



SOUTHERN
LEGISLATIVE
CONFERENCE
OF
THE COUNCIL OF
STATE GOVERNMENTS

SLC FISCAL ALERT:

DEADLINE TO SECURE NEW FEDERAL FUNDING PROMOTING SMALL BUSINESSES IMMINENT

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The federal Small Business Jobs Act of 2010 is designed to generate critical resources to help small businesses drive economic recovery and create jobs. An important component of this new legislation involves the State Small Business Credit Initiative (SSBCI), a formula grant program structured to assist local entrepreneurs and small business owners secure the necessary credit to expand their businesses, create jobs and generate revenue. Specifically, the SSBCI provides \$1.5 billion in federal funding to states to initiate programs that expand credit opportunities for small businesses. State commitment to involve the private sector in implementing these programs remains a critical element of the SSBCI, and states are required to demonstrate and help facilitate \$10 in new private lending for every \$1 in federal funding. In total, it is anticipated that the \$1.5 billion federal commitment will lead to a minimum of \$15 billion in additional private sector lending to spur small businesses.

Given the urgency relating to releasing credit to worthy small business operations to drive economic growth, there are a number of tight deadlines associated with states accessing the SSBCI funds. These deadlines include the following:

- » States have until November 26, 2010, to file a Notice of Intent with the U.S. Department of the Treasury;
- » States then have until June 26, 2011, to file an Application with the U.S. Department of the Treasury; and
- » Finally, states have three months after executing the agreement with the U.S. Department of the Treasury to have the program "fully positioned" for execution.

Of note, if a state fails to file a Notice of Intent (by November 26, 2010) or an Application (by June 26, 2011), municipalities in the state have until September 26, 2011, to present the necessary paperwork for accessing SSBCI funds in lieu of the state. In addition, while small businesses are the sole beneficiaries of these SSBCI funds, states may

contract with not-for profit and for-profit organizations to actually implement the programs.

States have the ability to deploy SSBCI funds to build on a number of very effective, existing small business lending programs already in place at the state level, such as the Capital Access Programs, Collateral Support Programs for Small Manufacturers and Loan Guarantee Programs. The SSBCI allocations to states were based on a formula that assessed state unemployment rates.

Another element of the Small Business Jobs Act of 2010 involved a three-year trade and export promotion pilot program to make grants to states to enhance export promotion. Given the administration's goal of doubling exports and supporting several million new jobs over the next five years, this provision of the Act appropriates \$30 million for federal fiscal years 2011, 2012 and 2013. The grants under this program will be awarded to states on a competitive basis to increase the number of export-oriented small businesses in that state.

In the context of the looming federal deadlines, state policymakers must initiate the necessary actions to access these funds soon. Promoting growth at the small business level remains a vital ingredient in propelling both our state and national economies forward.

Sources:

¹"Treasury Announces State-by-State Funding Allocations to Support \$15 Billion in Small Business Lending, Create New Jobs," U.S. Department of the Treasury, Press Release, October 8, 2010.

²"Summary of Opportunity for States in the State Small Business Credit Initiative Act of 2010," Trade Credit Association of the United States, Press Release, October 13, 2010.

³"Small Business Jobs Bill Includes New State Credit Initiative," Federal Funds Information for States, September 16, 2010.

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States have until November 26, 2010, to notify the federal government of their intent to access \$1.5 billion in funding.

SLC State Small Business Credit Initiative (SSBCI) Allocations

| State | SSBCI Allocation | Expected New Lending (10:1 Match) |
|----------------|------------------|-----------------------------------|
| Alabama | \$31,301,498 | \$313,014,980 |
| Arkansas | \$13,168,350 | \$131,683,500 |
| Florida | \$97,662,349 | \$976,623,490 |
| Georgia | \$47,808,507 | \$478,085,070 |
| Kentucky | \$15,487,998 | \$154,879,980 |
| Louisiana | \$13,168,350 | \$131,683,500 |
| Mississippi | \$13,168,350 | \$131,683,500 |
| Missouri | \$26,930,294 | \$269,302,940 |
| North Carolina | \$46,061,319 | \$460,613,190 |
| Oklahoma | \$13,168,350 | \$131,683,500 |
| South Carolina | \$17,990,415 | \$179,904,150 |
| Tennessee | \$29,672,070 | \$296,720,700 |
| Texas | \$46,553,879 | \$465,538,790 |
| Virginia | \$17,953,191 | \$179,531,910 |
| West Virginia | \$13,168,350 | \$131,683,500 |



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