

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

May 17, 2021

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB21-1288 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, page 3, line 25, after "REVOLVING" insert "STARTUP".

2 Page 4, line 1, strike "AND".

3 Page 4, after line 1 insert:

4 "(h) BY PROVIDING ENTREPRENEURS AND BUSINESSES WHO FACE
5 BARRIERS IN ESTABLISHING BORROWER RELATIONSHIPS WITH TRADITIONAL
6 LENDERS TO ACCESS CAPITAL, A STARTUP LOAN PROGRAM CAN PROVIDE
7 FINANCIAL SUPPORT TO UNSERVED OR UNDERSERVED POPULATIONS;

8 (i) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS AND
9 OTHER NONPROFIT LENDERS ACROSS COLORADO PROVIDE CRITICAL
10 FINANCIAL SUPPORT TO UNSERVED AND UNDERSERVED POPULATIONS WITH
11 MORE FLEXIBLE LOAN CRITERIA NOT REGULARLY OFFERED BY
12 TRADITIONAL FINANCIAL INSTITUTIONS, AND THEIR CUSTOMERS OFTEN
13 OBTAIN LOANS FROM TRADITIONAL FINANCIAL INSTITUTIONS AFTER THEY
14 GROW THEIR BUSINESSES OVER TIME;

15 (j) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS AND
16 OTHER NONPROFIT LENDERS ACROSS COLORADO HAVE EXPERIENCE AND
17 EXPERTISE IN EVALUATING LOAN APPLICATIONS AND IN DETERMINING
18 WHICH LOAN CRITERIA AN APPLICANT MEETS;

19 (k) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS AND
20 OTHER NONPROFIT LENDERS ACROSS COLORADO USE THEIR EXPERTISE
21 AND EXISTING RELATIONSHIPS TO REFER APPLICANTS TO TRADITIONAL

1 LENDERS IF THE APPLICANTS MEET TYPICAL TRADITIONAL LENDING
2 CRITERIA AND TRADITIONAL LENDERS WILL PROVIDE MORE FAVORABLE
3 LOAN TERMS TO THE APPLICANT;

4 (I) A STARTUP LOAN PROGRAM WILL ASSIST UNDERSERVED
5 ENTREPRENEURS AND BUSINESSES IN MAKING CONNECTIONS WITH
6 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS AND OTHER
7 NONPROFIT LENDERS WHICH PROVIDES AN OPPORTUNITY FOR BUSINESSES
8 AND ENTREPRENEURS TO DEVELOP THEIR FIRST BORROWER RELATIONSHIPS
9 WITH FINANCIAL INSTITUTIONS THAT CAN PROVIDE ACCESS TO CAPITAL
10 AND LEAD THESE BUSINESSES TO EVENTUALLY BECOMING CUSTOMERS OF
11 TRADITIONAL LENDING INSTITUTIONS LIKE BANKS; AND".

12 Reletter succeeding paragraph accordingly.

13 Page 7, strike lines 3 through 5 and substitute:

14 "(V) THE APPLICANT'S FINANCIAL NEED AND THE LIKELIHOOD THE
15 BUSINESS WOULD NEED TO BE SUPPORTED BY A NONTRADITIONAL LENDER,
16 INCLUDING WHETHER THE APPLICANT'S CREDIT STANDING WAS
17 NEGATIVELY AFFECTED BY THE COVID-19 PANDEMIC, THE APPLICANT'S
18 EXPENSES RATIOS, AND THE APPLICANT'S REPAYMENT ABILITY OVER AN
19 EXTENDED TIME PERIOD OR WITH ADJUSTED RATES AS DEMONSTRATED
20 THROUGH PROJECTIONS AND BUSINESS PLANS; AND".

21 Page 7, after line 10 insert:

22 "(c) IF AN ADMINISTRATOR DETERMINES THAT AN APPLICANT
23 WOULD LIKELY BE ELIGIBLE FOR A LOAN FROM A TRADITIONAL FINANCIAL
24 INSTITUTION AND COULD RECEIVE MORE FAVORABLE LOAN TERMS
25 THROUGH A TRADITIONAL FINANCIAL INSTITUTION, THE ADMINISTRATOR
26 SHALL NOTIFY THE APPLICANT IN A TIMELY MANNER AND REFER THE
27 APPLICANT TO A TRADITIONAL COMMERCIAL LENDER SUCH AS A BANK.".

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