



General Assembly

**Amendment**

January Session, 2021

LCO No. 10073



Offered by:

REP. SIMMONS, 144<sup>th</sup> Dist.

SEN. HARTLEY, 15<sup>th</sup> Dist.

REP. BUCKBEE, 67<sup>th</sup> Dist.

SEN. MARTIN, 31<sup>st</sup> Dist.

To: Subst. House Bill No. 6467

File No. 303

Cal. No. 235

**"AN ACT CONCERNING THE SMALL BUSINESS EXPRESS PROGRAM."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Section 32-7g of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective July 1, 2021*):

5 (a) There is established within the Department of Economic and  
6 Community Development the Small Business Express program. Said  
7 program shall provide small businesses with various forms of financial  
8 assistance. [ using a streamlined application process to expedite the  
9 delivery of such assistance. The Commissioner of Economic and  
10 Community Development, at his or her discretion, may partner with the

11 lenders in the Connecticut Credit Consortium, established pursuant to  
12 section 32-9yy, in order to fulfill the requirements of this section.] A  
13 small business eligible for assistance through said program shall (1)  
14 employ [, on at least fifty per cent of its working days during the  
15 preceding twelve months,] not more than one hundred employees, (2)  
16 have operations in Connecticut, [(3) have been registered to conduct  
17 business for not less than twelve months,] and [(4)] (3) be in good  
18 standing with the payment of all state and local taxes and with all state  
19 agencies. It shall be the goal of the Department of Economic and  
20 Community Development that, on or before July 1, 2026, the Small  
21 Business Express program be self-funded and that the default rate of  
22 small businesses that receive assistance under said program be not more  
23 than twenty per cent.

24 (b) The Small Business Express program shall consist of various  
25 components, including (1) a revolving loan fund, as described in  
26 subsection [(d)] (c) of this section, to support small business growth, (2)  
27 [a job creation incentive component, as described in subsection (e) of this  
28 section, to support hiring, (3) a matching grant component, as described  
29 in subsection (f) of this section, to provide capital to small businesses  
30 that can match the state grant amount, (4) not more than two] at least  
31 one minority business revolving loan [funds] fund, as described in  
32 subsection [(g)] (d) of this section, to support the growth of minority-  
33 owned businesses, [and (5)] (3) a component established in consultation  
34 with representatives from Connecticut-based banks and a banking  
35 industry association, as described in subsection [(h)] (e) of this section,  
36 and (4) a component established in consultation with Connecticut  
37 Innovations, Incorporated, as described in subsection (f) of this section.  
38 [The Commissioner of Economic and Community Development shall  
39 work with eligible small business applicants to provide a package of  
40 assistance using the financial assistance provided by the Small Business  
41 Express program and may refer small business applicants to the  
42 Subsidized Training and Employment program established pursuant to  
43 section 31-3pp and any other appropriate state program.]  
44 Notwithstanding the provisions of section 32-5a regarding relocation

45 limits, the department may require, as a condition of receiving financial  
46 assistance pursuant to this section, that a small business receiving such  
47 assistance shall not relocate, as defined in section 32-5a, for five years  
48 after receiving such assistance or during the term of the loan, whichever  
49 is longer. All other conditions and penalties imposed pursuant to  
50 section 32-5a shall continue to apply to such small business.

51 [(c) The commissioner shall establish a streamlined application  
52 process for the Small Business Express program. The small business  
53 applicant may receive assistance pursuant to said program not later  
54 than thirty days after submitting a completed application to the  
55 department. Any small business meeting the eligibility criteria in  
56 subsection (a) of this section may apply to said program. The  
57 commissioner shall give priority for available funding to small  
58 businesses creating jobs and may give priority for available funding to  
59 (1) economic base industries, as defined in subsection (d) of section 32-  
60 222, including, but not limited to, those in the fields of precision  
61 manufacturing, business services, green and sustainable technology,  
62 bioscience and information technology, (2) businesses attempting to  
63 export their products or services to foreign markets, and (3) businesses  
64 located in designated innovation places, as defined in section 32-39j.]

65 [(d) (1)] (c) There is established as part of the Small Business Express  
66 program a revolving loan fund to provide loans, [to eligible small  
67 businesses. Such loans shall be used for acquisition or purchase of  
68 machinery and equipment, construction or leasehold improvements,  
69 relocation expenses, working capital, which may be used for payment  
70 of rent, or other business-related expenses, as authorized by the  
71 commissioner] loan guarantees, loan portfolio guarantees, portfolio  
72 insurance and grants.

73 [(2) Loans from the revolving loan fund may be in amounts from ten  
74 thousand dollars to a maximum of one hundred thousand dollars, shall  
75 carry a maximum repayment rate of four per cent and shall be for a term  
76 of not more than ten years. The department shall review and approve  
77 loan terms, conditions and collateral requirements in a manner that

78 prioritizes job growth and retention.

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

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

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

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

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

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

118 [(g)] (d) (1) There [are] is established as part of the Small Business  
119 Express program [not more than two] at least one revolving loan [funds]  
120 fund to provide loans to eligible small businesses that are owned by one  
121 or more members of a minority. As used in this subsection, (A)  
122 "minority business development entity" means a nonprofit organization  
123 (i) having a lending portfolio on or before June 9, 2016, from which at  
124 least seventy-five per cent of lending is provided to minority-owned  
125 businesses state-wide; and (ii) that provided technical assistance on or  
126 before June 9, 2016, provided at least seventy-five per cent of such  
127 assistance was provided to minority-owned businesses state-wide; and  
128 (B) "minority" means (i) Black Americans, including all persons having  
129 origins in any of the Black African racial groups not of Hispanic origin;  
130 (ii) Hispanic Americans, including all persons of Mexican, Puerto Rican,  
131 Cuban, Central or South American, or other Spanish culture or origin,  
132 regardless of race; (iii) all persons having origins in the Iberian  
133 Peninsula, including Portugal, regardless of race; (iv) women; (v) Asian  
134 Pacific Americans and Pacific islanders; or (vi) American Indians and  
135 persons having origins in any of the original peoples of North America  
136 and maintaining identifiable tribal affiliations through membership and  
137 participation or community identification.

138 (2) Notwithstanding the provisions of section 32-7h, the  
139 commissioner shall allocate from the available funding under the Small  
140 Business Express program a total of five million dollars for grants-in-aid  
141 to not more than two minority business development entities in each of  
142 the fiscal years ending June 30, 2016, to June 30, 2020, inclusive, for the

143 purpose of establishing and administering minority business revolving  
144 loan funds. Moneys from such funds shall be used to (A) provide loans  
145 to eligible small businesses, and (B) fund the administrative costs  
146 associated with the provision of such loans by a minority business  
147 development entity, provided a minority business development entity  
148 may not use more than ten per cent of the amount received as a grant  
149 under this section to fund such costs. Such loans shall be used for  
150 acquisition or purchase of machinery and equipment, construction or  
151 leasehold improvements, relocation expenses, working capital, which  
152 may be used for payment of rent, or other business-related expenses, as  
153 authorized by the minority business development entity.

154 (3) Loans from a minority business revolving loan fund may be in  
155 amounts from ten thousand dollars to a maximum of [one hundred] five  
156 hundred thousand dollars, shall carry a maximum repayment rate of  
157 four per cent and shall be for a term of not more than ten years. The  
158 minority business development entity shall review and approve loan  
159 terms, conditions and collateral requirements in a manner that  
160 prioritizes job growth and retention.

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

167 (5) Loans from a minority business revolving fund shall be provided  
168 in such a manner that, on or before five years after the date such loan  
169 fund is established, the annual funds or revenues derived from  
170 investment income, loan repayments or any other sources received by  
171 the minority business development entity in connection with such loan  
172 fund is sufficient to fund the administrative costs associated with such  
173 loan fund.

174 (6) A minority business development entity receiving a grant

175 pursuant to this subsection shall annually submit to the commissioner a  
176 financial audit of grant expenditures until all grant moneys have been  
177 expended by such entity. Any such audit shall be prepared by an  
178 independent auditor and if the commissioner finds that any such grant  
179 is used for purposes that are not in conformity with uses set forth in  
180 subdivisions (2) and (3) of this subsection, the commissioner may  
181 require repayment of such grant.

182 [(h)] (e) The commissioner, in consultation with representatives from  
183 Connecticut-based banks and a banking industry association, may  
184 establish as part of the Small Business Express program a component  
185 operated in collaboration with Connecticut-based banks, which may  
186 include, but need not be limited to, loan guarantees, short-term loans  
187 used as a bridge to private sector financing and the transfer of loans  
188 issued under subsection [(d) or (e)] (c) of this section. Any loans issued  
189 under such component shall be used for acquisition or purchase of  
190 machinery and equipment, construction or leasehold improvements,  
191 relocation expenses, working capital, which may be used for payment  
192 of rent, or other business-related expenses, as authorized by the  
193 commissioner. The provisions of subsections [(d) to (g), inclusive] (c)  
194 and (d) of this section shall not be construed to apply to such  
195 component. Such component shall be administered by Connecticut  
196 Innovations, Incorporated, in collaboration with the Department of  
197 Economic and Community Development. [Notwithstanding the  
198 provisions of section 32-7h, the commissioner may allocate not more  
199 than ten per cent of available funding under the Small Business Express  
200 program to such component.] For purposes of this section,  
201 "Connecticut-based banks" means banks and out-of-state banks, each as  
202 defined in section 36a-2, having deposit-taking branches in the state.

203 (f) The commissioner, in consultation with Connecticut Innovations,  
204 Incorporated, may establish as part of the Small Business Express  
205 program a component operated in collaboration with Connecticut  
206 Innovations, Incorporated, which may include, but need not be limited  
207 to, financial assistance consistent with the provisions and purposes of  
208 sections 32-23e, 32-23ii and 32-265, as amended by this act. Such

209 component may be administered by Connecticut Innovations,  
210 Incorporated, in collaboration with the Department of Economic and  
211 Community Development.

212 [(i)] (g) Not later than [June 30, 2012] February 1, 2022, and [every six  
213 months] annually thereafter, the commissioner shall provide a report, in  
214 accordance with the provisions of section 11-4a, to the joint standing  
215 committees of the General Assembly having cognizance of matters  
216 relating to finance, revenue and bonding, appropriations, commerce  
217 and labor. Such report shall include available data on (1) [the number of  
218 small businesses that applied to the Small Business Express program,  
219 (2)] the number of small businesses that received assistance under [said  
220 program] the Small Business Express program and the general  
221 categories of such businesses, [(3)] (2) the amounts and types of  
222 assistance provided, [(4)] (3) the total number of jobs on the date of  
223 application and the number proposed to be created or retained, [and (5)]  
224 (4) the most recent employment figures of the small businesses receiving  
225 assistance, (5) the default rate of small businesses that received  
226 assistance under said program, and (6) the progress of the lenders  
227 participating in said program in becoming self-sustainable. The contents  
228 of such report shall also be included in the department's annual report.

229 Sec. 2. Subsection (b) of section 32-265 of the general statutes is  
230 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
231 *2021*):

232 (b) In order to stimulate and encourage the growth and development  
233 of the state economy, the Connecticut Capital Access Fund is created to  
234 provide portfolio insurance to participating financial institutions to  
235 assist them in making loans that are somewhat riskier than conventional  
236 loans. The insurance shall be based on a portfolio insurance mechanism  
237 applicable to loans enrolled by a financial institution in the program,  
238 rather than loans by loan guarantees. The state, acting through  
239 Connecticut Innovations, Incorporated, shall enter into a participation  
240 agreement with each financial institution approved to participate in the  
241 program. A participation agreement entered into by the corporation and



242 a financial institution shall establish a separate loan loss reserve account  
243 within such financial institution or a third-party financial institution  
244 approved by Connecticut Innovations, Incorporated, owned and  
245 controlled by Connecticut Innovations, Incorporated, but earmarked to  
246 cover losses on loans enrolled by that financial institution in the  
247 program. A separate loan loss reserve account shall be established for  
248 each participating financial institution. Each time a financial institution  
249 enrolls a loan in the program, payments shall be made into the  
250 earmarked loan loss reserve account by the borrower, financial  
251 institution and the corporation, in amounts consistent with the  
252 provisions of the participation agreement. The financial institution shall  
253 be allowed to recover the cost of its payment from the borrower.

254 Sec. 3. Section 32-7h of the general statutes is repealed and the  
255 following is substituted in lieu thereof (*Effective July 1, 2021*):

256 (a) There is established an account to be known as the "small business  
257 express assistance account" which will be a separate, nonlapsing  
258 account within the General Fund. The account shall contain any moneys  
259 required by law to be deposited in the account. Repayment of principal  
260 and interest on loans shall be credited to such fund and shall become  
261 part of the assets of the fund. Moneys in the account shall be expended  
262 by the Department of Economic and Community Development for the  
263 purposes of the Small Business Express program established pursuant  
264 to section 32-7g, as amended by this act. Except as provided in  
265 subsection [(g)] (d) of section 32-7g, as amended by this act, all moneys  
266 received for the purposes of the Small Business Express program and  
267 payments of principal and interest on any loans given under said  
268 program shall be credited to the account.

269 (b) Except as provided in subsection [(g)] (d) of section 32-7g, as  
270 amended by this act, the Commissioner of Economic and Community  
271 Development may provide for the payment of any administrative  
272 expenses or other costs incurred by the department or its lender partners  
273 in carrying out the purposes of the Small Business Express program not  
274 to exceed five per cent of funding from this program from the account

275 established pursuant to subsection (a) of this section, provided one per  
276 cent shall be dedicated to develop capacity for capital construction  
277 projects for minority business enterprises.

278 Sec. 4. Section 32-1m of the general statutes, as amended by section  
279 14 of substitute senate bill 936 of the current session, as amended by  
280 Senate Amendment Schedule "A", is repealed and the following is  
281 substituted in lieu thereof (*Effective from passage*):

282 (a) Not later than February first, annually, the Commissioner of  
283 Economic and Community Development shall submit a report to the  
284 Governor, the Auditors of Public Accounts and the joint standing  
285 committees of the General Assembly having cognizance of matters  
286 relating to appropriations and the budgets of state agencies, finance,  
287 revenue and bonding and commerce, in accordance with the provisions  
288 of section 11-4a. Not later than thirty days after submission of the report,  
289 said commissioner shall post the report on the Department of Economic  
290 and Community Development's web site. Such report shall include, but  
291 not be limited to, the following information with regard to the activities  
292 of the Department of Economic and Community Development and to  
293 business assistance programs administered by Connecticut Innovations,  
294 Incorporated, during the preceding state fiscal year:

295 (1) A brief description and assessment of the state's economy during  
296 such year, utilizing the most recent and reasonably available data, and  
297 including:

298 (A) Connecticut employment by industry;

299 (B) Connecticut and national average unemployment; and

300 (C) Connecticut gross state product, by industry.

301 (2) An analysis of the economic development portfolio of the  
302 department, including, but not limited to, each business assistance or  
303 incentive program, including any business tax credit or abatement  
304 program, grant, loan, forgivable loan or other form of assistance,

305 enacted for the purpose of improving economic development. The  
306 analysis shall include:

307 (A) The Internet web site address of the state's open data portal and  
308 an indication of where the name, address and location of each recipient  
309 of the department's assistance is published on the site along with the  
310 following information concerning each recipient: (i) Business activities,  
311 (ii) standard industrial classification codes or North American industrial  
312 classification codes, (iii) whether the recipient is a minority or woman-  
313 owned business, (iv) a summary of the terms and conditions for the  
314 assistance, including the type and amount of state financial assistance  
315 and job creation or retention requirements, (v) the amount of  
316 investments from private and other nonstate sources that have been  
317 leveraged by the assistance, and (vi) the amount of state investment;

318 (B) A portfolio analysis, including an analysis of the wages paid by  
319 recipients of financial assistance by industry;

320 (C) An investment analysis, including (i) total portfolio value, (ii)  
321 total investment by industry, (iii) portfolio dollar per job average, (iv)  
322 portfolio leverage ratio;

323 (D) An overview of the business assistance and incentive programs  
324 administered by the department and an analysis of their estimated  
325 economic impact on the state's economy. The analysis shall include, for  
326 each business assistance or incentive program for which such data is  
327 available, the number of new jobs created, the borrowing cost to the  
328 state and the estimated impact of such program on annual state  
329 revenues;

330 (E) An analysis of whether the statutory and programmatic goals of  
331 each business or incentive program are being met, with obstacles to such  
332 goals identified, if possible;

333 (F) (i) Recommendations as to whether any existing business  
334 assistance or incentive program should be continued, modified or  
335 repealed and the basis or bases for such recommendations, and (ii) any

336 recommendations for additional data collection by the state to better  
337 inform future evaluations of such programs; and

338 (G) The methodologies and assumptions used in carrying out the  
339 analyses under this subdivision.

340 (3) An analysis of the community development portfolio of the  
341 department, including:

342 (A) The Internet web site address of the state's open data portal and  
343 an indication of where the name, address and location of each recipient  
344 of the department's assistance is published on the site along with the  
345 following information concerning each recipient: (i) Amount of state  
346 investment, (ii) a summary of the terms and conditions for the  
347 department's assistance, including the type and amount of state  
348 financial assistance, and (iii) the amount of investments from private  
349 and other nonstate sources that have been leveraged by such assistance;  
350 and

351 (B) An investment analysis, including (i) total active portfolio value,  
352 (ii) total investments made in the preceding state fiscal year, and (iii)  
353 total portfolio leverage ratio.

354 (4) An analysis of each business assistance or incentive program,  
355 including any business tax credit or abatement program, grant, loan,  
356 forgivable loan or other form of assistance, enacted for the purpose of  
357 improving economic development, that (A) (i) had ten or more  
358 recipients of assistance in the preceding state fiscal year, or (ii) credited,  
359 abated or distributed more than one million dollars in the preceding  
360 state fiscal year, and (B) is administered by the department or  
361 Connecticut Innovations, Incorporated. The analysis shall include:

362 (i) An overview of the business assistance or incentive program and  
363 an analysis of its estimated economic effects on the state's economy,  
364 including, for each program where such data is available, the number of  
365 new jobs created and the estimated impact of such program on annual  
366 state revenues;

367 (ii) An analysis of whether the statutory and programmatic goals of  
368 each business assistance or incentive program are being met, with  
369 obstacles to such goals identified, if possible;

370 (iii) Recommendations as to whether any such existing business  
371 assistance or incentive program should be continued, modified or  
372 repealed and the basis or bases for such recommendations, and any  
373 recommendations for additional data collection by the state to better  
374 inform future evaluations of such programs; and

375 (iv) The methodologies and assumptions used in carrying out the  
376 analysis under this subdivision.

377 (5) A summary of the department's international trade efforts in the  
378 preceding state fiscal year, and, to the extent possible, a summary of  
379 foreign direct investment that occurred in the state in such year.

380 (6) A summary of the total social and economic impact of the  
381 department's efforts and activities in the areas of economic and  
382 community development, and an assessment of the department's  
383 performance in terms of meeting its stated goals and objectives.

384 (7) With regard to the Small Business Express program established  
385 pursuant to section 32-7g, data on (A) [the number of small businesses  
386 that applied to the Small Business Express program, (B)] the number of  
387 small businesses that received assistance under said program and the  
388 general categories of such businesses, [(C)] (B) the amounts and types of  
389 assistance provided, [(D)] (C) the total number of jobs on the date of  
390 application and the number proposed to be created or retained, [and (E)]  
391 (D) the most recent employment figures of the small businesses  
392 receiving assistance, (E) the default rate of small businesses that  
393 received assistance under said program, and (F) the progress of the  
394 lenders participating in said program in becoming self-sustainable.

395 (8) With regard to airport development zones established pursuant  
396 to section 32-75d, a summary of the economic and cost benefits of each  
397 zone and any recommended revisions to any such zones.

398 (9) An overview of the department's activities related to tourism, the  
399 arts and historic preservation.

400 (10) An overview of the department's activities concerning digital  
401 media, motion pictures and related production activity, and an analysis  
402 of the use of the film production tax credit established under section 12-  
403 217jj, the entertainment industry infrastructure tax credit established  
404 under section 12-217kk and the digital animation production tax credit  
405 established under section 12-217ll, including the amount of any tax  
406 credit issued under said sections and the total amount of production  
407 expenses or costs incurred in the state by the taxpayer who was issued  
408 such a tax credit.

409 (11) A summary of the department's and the office of the permit  
410 ombudsman's brownfield-related efforts and activities in the preceding  
411 fiscal year.

412 (12) A summary of the department's dry cleaning establishment  
413 remediation account activities in the preceding fiscal year.

414 (b) Any annual report that is required from the department by any  
415 provision of the general statutes shall be incorporated into the annual  
416 report submitted pursuant to subsection (a) of this section.

417 (c) [Not later than sixty days after the submission of a report by the  
418 Auditors of Public Accounts pursuant to section 2-90c, as amended by  
419 this act] On or before April 1, 2022, and annually thereafter, the joint  
420 standing committees of the General Assembly having cognizance of  
421 matters relating to appropriations and the budgets of state agencies,  
422 finance, revenue and bonding and commerce shall hold, individually or  
423 jointly, one or more public hearings on [such report and] the analyses  
424 included in the annual report under subdivisions (2), [and] (4), and (7)  
425 of subsection (a) of this section."

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

Sec. 2	<i>July 1, 2021</i>	32-265(b)
Sec. 3	<i>July 1, 2021</i>	32-7h
Sec. 4	<i>from passage</i>	32-1m