

HB20-1413 Small Business Recovery Loan Fund

Rep. Birds and and Rep. Cutter

Sen. Zenzinger and Sen. Donovan

June 6, 2020

Testimony for the Colorado Bankers Association and the Independent Bankers Association

Position: Support with amendments

CBA and IBC continue to be strong supporters of small business and support the concept of the bill. We admire and share the sponsors' commitment to small businesses. We felt the original draft had several issues which needed to be addressed and worked on the amendments that will be offered today. They are meant to provide more structure to the program, while ensuring the program has flexibility and will provide lenders and borrowers more clarity to increase the probability of success of the program.

As background to the current small business lending environment, small businesses in Colorado were the recipients of \$10.2 billion under the SBA Paycheck Protection Program (PPP). Banks fronted these loans using bank funds. The SBA will forgive a portion or the entirety the small business's debt, depending on the use of loan proceeds. The PPP has recently been amended to provide businesses more flexibility regarding terms and use of funds. As of today, there is approximately \$100 billion remaining in the fund still available to lend. In addition to the PPP, the Main Street Lending Program is set to deploy \$600 billion to business borrowers. These programs are in addition to the Federal Reserve Bank's Liquidity Facility that has been put into place to ensure banks have the liquidity (funds) to meet the needs of the small business community.

The Small Business Recover Loan Fund will be another option for small businesses to have access to loans to help any hardships they are having due to the COVID-19 pandemic. Our members are supportive of the concept of lending to all small businesses in need. We appreciate the hard work of the sponsors and proponents of the bill to offer amendments to strengthen the program and ensure bankers who will offer these loans are closely involved with the details.

Thank you for your service and support of the citizens of Colorado.

Sincerely,

Mike Van Norstrand, CEO Independent Bankers of Colorado

Jenifer Waller, President Colorado Bankers Association