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## **OLR Bill Analysis**

### **sHB 5481**

#### ***AN ACT ESTABLISHING A GRANT PROGRAM FOR WOMEN AND MINORITY-OWNED BUSINESSES.***

#### **SUMMARY**

This bill requires the Department of Economic and Community Development (DECD) to establish a new grant program for women- and minority-owned businesses established during the COVID-19 pandemic or adversely impacted by it, as determined by the commissioner. It funds the program with federal COVID-19 relief funding.

The bill allows DECD to award up to \$5 million in total grants to eligible businesses but no more than \$25,000 for any single grant. It requires DECD to establish eligibility criteria and specifies how the department must administer the program. The department (1) may enter into a personal service agreement with an outside person, firm, corporation, or other entity to operate the program and (2) cannot issue any grants after June 30, 2022.

Lastly, the bill requires DECD to report certain information about the program to the Commerce Committee.

EFFECTIVE DATE: Upon passage

#### **PROGRAM FUNDING**

The bill requires the Office of Policy and Management (OPM) secretary to allocate \$5 million to DECD for the new program from the federal funds the state received pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136), the Coronavirus Response and Relief Supplemental Appropriations Act (P.L. 116-260), and the American Rescue Plan Act of 2021 (P.L. 117-2) (see BACKGROUND).

## **APPLICATIONS AND PROGRAM ADMINISTRATION**

Under the bill, women- or minority-owned businesses seeking a grant must apply in the manner the DECD commissioner prescribes. At a minimum, applications must include the following:

1. the location of the applicant's principal place of business,
2. the ownership structure of the applicant's business,
3. an explanation of how the applicant intends to use the grant, and
4. any other information the commissioner deems necessary.

Additionally, the bill requires DECD to take the following actions in administering the program:

1. establish eligibility criteria;
2. publish a notice of grant availability on its website, including eligibility criteria, for the time period beginning when the bill passes until June 30, 2022; and
3. review grant applications and determine eligibility.

## **REPORTING**

The bill requires the DECD commissioner to report to the Commerce Committee (1) by January 1, 2022, on the program's progress and any legislative proposals needed to accomplish program goals and (2) by January 1, 2023, on the following program data:

1. the number and amount of grants the department provided;
2. the identities of the businesses that received grants, including whether these businesses were women- or minority-owned;
3. the intended use of each grant, as described in the program application each business submitted; and
4. the number of employees each business that received a grant

employed (a) when it received the grant and (b) at the program's conclusion.

## **DEFINITIONS OF WOMEN- AND MINORITY-OWNED BUSINESSES**

Under the bill, "minority-owned business" means a minority business enterprise (MBE). By law, MBEs are small contractors owned by women, minorities, or people with disabilities. The owner must have managerial and technical competence and experience directly related to his or her principal business activities. A "small contractor" is a business that (1) maintains its principal place of business in Connecticut, (2) had gross revenues of \$15 million or less during its most recent fiscal year, and (3) is independent (CGS § 4a-60g(a)). The bill similarly defines "women-owned business" as a business owned specifically by a woman or women who (1) are active in the business's daily affairs and (2) have the power to direct the business's management and policies.

## **BACKGROUND**

### ***Allocations of Federal COVID-19 Relief Funds***

Special Act 21-1 establishes a process for legislative review and approval of most allocations of American Rescue Plan funds. Under the act, the governor must submit to the legislature recommended allocations by April 26, 2021, and the Appropriations Committee must review them and recommend changes. The act requires that final allocations of the funds be authorized by a public or special act and prohibits the disbursement of funds prior to the passage of such an act. It also requires the OPM secretary to submit a report, by the same deadline, with a (1) full accounting of funds spent from the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act and (2) plan for disbursing any remaining funds.

## **COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/22/2021)