



House of Representatives

General Assembly

File No. 334

January Session, 2021

Substitute House Bill No. 5481

House of Representatives, April 8, 2021

The Committee on Commerce reported through REP. SIMMONS, C. of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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

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

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "COVID-19" means the respiratory disease designated by the
3 World Health Organization on February 11, 2020, as coronavirus 2019,
4 and any related mutation thereof recognized by said organization as a
5 communicable respiratory disease;
- 6 (2) "Minority-owned business" means a minority business enterprise
7 as defined in section 4a-60g of the general statutes;
- 8 (3) "Program" means the women-owned and minority-owned
9 business grant program established pursuant to this section; and
- 10 (4) "Women-owned business" means any business of which fifty-one
11 per cent or more of the capital stock, if any, or assets are owned by a
12 woman or women who are active in the daily affairs of the business and

13 have the power to direct the management and policies of the business.

14 (b) The Department of Economic and Community Development shall
15 establish a women-owned and minority-owned business grant
16 program. The purpose of such program shall be to provide grants to
17 women-owned and minority-owned businesses that were established
18 during or adversely affected by the COVID-19 pandemic, as determined
19 by the Commissioner of Economic and Community Development. The
20 department may enter into an agreement, pursuant to chapter 55a of the
21 general statutes, with a person, firm, corporation or other entity to
22 operate such program.

23 (c) The Department of Economic and Community Development shall
24 publish on its Internet web site a notice of grant availability for the
25 period beginning on the effective date of this section and ending on June
26 30, 2022.

27 (d) Each women-owned or minority-owned business applying for a
28 grant under this section shall submit an application in such form and
29 manner as prescribed by the commissioner. Each application shall
30 include the following information: (1) The location of the principal place
31 of business of the applicant; (2) the ownership structure of the women-
32 owned or minority-owned business; (3) an explanation of the intended
33 use of the grant being applied for; and (4) such other information that
34 the commissioner deems necessary.

35 (e) The Department of Economic and Community Development shall
36 review all grant applications received under the program and determine
37 which applications are eligible for funding. Criteria for such
38 determinations shall be established by the department and included in
39 the notice of grant availability described in subsection (c) of this section.

40 (f) The amount of any grant issued pursuant to this section shall not
41 exceed twenty-five thousand dollars and the total amount of grants
42 issued shall not exceed five million dollars. No grant shall be issued
43 pursuant to this section after June 30, 2022.

44 (g) (1) Not later than January 1, 2022, the Commissioner of Economic
 45 and Community Development shall report, in accordance with the
 46 provisions of section 11-4a of the general statutes, to the joint standing
 47 committee of the General Assembly having cognizance of matters
 48 relating to commerce regarding the progress of the program and
 49 including any requisite legislative proposals to accomplish the goals of
 50 the program.

51 (2) Not later than January 1, 2023, the Commissioner of Economic and
 52 Community Development shall report, in accordance with the
 53 provisions of section 11-4a of the general statutes, to the joint standing
 54 committee of the General Assembly having cognizance of matters
 55 relating to commerce. Such report shall include the following data
 56 regarding the program: (A) The number of grants provided and the
 57 amount of such grants; (B) the identities of the businesses that received
 58 such grants, and information regarding whether such businesses were
 59 women-owned or minority-owned; (C) the intended use of each grant
 60 provided, as described by the business pursuant to subdivision (3) of
 61 subsection (e) of this section; (D) the number of employees employed by
 62 each business that received a grant at the time such business received
 63 such grant; and (E) the number of employees employed by each
 64 business that received a grant at the conclusion of the program.

65 Sec. 2. (*Effective from passage*) The Secretary of the Office of Policy and
 66 Management shall allocate five million dollars to the Department of
 67 Economic and Community Development, from the federal funds
 68 received by the state pursuant to the Coronavirus Aid, Relief, and
 69 Economic Security Act, P.L. 116-136, as amended from time to time, the
 70 Coronavirus Response and Relief Supplemental Appropriations Act,
 71 P.L. 116-260, as amended from time to time, or the American Rescue
 72 Plan Act of 2021, P.L. 117-2, as amended from time to time, for the
 73 purposes of the program established pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Sec. 2	<i>from passage</i>	New section
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CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Policy & Mgmt., Off.	Federal Funds - See Below

Municipal Impact: None

Explanation

Section 2 requires the Office of Policy and Management (OPM) to allocate \$5 million to the DECD from federal CARES Act funding. The impact of this is uncertain. It is not known what funding OPM would choose to allocate, or whether any allocation of CARES Act funding for the bill's provisions would comply with Federal law.

The Out Years

There is no impact in the out years.

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)