



**Governor Ned Lamont  
State of Connecticut**



FACT SHEET  
2020 Legislative Session

**HOUSE BILL 5007  
An Act Concerning the Small Business Express Program**

**Summary of Proposal:**

First, DECD will partner with CT Innovations (CI) or another third party to administer and leverage the existing CAB loan guarantee program or contract with a third-party operator to provide a loan guarantee program, similar to what is done in Massachusetts and Rhode Island. We expect the program to utilize \$3 - \$8 million of existing bond capacity for the first four years.

Second, DECD will work with local/regional banks and Community Economic Financial Institutions (CEFI) to provide investment in their revolving loan fund programs to build capacity and ensure sustainable capital for higher risk credit profiles. We expect the program to utilize \$24-\$27 million of existing bond capacity over the first four years, inclusive of operating cost and loan deployment.

**Reason for Proposal:**

The Small Business Express program (EXP) was created to help stimulate the economy after the great recession when financial institutions were not lending. EXP was not intended to be a long-term program, rather a bridge until the financial sector regained its footing. After meeting with banks, credit unions, and other financial institutions on multiple occasions, we believe it is time for the state to exit from direct lending and to stop competing with the state's financial institutions. House Bill 5007 would allow DECD to partner with banks and CEFI, while also giving DECD the ability to increase our efforts to focus on women, minority, veteran, and disabled-owned businesses.

**Significant Impacts:**

**Utilize private-sector expertise:** This new program will allow the state to utilize private-sector expertise in all facets of providing loans to small businesses while allowing financial institutions the flexibility to widen the credit box.

**New partnerships with private-sector:** Partner with financial institutions to increase lending capacity for small businesses and entrepreneurs providing multiple options to access capital while acknowledging barriers to traditional financing.

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**Lower cost, no new bonding:** Over that past eight years, DECD has bonded over \$290 million to support the EXP program. The new Small Business Express program will cost significantly less moving forward, allowing DECD to use existing resources rather than new bonding.

**Leverage Factor:** Potential 20x leverage vs. negative leverage, meaning that the state's capital goes much further.

**Targeted investment toward market gaps:** This new program will put an emphasis on supporting women, minority, veteran, and disabled business owners by allowing them access to additional capital through our network of community financial institutions. DECD will design the specific criteria and go out to bid with an RFP process for this program. Additionally, the existing Minority Business Initiative (MBI), which is funded through EXP bonding, will continue to operate and be fully funded.