



STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA – HARTFORD, CT 06103-1800



TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE
Jorge L. Perez, Commissioner
Department of Banking

February 27, 2020

Governor's Bill 5007 – An Act Concerning the Small Business Express Program

Chairwoman Hartley, Chairwoman Simmons, Ranking Member Martin, Ranking Member Cummings and honorable members of the Commerce Committee, thank you for the opportunity to submit written testimony in support of **Governor's Bill 5007, An Act Concerning the Small Business Express Program**.

The Department offers its support for the changes proposed in this bill to the Small Business Express Program. Enacted immediately following the 2008 financial crisis, the original intent of the program was to provide direct lending assistance to small businesses in the State. During this time, credit markets tightened resulting in more restrictive access to capital for small businesses. Because the markets weren't functioning properly, the State, through this program fulfilled a genuine market need. However, since then, markets have recovered and the need for direct lending by the State no longer exists.

By shifting the program to a loan guarantee fund rather than a direct lender, financial institutions can leverage their capitol tenfold in direct and indirect economic impact. Additionally, the State would cease competing with the private sector, and at the same time, still better fulfill the goal of the program to provide access to capital for small businesses. Connecticut financial institutions are well positioned for continued growth, and in an increasingly competitive marketplace, reworking the Small Business Express Program creates an environment where the State, our financial institutions and our small businesses can thrive and prosper.

Following passage of this bill, the Department looks forward to collaborating with the Department of Economic and Community Development to ensure the success of the revamped Small Business Express program.