LEGISLATIVE COMMITTEE MINUTES

SB428

Bill as Introduced

SB 428-FN-A - AS INTRODUCED

2022 SESSION

22-2956
08/10

SENATE BILL ***428-FN-A***

AN ACT establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

SPONSORS: Sen. Whitley, Dist 15; Sen. Sherman, Dist 24; Sen. Rosenwald, Dist 13; Sen. Perkins Kwoka, Dist 21; Sen. Hennessey, Dist 1; Sen. Watters, Dist 4; Sen. Cavanaugh, Dist 16; Sen. Prentiss, Dist 5; Sen. Kahn, Dist 10; Sen. Soucy, Dist 18; Sen. D'Allesandro, Dist 20; Rep. Myler, Merr. 10; Rep. Luneau, Merr. 10; Rep. Espitia, Hills. 31; Rep. Wazir, Merr. 17

COMMITTEE: Commerce

ANALYSIS

This bill establishes a scholarship fund in the capital access program of the business finance authority to cover entry costs for socially and/or economically disadvantaged individual small business owners applying for loans from the program.

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

22-2956
08/10

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Short Title. This act shall be known as the New Hampshire Modern Economy Act of 2022.

2 Declaration of Purpose. There is a statewide need to improve access to capital and credit for New Hampshire's small businesses to ensure New Hampshire can compete in a modern economy and attract a modern workforce. New Hampshire small businesses are the backbone of our economy. They drive innovation and make immeasurable contributions to our local communities. Unfortunately, New Hampshire small businesses are often hardest hit during economic uncertainty and have the hardest time accessing financial capital and credit. While all Granite Staters should have equal opportunity to earn their success, there are significant disparities and persistent gaps in access to financial capital and credit. Therefore, it is the policy of New Hampshire to advance solutions to bridge opportunity gaps in access to financial capital and credit to ensure that everyone has an opportunity to succeed and grow their business.

3 New Section; Capital Access Program Scholarship. Amend RSA 162-A by inserting after section 12 the following new section:

162-A:12-a Capital Access Program Scholarship.

I. There is established in the office of the state treasurer a non-lapsing fund to be known as the capital access program scholarship (CAP) fund. Such fund shall be continually appropriated to the authority and shall not lapse. Such funds shall be used to cover the business borrower's fee or contribution to the CAP fund for business borrowers who meet the definition of a small business owned and controlled by socially and/or economically disadvantaged individual in the Small Business Act, 15 U.S.C. section 637.

II. Any small businesses owned and controlled by socially an/or economically disadvantaged individual who is otherwise eligible to participant in CAP shall be eligible to receive a scholarship from the capital access program scholarship program in paragraph I. The authority shall develop criteria and procedures to award scholarships from the capital access program scholarship fund.

4 New Subparagraph; Capital Access Program Scholarship Fund. Amend RSA 6:12, I(b) by inserting after subparagraph (382) the following new subparagraph:

(383) The capital access program scholarship fund established in RSA 162-A:12-a.

5 Appropriation; Capital Access Program Scholarship Fund. The sum of $1,000,000 for the fiscal year ending June 30, 2023 is hereby appropriated to the business finance authority for deposit

into the capital access program scholarship fund. The governor shall determine if any discretionary funds appropriated in the American Rescue Plan Act of 2021, Public Law 117-2, or any other federal funds, can be used for this purpose, and the executive director shall expend such federal funds for this purpose. Any remainder shall be appropriated from the general fund. The governor is authorized to draw a warrant for the general fund portion of such sum from any money in the treasury not otherwise appropriated. This appropriation shall be exempt from the repayment provisions of RSA 162-A:30.

6 Effective Date. This act shall take effect July 1, 2022.

LBA
22-2956
Redraft 12/28/21

SB 428-FN-A- FISCAL NOTE
AS INTRODUCED

AN ACT establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

FISCAL IMPACT: **[X] State** **[ ] County** **[ ] Local** **[ ] None**

	Estimated Increase / (Decrease)			
STATE:	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
Appropriation	$0	$1,000,000	$0	$0
Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	[X] General [ ] Education [ ] Highway [X] Other - Capital Access Program Scholarship Fund, Federal American Rescue Plan Act Funds			

The Office of Legislative Budget Assistant is awaiting information from Governor's Office for Emergency Relief and Recovery, which was contacted for a fiscal note worksheet initially on 11/23/2021 and again on 12/14/2021. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

METHODOLOGY:

This bill establishes a scholarship fund in the capital access program of the business finance authority to cover entry costs for socially and/or economically disadvantaged individual small business owners applying for loans from the program. The bill also appropriates $1,000,000 to the Business Finance Authority with the source of the appropriation being discretionary funds appropriated in the American Rescue Plan Act of 2021, Public Law 117-2, or any other federal funds. If no federal funds are available or the federal funds available is less than $1,000,000, the appropriation authority allows general funds to be used.

The Business Finance Authority indicates this bill would fund the borrower's fee for enrolling in the Capital Access Program for individuals and businesses who qualify, up to an aggregate limit of $1,000,000, the amount appropriated in the bill.

AGENCIES CONTACTED:

New Hampshire Business Finance Authority and the Governor's Office for Emergency Relief and Recovery

Committee Minutes

SENATE CALENDAR NOTICE
Commerce

Sen Harold French, Chair
Sen Bill Gannon, Vice Chair
Sen Jeb Bradley, Member
Sen Donna Soucy, Member
Sen Kevin Cavanaugh, Member

Date: January 14, 2022

HEARINGS

Thursday	01/27/2022
(Day)	(Date)

Commerce	State House 100	1:00 p.m.
(Name of Committee)	(Place)	(Time)

1:00 p.m.	**SB 212-FN**	relative to liquor manufacturers.
1:15 p.m.	**SB 340-FN**	relative to the direct to consumer shipment of alcohol to New Hampshire residents.
1:30 p.m.	**SB 428-FN-A**	establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.
1:45 p.m.	**SB 451-FN-A**	establishing a New Hampshire innovation program in the department of business and economic affairs and making an annual appropriation therefor.

EXECUTIVE SESSION MAY FOLLOW

Sponsors:

SB 212-FN

Sen. Perkins Kwoka	Sen. Birdsell	Sen. Gannon	Rep. Abel

SB 340-FN

Sen. Daniels	Rep. Healey		

SB 428-FN-A

Sen. Whitley	Sen. Sherman	Sen. Rosenwald	Sen. Perkins Kwoka
Sen. Hennessey	Sen. Watters	Sen. Cavanaugh	Sen. Prentiss
Sen. Kahn	Sen. Soucy	Sen. D'Allesandro	Rep. Myler
Rep. Luneau	Rep. Espitia	Rep. Wazir	

SB 451-FN-A

Sen. Kahn	Sen. Prentiss	Sen. Sherman	Sen. Watters
Sen. Whitley	Sen. Perkins Kwoka	Rep. Heath	Rep. Wallner

Aaron Jones 271-4063

Harold F. French
Chairman

Senate Commerce Committee

Aaron Jones 271-4063

SB 428-FN-A, establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

Hearing Date: January 27, 2022

Time Opened: 1:54 p.m. **Time Closed:** 2:05 p.m.

Members of the Committee Present: Senators French, Gannon, Bradley, Soucy and Cavanaugh

Members of the Committee Absent : None

Bill Analysis: This bill establishes a scholarship fund in the capital access program of the business finance authority to cover entry costs for socially and/or economically disadvantaged individual small business owners applying for loans from the program.

Sponsors:

Sen. Whitley	Sen. Sherman	Sen. Rosenwald
Sen. Perkins Kwoka	Sen. Hennessey	Sen. Watters
Sen. Cavanaugh	Sen. Prentiss	Sen. Kahn
Sen. Soucy	Sen. D'Allesandro	Rep. Myler
Rep. Luneau	Rep. Espitia	Rep. Wazir

Who supports the bill: Senator Becky Whitley, Senator Rebecca Perkins Kwoka, Senator David Watters, Senator Lou D'Allesandro, Senator Kevin Cavanaugh, Senator Cindy Rosenwald, Senator Erin Hennessey, Senator Tom Sherman

Who opposes the bill: William Domenico, Curtis Howland

Who is neutral on the bill: James Key-Wallace (NH Business Finance Authority)

Summary of testimony presented in support:

Senator Becky Whitley

- This bill would establish a scholarship fund in the Capital Access Program (CAP) to cover the entry costs for socially and economically disadvantaged small business owners who have applied for loans within the program.
- Socially and economically disadvantaged small businesses are defined in federal law and the definition is referenced in the bill.

    - Disadvantages experienced may be related to race, gender, ethnicity, culture, and/or other economic disadvantages.
- Currently, there is a statewide need to improve access to capital and credit for small businesses.
- This bill would ensure NH could compete in the modern economy as well as attract a modern workforce.
- In a recent CNBC study, NH dropped 12 spots to #37 on its list of top states for business.
    - In terms of access to capital, NH earned an F and it was #47 on the list. This rating was based on the use of federal COVID funds, loans to small businesses, and venture capital investments.
    - NH earned a D and D+, respectively, due to our high cost of living and our aging workforce. The latter rating was based on NH's success in attracting college educated workers and diverse populations.
- CAP was established in RSA 162-A:12, which is overseen by the NH Business Finance Authority (BFA).
- CAP does provide financing to small businesses with a 100% guarantee on term loans and lines of credit up to $200,000 for any business with annual revenues less than $5 million.
- The scholarship would cover the borrowing and bank fees, which occur during the loan process.
- Final determination and eligibility for the scholarship would be at the discretion of the BFA and the federal definition.
- Senator Whitley emphasized that small businesses are the backbone of NH's economy. They drive innovation and make immeasurable contributions to local communities.
- This bill would help to bridge opportunity gaps in access to capital and credit; thus, ensuring everyone has the opportunity to succeed and grow their business.
- A $1 million dollar investment would fuel $10 million in lending and economic growth.
- According to the BFA, an estimated $1 million investment could allow approximately 888 businesses to participate. Currently, CAP does serve between 100 and 150 borrowers per year.
- This bill would have the potential to help many businesses over many years.
- **Senator French** asked if the bill defined socially and/or economically disadvantaged.
    - **Senator Whitley** said the term was defined in federal statute, 15 U.S.C. section 637, which is located on Page 1, Line 20.
- **Senator French** asked if he would see the definition if he went to that federal statute.
    - **Senator Whitley** responded that was correct.

Summary of testimony presented in opposition: None

Neutral Information Presented:

James Key-Wallace, Executive Director, NH Business Finance Authority

- For 30 years, the NH BFA has been a self-funded organization, which has helped small businesses get capital.
- Under CAP, the BFA works through banks to provide private capital to businesses so they can grow. Various types of small businesses are eligible, whether they are a start-up or not, with access up to $200,000.
- A business might try to get a loan from a bank. While the bank may like the business, it may not "check all of the boxes" due to federal requirements or some other reason. As a result, the loan can be enrolled through CAP. Almost all banks participate in this program, and over 5,000 companies have participated.
- Once the loan has been enrolled in CAP, the bank and the borrower take a small percentage of the loan, which goes into an account at the bank. The BFA does match contributions 2.5 times to 1, which is then deposited in the account at the bank.
- Every time a loan has been enrolled in the program, the account increases and it creates a pool of capital.
- If any loan in the CAP portfolio has contributed to a loss, the bank is able to reimburse themselves from the CAP account. Similar to insurance, small individual premiums go into an account that can offset any loss.
- Through these savings accounts, banks are able to make loans that they could not otherwise have made.
- Executive Director Key-Wallace said they have had a great track record over the past 30 years.
- As Senator Whitley stated, this bill would cover fees to get into the program.
- **Senator French** asked what percentage of loans failed in the past 30 years.
    - **Executive Director Key-Wallace** replied that it was less than 1%.
- **Senator Gannon** said he wanted everyone treated equally; however, he wondered if his white son would have less of a chance than his daughter or someone else.
    - **Executive Director Key-Wallace** said the BFA is open to everyone equally. If this bill passed, it would not prevent anyone from getting into the program. According to the federal statute, eligibility is not exclusive to race or gender. There would be a wide swath of populations eligible, such as women, veterans, minorities, and those who live in rural communities.
- **Senator Gannon** asked if his son would be behind his daughter in getting a loan as a result of his sex.
    - **Executive Director Key-Wallace** replied he would not.

AJ
Date Hearing Report completed: February 1, 2022

Speakers

Senate Commerce Committee
SIGN-IN SHEET

Date: 01/27/2022 **Time:** 1:30 p.m.

SB 428-FN-A An ACT establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

Name/Representing ***(please print neatly)***

Sen. Becky Whitley (Prime)	Support ☑	Oppose ☐	Speaking?	Yes ☑ No ☐
James Key-Wallace, NH BFA	Support ☐	Oppose ☐	Speaking?	Yes ☑ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐
	Support ☐	Oppose ☐	Speaking?	Yes ☐ No ☐

Senate Remote Testify

Commerce Committee Testify List for Bill SB428 on 2022-01-27

Support: 7 Oppose: 2

Name	Title	Representing	Position
Perkins Kwoka, Senator Rebecca	An Elected Official	Myself	Support
Watters, Senator David	An Elected Official	Myself	Support
D'Allesandro, Senator Lou	An Elected Official	Myself	Support
Cavanaugh, Senator Kevin	An Elected Official	Myself	Support
Rosenwald, Cindy	An Elected Official	SD 13	Support
Howland, Curtis	A Member of the Public	Myself	Oppose
Domenico, William	A Member of the Public	Myself	Oppose
Hennessey, Erin	An Elected Official	Myself	Support
Sherman, Senator	An Elected Official	SD24	Support

Voting Sheets

Senate Commerce Committee
EXECUTIVE SESSION RECORD
2021-2022 Session

Bill # SB 478-FN-A

Hearing date: 1/27/22

Executive Session date: 2/10/22

Motion of: ITL **Vote:** 3-2

Committee Member	Made by	Second	Yes	No
Sen. French, Chair			✓	
Sen. Gannon, V-Chair	✓		✓	
Sen. Bradley		✓	✓	
Sen. Cavanaugh				✓
Sen. Soucy				✓

Motion of: _____ **Vote:** _____

Committee Member	Made by	Second	Yes	No
Sen. French, Chair				
Sen. Gannon, V-Chair				
Sen. Bradley				
Sen. Cavanaugh				
Sen. Soucy				

Motion of: _____ **Vote:** _____

Committee Member	Made by	Second	Yes	No
Sen. French, Chair				
Sen. Gannon, V-Chair				
Sen. Bradley				
Sen. Cavanaugh				
Sen. Soucy				

Reported out by: Sen. French

Notes: _____

Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Thursday, February 10, 2022

THE COMMITTEE ON Commerce

to which was referred **SB 428-FN-A**

AN ACT establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

Having considered the same, the committee recommends that the Bill

IS INEXPEDIENT TO LEGISLATE

BY A VOTE OF: 3-2

Senator Harold French
For the Committee

Aaron Jones 271-4063

COMMERCE

SB 428-FN-A, establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.
Inexpedient to Legislate, Vote 3-2.
Senator Harold French for the committee.

General Court of New Hampshire - Bill Status System

Docket of SB428

Docket Abbreviations

Bill Title: establishing a scholarship fund for certain small businesses applying for loans from the capital access program administered by the New Hampshire business finance authority.

Official Docket of **SB428.**:

Date	Body	Description
12/30/2021	S	To Be **Introduced** 01/05/2022 and Referred to Commerce; **SJ 1**
1/14/2022	S	**Hearing:** 01/27/2022, Room 100, SH, 01:30 pm; **SC 4**
2/10/2022	S	Committee Report: Inexpedient to Legislate, 02/16/2022; **SC 7**
2/16/2022	S	Inexpedient to Legislate, **RC** 13Y-10N, MA === BILL KILLED ===; 02/16/2022; **SJ 3**

NH House	NH Senate

Other Referrals

Senate Inventory Checklist for Archives

Bill Number: SB 428-FN-A **Senate Committee:** Commerce

Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside

X Final docket found on Bill Status

Bill Hearing Documents: {Legislative Aides}

X Bill version as it came to the committee

X All Calendar Notices

X Hearing Sign-up sheet(s)

N/A Prepared testimony, presentations, & other submissions handed in at the public hearing

X Hearing Report

N/A Revised/Amended Fiscal Notes provided by the Senate Clerk's Office

Committee Action Documents: {Legislative Aides}

All amendments considered in committee (including those not adopted):

___ - amendment # _____ ___ - amendment # _____

___ - amendment # _____ ___ - amendment # _____

X Executive Session Sheet

X Committee Report

Floor Action Documents: {Clerk's Office}

All floor amendments considered by the body during session (only if they are offered to the senate):

___ - amendment # _____ ___ - amendment # _____

___ - amendment # _____ ___ - amendment # _____

Post Floor Action: (if applicable) {Clerk's Office}

___ Committee of Conference Report (if signed off by all members. Include any new language proposed by the committee of conference):

___ Enrolled Bill Amendment(s)

___ Governor's Veto Message

All available versions of the bill: {Clerk's Office}

___ as amended by the senate ___ as amended by the house

___ final version

Completed Committee Report File Delivered to the Senate Clerk's Office By:

Aaron Jones 7/8/22

Committee Aide **Date**

Senate Clerk's Office AK