section may apply to said program. The  
50 commissioner shall give priority for available funding to small  
51 businesses creating jobs and may give priority for available funding to  
52 (1) economic base industries, as defined in subsection (d) of section 32-  
53 222, including, but not limited to, those in the fields of precision

54 manufacturing, business services, green and sustainable technology,  
55 bioscience and information technology, and (2) businesses attempting  
56 to export their products or services to foreign markets.

57 (d) (1) There is established as part of the Small Business Express  
58 program a revolving loan fund to provide loans to eligible small  
59 businesses. Such loans shall be used for acquisition or purchase of  
60 machinery and equipment, construction or leasehold improvements,  
61 relocation expenses, working capital or other business-related  
62 expenses, as authorized by the commissioner.

63 (2) Loans from the revolving loan fund may be in amounts from ten  
64 thousand dollars to a maximum of one hundred thousand dollars,  
65 shall carry a maximum repayment rate of four per cent and shall be for  
66 a term of not more than ten years. The department shall review and  
67 approve loan terms, conditions and collateral requirements in a  
68 manner that prioritizes job growth and retention.

69 (3) Any eligible small business meeting the eligibility criteria in  
70 subsection (a) of this section may apply for assistance from the  
71 revolving loan fund, but the commissioner shall give priority to  
72 applicants that, as part of their business plan, are creating new jobs  
73 that will be maintained for not less than twelve consecutive months.

74 (e) (1) There is established as part of the Small Business Express  
75 program a job creation incentive component to provide loans for job  
76 creation to small businesses meeting the eligibility criteria in  
77 subsection (a) of this section, with the option of loan forgiveness based  
78 on the maintenance of an increased number of jobs for not less than  
79 twelve consecutive months. Such loans may be used for training,  
80 marketing, working capital or other expenses, as approved by the  
81 commissioner, that support job creation.

82 (2) Loans under the job creation incentive component may be in  
83 amounts from ten thousand dollars to a maximum of three hundred  
84 thousand dollars, shall carry a maximum repayment rate of four per

85 cent and shall be for a term of not more than ten years. Payments on  
86 such loans may be deferred, and all or part of such loan may be  
87 forgiven, based upon the commissioner's assessment of the small  
88 business's attainment of job creation goals. The department shall  
89 review and approve loan terms, conditions and collateral requirements  
90 in a manner that prioritizes job creation.

91 (f) (1) There is established as part of the Small Business Express  
92 program a matching grant component to provide grants for capital to  
93 small businesses meeting the eligibility criteria in subsection (a) of this  
94 section. Such small businesses shall match any state funds awarded  
95 under this program. Grant funds may be used for ongoing or new  
96 training, working capital, acquisition or purchase of machinery and  
97 equipment, construction or leasehold improvements, relocation within  
98 the state or other business-related expenses authorized by the  
99 commissioner.

100 (2) Matching grants provided under the matching grant component  
101 may be in amounts from ten thousand dollars to a maximum of one  
102 hundred thousand dollars. The commissioner shall prioritize  
103 applicants for matching grants based upon the likelihood that such  
104 grants will assist applicants in maintaining job growth.

105 (3) The commissioner may waive the matching requirement for  
106 grants under this subsection for working capital to small businesses  
107 located within distressed municipalities, as defined in section 32-9p.

108 (g) The commissioner, in collaboration with private sector lenders  
109 doing business in Connecticut, shall establish as part of the Small  
110 Business Express program a fund to encourage lending and provide  
111 small businesses in the state with access to capital. Such capital shall be  
112 used for acquisition or purchase of machinery and equipment,  
113 construction or leasehold improvements, relocation expenses, working  
114 capital or other business-related expenses, as authorized by the  
115 commissioner. The provisions of subsections (d) and (e) of this section  
116 shall not be construed to apply to such fund. Such fund shall be

117 administered by the Department of Economic and Community  
118 Development. Notwithstanding the provisions of section 32-7h, the  
119 commissioner shall allocate not more than ten per cent of available  
120 funding under the Small Business Express program to such fund.

121 [(g)] (h) Not later than June 30, 2012, and every six months  
122 thereafter, the commissioner shall provide a report, in accordance with  
123 the provisions of section 11-4a, to the joint standing committees of the  
124 General Assembly having cognizance of matters relating to finance,  
125 revenue and bonding, appropriations, commerce and labor. Such  
126 report shall include available data on (1) the number of small  
127 businesses that applied to the Small Business Express program, (2) the  
128 number of small businesses that received assistance under said  
129 program and the general categories of such businesses, (3) the amounts  
130 and types of assistance provided, (4) the total number of jobs on the  
131 date of application and the number proposed to be created or retained,  
132 and (5) the most recent employment figures of the small businesses  
133 receiving assistance. The contents of such report shall also be included  
134 in the department's annual report.

135 Sec. 2. (Effective July 1, 2016) Not later than October 1, 2016, the  
136 Commissioner of Economic and Community Development shall  
137 submit a report, in accordance with the provisions of section 11-4a of  
138 the general statutes, to the joint standing committee of the General  
139 Assembly having cognizance of matters relating to commerce. Such  
140 report shall include: (1) A description of the fund established pursuant  
141 to subsection (g) of section 32-7g of the general statutes, as amended  
142 by this act; (2) the number of and extent to which private sector lenders  
143 were consulted in the development of such fund; and (3) a description  
144 of the commissioner's evaluation of potential forms of collaboration  
145 with private sector lenders in such fund, including, but not limited to,  
146 leveraged funds, loan guarantees, contract financing and bridge loans  
147 and other short-term notes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2016</i>	32-7g
Sec. 2	<i>July 1, 2016</i>	New section

**CE**      *Joint Favorable Subst.*

**FIN**      *Joint Favorable*