



General Assembly

**Substitute Bill No. 6467**

January Session, 2021



**AN ACT CONCERNING 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 Section 32-7g of the general statutes is repealed and the  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, 2021*):

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 the  
9 lenders in the Connecticut Credit Consortium, established pursuant to  
10 section 32-9yy, in order to fulfill the requirements of this section. A small  
11 business eligible for assistance through said program shall (1) employ,  
12 on at least fifty per cent of its working days during the preceding twelve  
13 months, not more than one hundred employees, (2) have operations in  
14 Connecticut, (3) have been registered to conduct business for not less  
15 than twelve months, and (4) be in good standing with the payment of  
16 all state and local taxes and with all state agencies.

17 (b) The Small Business Express program shall consist of various  
18 components, including (1) a revolving loan fund, as described in

19 subsection (d) of this section, to support small business growth, (2) a job  
20 creation incentive component, as described in subsection (e) of this  
21 section, to support hiring, (3) a matching grant component, as described  
22 in subsection (f) of this section, to provide capital to small businesses  
23 that can match the state grant amount, (4) not more than two minority  
24 business revolving loan funds, as described in subsection (g) of this  
25 section, to support the growth of minority-owned businesses, [and] (5)  
26 a component established in consultation with representatives from  
27 Connecticut-based banks and a banking industry association, as  
28 described in subsection (h) of this section, and (6) a component  
29 established in consultation with Connecticut Innovations, Incorporated,  
30 as described in subsection (i) of this section. The Commissioner of  
31 Economic and Community Development shall work with eligible small  
32 business applicants to provide a package of assistance using the  
33 financial assistance provided by the Small Business Express program  
34 and may refer small business applicants to the Subsidized Training and  
35 Employment program established pursuant to section 31-3pp and any  
36 other appropriate state program. Notwithstanding the provisions of  
37 section 32-5a regarding relocation limits, the department may require,  
38 as a condition of receiving financial assistance pursuant to this section,  
39 that a small business receiving such assistance shall not relocate, as  
40 defined in 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 section 32-5a shall continue to apply  
43 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, (2) businesses attempting to  
56 export their products or services to foreign markets, and (3) businesses  
57 located in designated innovation places, as defined in section 32-39j.

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

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

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

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

85 (2) Loans under the job creation incentive component may be in  
86 amounts from ten thousand dollars to a maximum of three hundred  
87 thousand dollars, shall carry a maximum repayment rate of four per  
88 cent and shall be for a term of not more than ten years. Payments on  
89 such loans may be deferred, and all or part of such loan may be forgiven,  
90 based upon the commissioner's assessment of the small business's  
91 attainment of job creation goals. The department shall review and  
92 approve loan terms, conditions and collateral requirements in a manner  
93 that prioritizes job creation.

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

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

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

111 (g) (1) There are established as part of the Small Business Express  
112 program not more than two revolving loan funds to provide loans to  
113 eligible small businesses that are owned by one or more members of a  
114 minority. As used in this subsection, (A) "minority business  
115 development entity" means a nonprofit organization (i) having a  
116 lending portfolio on or before June 9, 2016, from which at least seventy-

117 five per cent of lending is provided to minority-owned businesses state-  
118 wide; and (ii) that provided technical assistance on or before June 9,  
119 2016, provided at least seventy-five per cent of such assistance was  
120 provided to minority-owned businesses state-wide; and (B) "minority"  
121 means (i) Black Americans, including all persons having origins in any  
122 of the Black African racial groups not of Hispanic origin; (ii) Hispanic  
123 Americans, including all persons of Mexican, Puerto Rican, Cuban,  
124 Central or South American, or other Spanish culture or origin,  
125 regardless of race; (iii) all persons having origins in the Iberian  
126 Peninsula, including Portugal, regardless of race; (iv) women; (v) Asian  
127 Pacific Americans and Pacific islanders; or (vi) American Indians and  
128 persons having origins in any of the original peoples of North America  
129 and maintaining identifiable tribal affiliations through membership and  
130 participation or community identification.

131 (2) Notwithstanding the provisions of section 32-7h, the  
132 commissioner shall allocate from the available funding under the Small  
133 Business Express program a total of five million dollars for grants-in-aid  
134 to not more than two minority business development entities in each of  
135 the fiscal years ending June 30, 2016, to June 30, 2020, inclusive, for the  
136 purpose of establishing and administering minority business revolving  
137 loan funds. Moneys from such funds shall be used to (A) provide loans  
138 to eligible small businesses, and (B) fund the administrative costs  
139 associated with the provision of such loans by a minority business  
140 development entity, provided a minority business development entity  
141 may not use more than ten per cent of the amount received as a grant  
142 under this section to fund such costs. Such loans shall be used for  
143 acquisition or purchase of machinery and equipment, construction or  
144 leasehold improvements, relocation expenses, working capital, which  
145 may be used for payment of rent, or other business-related expenses, as  
146 authorized by the minority business development entity.

147 (3) Loans from a minority business revolving loan fund may be in  
148 amounts from ten thousand dollars to a maximum of [one hundred] two  
149 hundred fifty thousand dollars, shall carry a maximum repayment rate

150 of four per cent and shall be for a term of not more than ten years. The  
151 minority business development entity shall review and approve loan  
152 terms, conditions and collateral requirements in a manner that  
153 prioritizes job growth and retention.

154 (4) Any eligible small business owned by one or more members of a  
155 minority may apply for assistance from a minority business revolving  
156 loan fund, provided the minority business development entity shall  
157 give priority to applicants that, as part of their business plan, are  
158 creating new jobs that will be maintained for not less than twelve  
159 consecutive months.

160 (5) Loans from a minority business revolving fund shall be provided  
161 in such a manner that, on or before five years after the date such loan  
162 fund is established, the annual funds or revenues derived from  
163 investment income, loan repayments or any other sources received by  
164 the minority business development entity in connection with such loan  
165 fund is sufficient to fund the administrative costs associated with such  
166 loan fund.

167 (6) A minority business development entity receiving a grant  
168 pursuant to this subsection shall annually submit to the commissioner a  
169 financial audit of grant expenditures until all grant moneys have been  
170 expended by such entity. Any such audit shall be prepared by an  
171 independent auditor and if the commissioner finds that any such grant  
172 is used for purposes that are not in conformity with uses set forth in  
173 subdivisions (2) and (3) of this subsection, the commissioner may  
174 require repayment of such grant.

175 (h) The commissioner, in consultation with representatives from  
176 Connecticut-based banks and a banking industry association, may  
177 establish as part of the Small Business Express program a component  
178 operated in collaboration with Connecticut-based banks, which may  
179 include, but need not be limited to, loan guarantees, short-term loans  
180 used as a bridge to private sector financing and the transfer of loans  
181 issued under subsection (d) or (e) of this section. Any loans issued under

182 such component shall be used for acquisition or purchase of machinery  
183 and equipment, construction or leasehold improvements, relocation  
184 expenses, working capital, which may be used for payment of rent, or  
185 other business-related expenses, as authorized by the commissioner.  
186 The provisions of subsections (d) to (g), inclusive, of this section shall  
187 not be construed to apply to such component. Such component shall be  
188 administered by the Department of Economic and Community  
189 Development in consultation with Connecticut Innovations,  
190 Incorporated. Notwithstanding the provisions of section 32-7h, the  
191 commissioner may allocate not more than ten per cent of available  
192 funding under the Small Business Express program to such component.  
193 For purposes of this section, "Connecticut-based banks" means banks  
194 and out-of-state banks, each as defined in section 36a-2, having deposit-  
195 taking branches in the state.

196 (i) The commissioner, in consultation with Connecticut Innovations,  
197 Incorporated, may establish as part of the Small Business Express  
198 program a component operated in collaboration with Connecticut  
199 Innovations, Incorporated, which may include, but need not be limited  
200 to, financial assistance consistent with the provisions and purposes of  
201 sections 32-23e, 32-23ii and 32-265, as amended by this act. Such  
202 component shall be administered by the Department of Economic and  
203 Community Development, in consultation with Connecticut  
204 Innovations, Incorporated.

205 ~~[(i)]~~ (j) Not later than June 30, 2012, and [every six months] annually  
206 thereafter, the commissioner shall provide a report, in accordance with  
207 the provisions of section 11-4a, to the joint standing committees of the  
208 General Assembly having cognizance of matters relating to finance,  
209 revenue and bonding, appropriations, commerce and labor. Such report  
210 shall include available data on (1) the number of small businesses that  
211 applied to the Small Business Express program, (2) the number of small  
212 businesses that received assistance under said program and the general  
213 categories of such businesses, (3) the amounts and types of assistance  
214 provided, (4) the total number of jobs on the date of application and the

215 number proposed to be created or retained, and (5) the most recent  
216 employment figures of the small businesses receiving assistance. The  
217 contents of such report shall also be included in the department's annual  
218 report.

219 Sec. 2. Subsection (b) of section 32-265 of the general statutes is  
220 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
221 *2021*):

222 (b) In order to stimulate and encourage the growth and development of  
223 the state economy, the Connecticut Capital Access Fund is created to  
224 provide portfolio insurance to participating financial institutions to  
225 assist them in making loans that are somewhat riskier than conventional  
226 loans. The insurance shall be based on a portfolio insurance mechanism  
227 applicable to loans enrolled by a financial institution in the program,  
228 rather than loans by loan guarantees. The state, acting through  
229 Connecticut Innovations, Incorporated, shall enter into a participation  
230 agreement with each financial institution approved to participate in the  
231 program. A participation agreement entered into by the corporation and  
232 a financial institution shall establish a separate loan loss reserve account  
233 within such financial institution or a third-party financial institution  
234 approved by Connecticut Innovations, Incorporated, owned and  
235 controlled by Connecticut Innovations, Incorporated, but earmarked to  
236 cover losses on loans enrolled by that financial institution in the  
237 program. A separate loan loss reserve account shall be established for  
238 each participating financial institution. Each time a financial institution  
239 enrolls a loan in the program, payments shall be made into the  
240 earmarked loan loss reserve account by the borrower, financial  
241 institution and the corporation, in amounts consistent with the  
242 provisions of the participation agreement. The financial institution shall  
243 be allowed to recover the cost of its payment from the borrower.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	32-7g



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Sec. 2	July 1, 2021	32-265(b)
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**CE**      *Joint Favorable Subst.*