



General Assembly

***Substitute Bill No. 6767***

*January Session, 2025*



***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 Section 32-7g of the general statutes is repealed and the  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) a disabled veteran business revolving loan fund, as  
20 described in subsection (e) of this section, to support the growth of  
21 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 a revolving loan fund to provide loans to eligible disabled  
104 veteran-owned businesses. As used in this subsection, (A) "disabled  
105 veteran" means a veteran, as defined in section 27-103, who has a  
106 disability rating of at least thirty per cent, as determined by the United  
107 States Department of Veterans Affairs; and (B) "disabled veteran-owned  
108 business" means a small business of which greater than fifty per cent is  
109 owned by one or more disabled veterans.

110 (2) Notwithstanding the provisions of section 32-7h, as amended by  
111 this act, the commissioner shall utilize, of the available funding under  
112 the Small Business Express program, a total of two million dollars in  
113 each of the fiscal years ending June 30, 2026, to June 30, 2030, inclusive,  
114 for the purpose of establishing and administering a disabled veteran  
115 business revolving loan fund. Moneys from such fund shall be used to  
116 (A) provide loans to eligible disabled veteran-owned businesses that  
117 have been formed for at least three years, as reflected in the records of

118 the Commercial Recording Division of the office of the Secretary of the  
119 State, prior to the provision of any such loan, and (B) fund the  
120 administrative costs associated with the provision of such loans by the  
121 Department of Economic and Community Development, provided the  
122 department may not use more than ten per cent of such moneys to fund  
123 such costs. Such loans shall be used for acquisition or purchase of  
124 machinery and equipment, construction or leasehold improvements,  
125 relocation expenses, working capital, which may be used for payment  
126 of rent, or other business-related expenses, as prescribed by the  
127 commissioner.

128 (3) Loans from a disabled veteran business revolving loan fund may  
129 be in amounts from ten thousand dollars to a maximum of five hundred  
130 thousand dollars, shall carry a maximum repayment rate of four per  
131 cent and shall be for a term of not more than ten years. The  
132 commissioner shall review and approve loan terms, conditions and  
133 collateral requirements in a manner that prioritizes job growth and  
134 retention.

135 (4) Any eligible disabled veteran-owned business may apply for  
136 assistance from a disabled veteran business revolving loan fund,  
137 provided the commissioner shall give priority to applicants that, as part  
138 of their business plan, are creating new jobs that will be maintained for  
139 not less than twelve consecutive months.

140 (5) Loans from a disabled veteran business revolving loan fund shall  
141 be provided in such a manner that, on or before five years after the date  
142 such loan fund is established, the annual funds or revenues derived  
143 from investment income, loan repayments or any other sources received  
144 by the Department of Economic and Community Development in  
145 connection with such loan fund is sufficient to fund the administrative  
146 costs associated with such loan fund.

147 [(e)] (f) The commissioner, in consultation with representatives from  
148 Connecticut-based banks and a banking industry association, may  
149 establish as part of the Small Business Express program a component

150 operated in collaboration with Connecticut-based banks, which may  
151 include, but need not be limited to, loan guarantees, short-term loans  
152 used as a bridge to private sector financing and the transfer of loans  
153 issued under subsection (c) of this section. Any loans issued under such  
154 component shall be used for acquisition or purchase of machinery and  
155 equipment, construction or leasehold improvements, relocation  
156 expenses, working capital, which may be used for payment of rent, or  
157 other business-related expenses, as authorized by the commissioner.  
158 The provisions of subsections (c), ~~and~~ (d) and (e) of this section shall  
159 not be construed to apply to such component. Such component shall be  
160 administered by Connecticut Innovations, Incorporated, in  
161 collaboration with the Department of Economic and Community  
162 Development. For purposes of this section, "Connecticut-based banks"  
163 means banks and out-of-state banks, each as defined in section 36a-2,  
164 having deposit-taking branches in the state.

165 ~~[(f)]~~ (g) The commissioner, in consultation with Connecticut  
166 Innovations, Incorporated, may establish as part of the Small Business  
167 Express program a component operated in collaboration with  
168 Connecticut Innovations, Incorporated, which may include, but need  
169 not be limited to, financial assistance consistent with the provisions and  
170 purposes of sections 32-23e, 32-23ii and 32-265. Such component may be  
171 administered by Connecticut Innovations, Incorporated, in  
172 collaboration with the Department of Economic and Community  
173 Development.

174 ~~[(g)]~~ (h) Not later than February 1, 2022, and annually thereafter, the  
175 commissioner shall provide a report, in accordance with the provisions  
176 of section 11-4a, to the joint standing committees of the General  
177 Assembly having cognizance of matters relating to finance, revenue and  
178 bonding, appropriations, commerce and labor. Such report shall include  
179 available data on (1) the number of small businesses that received  
180 assistance under the Small Business Express program and the general  
181 categories of such businesses, (2) the amounts and types of assistance  
182 provided, (3) the total number of jobs on the date of application and the  
183 number proposed to be created or retained, (4) the most recent

184 employment figures of the small businesses receiving assistance, (5) the  
185 default rate of small businesses that received assistance under said  
186 program, and (6) the progress of the lenders participating in said  
187 program in becoming self-sustainable. The contents of such report shall  
188 also be included in the department's annual report.

189     [(h)] (i) The commissioner may contract with nongovernmental  
190 entities, including, but not limited to, nonprofit organizations, economic  
191 and community development organizations, lending institutions, and  
192 technical assistance providers to carry out the provisions of this section.

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

195     (a) There is established an account to be known as the "small business  
196 express assistance account" which will be a separate, nonlapsing  
197 account within the General Fund. The account shall contain any moneys  
198 required by law to be deposited in the account. Repayment of principal  
199 and interest on loans shall be credited to such fund and shall become  
200 part of the assets of the fund. Moneys in the account shall be expended  
201 by the Department of Economic and Community Development for the  
202 purposes of the Small Business Express program established pursuant  
203 to section 32-7g, as amended by this act. Except as provided in  
204 [subsection (d)] subsections (d) and (e) of section 32-7g, as amended by  
205 this act, all moneys received for the purposes of the Small Business  
206 Express program and payments of principal and interest on any loans  
207 given under said program shall be credited to the account.

208     (b) Except as provided in [subsection (d)] subsections (d) and (e) of  
209 section 32-7g, as amended by this act, the Commissioner of Economic  
210 and Community Development may provide for the payment of any  
211 administrative expenses or other costs incurred by the department or its  
212 lender partners in carrying out the purposes of the Small Business  
213 Express program not to exceed five per cent of funding from this  
214 program from the account established pursuant to subsection (a) of this  
215 section, provided one per cent shall be dedicated to develop capacity for

216 capital construction projects for minority business enterprises.

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

**Statement of Legislative Commissioners:**

In Section 1(b)(3), "at least one" was changed to "a" for consistency.

VA                      Joint Favorable Subst. C/R                      APP