



General Assembly

January Session, 2025

**Committee Bill No. 6767**

LCO No. 5278



Referred to Committee on VETERANS' AND MILITARY  
AFFAIRS

Introduced by:  
(VA)

***AN ACT CONCERNING A DISABLED VETERANS REVOLVING LOAN  
FUND.***

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 Section 32-7g of the general statutes is repealed and the  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, 2025*):

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. A small business eligible for assistance through said program  
7 shall (1) employ not more than one hundred employees, (2) have  
8 operations in Connecticut, and (3) be in good standing with the payment  
9 of all state and local taxes and with all state agencies. It shall be the goal  
10 of the Department of Economic and Community Development that, on  
11 or before July 1, 2026, the Small Business Express program be self-  
12 funded and that the default rate of small businesses that receive  
13 assistance under said program be not more than twenty per cent.

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

16 subsection (c) of this section, to support small business growth, (2) at  
17 least one minority business revolving loan fund, as described in  
18 subsection (d) of this section, to support the growth of minority-owned  
19 businesses, (3) at least one disabled veteran business revolving loan  
20 fund, as described in subsection (e) of this section, to support the growth  
21 of disabled veteran-owned businesses, (4) a component established in  
22 consultation with representatives from Connecticut-based banks and a  
23 banking industry association, as described in subsection [(e)] (f) of this  
24 section, and [(4)] (5) a component established in consultation with  
25 Connecticut Innovations, Incorporated, as described in subsection [(f)]  
26 (g) of this section. Notwithstanding the provisions of section 32-5a  
27 regarding relocation limits, the department may require, as a condition  
28 of receiving financial assistance pursuant to this section, that a small  
29 business receiving such assistance shall not relocate, as defined in  
30 section 32-5a, for five years after receiving such assistance or during the  
31 term of the loan, whichever is longer. All other conditions and penalties  
32 imposed pursuant to section 32-5a shall continue to apply to such small  
33 business.

34 (c) There is established as part of the Small Business Express program  
35 a revolving loan fund to provide loans, loan guarantees, loan portfolio  
36 guarantees, portfolio insurance and grants.

37 (d) (1) There is established as part of the Small Business Express  
38 program at least one revolving loan fund to provide loans to eligible  
39 small businesses that are owned by one or more members of a minority.  
40 As used in this subsection, (A) "minority business development entity"  
41 means a nonprofit organization (i) having a lending portfolio on or  
42 before June 9, 2016, from which at least seventy-five per cent of lending  
43 is provided to minority-owned businesses state-wide; and (ii) that  
44 provided technical assistance on or before June 9, 2016, provided at least  
45 seventy-five per cent of such assistance was provided to minority-  
46 owned businesses state-wide; and (B) "minority" means (i) Black  
47 Americans, including all persons having origins in any of the Black  
48 African racial groups not of Hispanic origin; (ii) Hispanic Americans,

49 including all persons of Mexican, Puerto Rican, Cuban, Central or South  
50 American, or other Spanish culture or origin, regardless of race; (iii) all  
51 persons having origins in the Iberian Peninsula, including Portugal,  
52 regardless of race; (iv) women; (v) Asian Pacific Americans and Pacific  
53 islanders; or (vi) American Indians and persons having origins in any of  
54 the original peoples of North America and maintaining identifiable  
55 tribal affiliations through membership and participation or community  
56 identification.

57 (2) Notwithstanding the provisions of section 32-7h, as amended by  
58 this act, the commissioner shall allocate from the available funding  
59 under the Small Business Express program a total of five million dollars  
60 for grants-in-aid to not more than two minority business development  
61 entities in each of the fiscal years ending June 30, 2016, to June 30, 2020,  
62 inclusive, for the purpose of establishing and administering minority  
63 business revolving loan funds. Moneys from such funds shall be used  
64 to (A) provide loans to eligible small businesses, and (B) fund the  
65 administrative costs associated with the provision of such loans by a  
66 minority business development entity, provided a minority business  
67 development entity may not use more than ten per cent of the amount  
68 received as a grant under this section to fund such costs. Such loans shall  
69 be used for acquisition or purchase of machinery and equipment,  
70 construction or leasehold improvements, relocation expenses, working  
71 capital, which may be used for payment of rent, or other business-  
72 related expenses, as authorized by the minority business development  
73 entity.

74 (3) Loans from a minority business revolving loan fund may be in  
75 amounts from ten thousand dollars to a maximum of five hundred  
76 thousand dollars, shall carry a maximum repayment rate of four per  
77 cent and shall be for a term of not more than ten years. The minority  
78 business development entity shall review and approve loan terms,  
79 conditions and collateral requirements in a manner that prioritizes job  
80 growth and retention.

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

87 (5) Loans from a minority business revolving loan fund shall be  
88 provided in such a manner that, on or before five years after the date  
89 such loan fund is established, the annual funds or revenues derived  
90 from investment income, loan repayments or any other sources received  
91 by the minority business development entity in connection with such  
92 loan fund is sufficient to fund the administrative costs associated with  
93 such loan fund.

94 (6) A minority business development entity receiving a grant  
95 pursuant to this subsection shall annually submit to the commissioner a  
96 financial audit of grant expenditures until all grant moneys have been  
97 expended by such entity. Any such audit shall be prepared by an  
98 independent auditor and if the commissioner finds that any such grant  
99 is used for purposes that are not in conformity with uses set forth in  
100 subdivisions (2) and (3) of this subsection, the commissioner may  
101 require repayment of such grant.

102 (e) (1) There is established as part of the Small Business Express  
103 program at least one revolving loan fund to provide loans to eligible  
104 disabled veteran-owned businesses. As used in this subsection, (A)  
105 "disabled veteran business development entity" means a nonprofit  
106 organization (i) having a lending portfolio on or before July 1, 2025, from  
107 which at least seventy-five per cent of lending is provided to disabled  
108 veteran-owned businesses state-wide; and (ii) that provided technical  
109 assistance on or before July 1, 2025, provided at least seventy-five per  
110 cent of such assistance was provided to disabled veteran-owned  
111 businesses state-wide; (B) "disabled veteran" means a veteran, as  
112 defined in section 27-103, who has a disability rating of at least thirty

113 per cent, as determined by the United States Department of Veterans  
114 Affairs; and (C) "disabled veteran-owned business" means a small  
115 business of which greater than fifty per cent is owned by one or more  
116 disabled veterans.

117 (2) Notwithstanding the provisions of section 32-7h, as amended by  
118 this act, the commissioner shall allocate from the available funding  
119 under the Small Business Express program a total of two million dollars  
120 for grants-in-aid to not more than two disabled veteran business  
121 development entities in each of the fiscal years ending June 30, 2026, to  
122 June 30, 2030, inclusive, for the purpose of establishing and  
123 administering disabled veteran business revolving loan funds. Moneys  
124 from such funds shall be used to (A) provide loans to eligible disabled  
125 veteran-owned businesses that have been formed for at least three years,  
126 as reflected in the records of the Commercial Recording Division of the  
127 office of the Secretary of the State, prior to the provision of any such  
128 loan, and (B) fund the administrative costs associated with the provision  
129 of such loans by a disabled veteran business development entity,  
130 provided a disabled veteran business development entity may not use  
131 more than ten per cent of the amount received as a grant under this  
132 section to fund such costs. Such loans shall be used for acquisition or  
133 purchase of machinery and equipment, construction or leasehold  
134 improvements, relocation expenses, working capital, which may be  
135 used for payment of rent, or other business-related expenses, as  
136 authorized by the disabled veteran business development entity.

137 (3) Loans from a disabled veteran business revolving loan fund may  
138 be in amounts from ten thousand dollars to a maximum of five hundred  
139 thousand dollars, shall carry a maximum repayment rate of four per  
140 cent and shall be for a term of not more than ten years. The disabled  
141 veteran business development entity shall review and approve loan  
142 terms, conditions and collateral requirements in a manner that  
143 prioritizes job growth and retention.

144 (4) Any eligible disabled veteran-owned business may apply for

145 assistance from a disabled veteran business revolving loan fund,  
146 provided the disabled veteran business development entity shall give  
147 priority to applicants that, as part of their business plan, are creating  
148 new jobs that will be maintained for not less than twelve consecutive  
149 months.

150 (5) Loans from a disabled veteran business revolving loan fund shall  
151 be provided in such a manner that, on or before five years after the date  
152 such loan fund is established, the annual funds or revenues derived  
153 from investment income, loan repayments or any other sources received  
154 by the disabled veteran business development entity in connection with  
155 such loan fund is sufficient to fund the administrative costs associated  
156 with such loan fund.

157 (6) A disabled veteran business development entity receiving a grant  
158 pursuant to this subsection shall annually submit to the commissioner a  
159 financial audit of grant expenditures until all grant moneys have been  
160 expended by such entity. Any such audit shall be prepared by an  
161 independent auditor and if the commissioner finds that any such grant  
162 is used for purposes that are not in conformity with uses set forth in  
163 subdivisions (2) and (3) of this subsection, the commissioner may  
164 require repayment of such grant.

165 ~~[(e)]~~ (f) The commissioner, in consultation with representatives from  
166 Connecticut-based banks and a banking industry association, may  
167 establish as part of the Small Business Express program a component  
168 operated in collaboration with Connecticut-based banks, which may  
169 include, but need not be limited to, loan guarantees, short-term loans  
170 used as a bridge to private sector financing and the transfer of loans  
171 issued under subsection (c) of this section. Any loans issued under such  
172 component shall be used for acquisition or purchase of machinery and  
173 equipment, construction or leasehold improvements, relocation  
174 expenses, working capital, which may be used for payment of rent, or  
175 other business-related expenses, as authorized by the commissioner.  
176 The provisions of subsections (c), ~~[and]~~ (d) and (e) of this section shall

177 not be construed to apply to such component. Such component shall be  
178 administered by Connecticut Innovations, Incorporated, in  
179 collaboration with the Department of Economic and Community  
180 Development. For purposes of this section, "Connecticut-based banks"  
181 means banks and out-of-state banks, each as defined in section 36a-2,  
182 having deposit-taking branches in the state.

183 [(f)] (g) The commissioner, in consultation with Connecticut  
184 Innovations, Incorporated, may establish as part of the Small Business  
185 Express program a component operated in collaboration with  
186 Connecticut Innovations, Incorporated, which may include, but need  
187 not be limited to, financial assistance consistent with the provisions and  
188 purposes of sections 32-23e, 32-23ii and 32-265. Such component may be  
189 administered by Connecticut Innovations, Incorporated, in  
190 collaboration with the Department of Economic and Community  
191 Development.

192 [(g)] (h) Not later than February 1, 2022, and annually thereafter, the  
193 commissioner shall provide a report, in accordance with the provisions  
194 of section 11-4a, to the joint standing committees of the General  
195 Assembly having cognizance of matters relating to finance, revenue and  
196 bonding, appropriations, commerce and labor. Such report shall include  
197 available data on (1) the number of small businesses that received  
198 assistance under the Small Business Express program and the general  
199 categories of such businesses, (2) the amounts and types of assistance  
200 provided, (3) the total number of jobs on the date of application and the  
201 number proposed to be created or retained, (4) the most recent  
202 employment figures of the small businesses receiving assistance, (5) the  
203 default rate of small businesses that received assistance under said  
204 program, and (6) the progress of the lenders participating in said  
205 program in becoming self-sustainable. The contents of such report shall  
206 also be included in the department's annual report.

207 [(h)] (i) The commissioner may contract with nongovernmental  
208 entities, including, but not limited to, nonprofit organizations, economic

209 and community development organizations, lending institutions, and  
 210 technical assistance providers to carry out the provisions of this section.

211 Sec. 2. Section 32-7h of the general statutes is repealed and the  
 212 following is substituted in lieu thereof (*Effective July 1, 2025*):

213 (a) There is established an account to be known as the "small business  
 214 express assistance account" which will be a separate, nonlapsing  
 215 account within the General Fund. The account shall contain any moneys  
 216 required by law to be deposited in the account. Repayment of principal  
 217 and interest on loans shall be credited to such fund and shall become  
 218 part of the assets of the fund. Moneys in the account shall be expended  
 219 by the Department of Economic and Community Development for the  
 220 purposes of the Small Business Express program established pursuant  
 221 to section 32-7g, as amended by this act. Except as provided in  
 222 [subsection (d)] subsections (d) and (e) of section 32-7g, as amended by  
 223 this act, all moneys received for the purposes of the Small Business  
 224 Express program and payments of principal and interest on any loans  
 225 given under said program shall be credited to the account.

226 (b) Except as provided in [subsection (d)] subsections (d) and (e) of  
 227 section 32-7g, as amended by this act, the Commissioner of Economic  
 228 and Community Development may provide for the payment of any  
 229 administrative expenses or other costs incurred by the department or its  
 230 lender partners in carrying out the purposes of the Small Business  
 231 Express program not to exceed five per cent of funding from this  
 232 program from the account established pursuant to subsection (a) of this  
 233 section, provided one per cent shall be dedicated to develop capacity for  
 234 capital construction projects for minority business enterprises.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025</i>	32-7g
Sec. 2	<i>July 1, 2025</i>	32-7h



**Statement of Purpose:**

To establish, as part of the Small Business Express program, at least one revolving loan fund to provide loans to eligible small businesses of which greater than fifty per cent are owned by one or more disabled veterans.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. FOSTER, 57th Dist.; REP. ROJAS, 9th Dist.

H.B. 6767