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December 23, 2021

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court and

His Excellency, Governor Christopher T. Sununu
And the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, authorize the Department of Business and Economic Affairs (BEA) to accept and expend State Small Business Credit Initiative (SSBCI) funds from the US Department of Treasury in the amount of \$61,468,436 for the purpose of providing credit assistance to small businesses, effective upon Fiscal Committee and Governor and Executive Council approval through June 30, 2023. **100% Federal Funds.**

Funding to be budgeted as follows:

State Small Business Credit Initiative 03-22-22-220510-NEW XXXX		FY 22 Requested Budget
Revenue		
000-406816	FEDERAL FUNDS	\$61,468,436
	Total Revenue	\$61,468,436
Expense		
040-501587	INDIRECT COSTS	\$2,500
041-550801	AUDIT FUND SET-ASIDE	\$61,468
102-500731	CONTRACTS FOR PROGRAM SERVICES	\$61,404,468
	Total Expense	\$61,468,436

EXPLANATION

The US Department of Treasury has awarded the New Hampshire Business Finance Authority (BFA) a State Small Business Credit Initiative (SSBCI) grant contingent upon Fiscal Committee and Governor and Executive Council approval. To comply with federal requirements, the funds must flow through the State of New Hampshire's Department of Business and Economic Affairs (BEA) as a pass thru grant. The SSBCI grant, which is a component of the American Rescue Plan Act, provide States with funds to assist local entrepreneurs expand their businesses and ensure they have access to loan capital to grow their operations.

These funds are solely useable by the BFA's programs that assist the private sector in accessing capital to grow their businesses. The funds are primarily used to assist local banks make loans to New Hampshire companies that otherwise would not be able to receive financing. These funds are not allowed to be used

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as grants to individuals or businesses, but rather to assist the private market in deploying private capital in a manner that creates jobs for local communities. That is the core function of the BFA and this funding will continue that mission across the state.

In 2021, the Governor designated the BFA to apply for these funds on behalf of the State. After submission of a grant application notification was received that they were selected to receive the grant allocation described above. However, as a "quasi-state" entity the BFA does not have the legal capacity to sign the grant agreement between the State and Federal Government. Therefore, BEA will serve as the pass-through entity in order to resolve this technical issue.

Upon approval of this item, BEA will seek approval by the Governor and Executive Council to enter into an agreement with BFA to provide administration, oversight, reporting, and support services in compliance with the SSBCI grant. This will have the same effect as if BFA had directly received the funds.

The following programs will be supported by this funding:

- Capital Access Program (approx. \$1,500,000)
- Loan Guarantee Reserves (approx. \$2,000,000)
- Collateral Shortfall Program (approx. \$1,000,000)
- Loan Participation Fund (approx. \$41,000,000)
- Aid to Local Development Organizations (approx. \$7,000,000)

The BFA received SSBCI funding in the post-2008 financial crisis. New Hampshire was one of the only states in the country to successfully deploy the capital in full compliance with federal guidelines. Further, each dollar provided via the program was met with over 13 private sector dollars. The SSBCI program requires the private sector provide a 10 to 1 participation level. This means the approximately \$61 million dollar BFA program will result in a minimum of \$610,000,000 in new private capital being lent and invested in New Hampshire companies. Per federal guidelines, the large majority of the funds are available on an equal basis to all that apply. There are portions of the funding are that reserved for small businesses, as well as rural businesses and businesses owned by women and people of color.

Funds are budgeted as follows:

Class 040 – Indirect Costs – payment for the contract at BEA's indirect cost rate.

Class 041 – Audit Fund Set-Aside – payment of audit fee set aside associated with federal funding to comply with RSA 124:16 that requires all agencies which receive federal funds to set aside a percentage (0.1%) of the federal revenue amount received to pay for financial and compliance audits.

Class 102 – Contracts for Program Services – contract to BFA to implement SSBCI program.

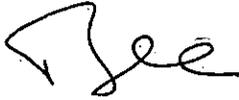
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The programs funded by SSBCI are existing BFA programs that require no State support now, or in the future. The BFA is a self-supporting organization, receives no State taxpayer funding, and will not need to add additional staff to operate the program. There will be no long-term costs or obligations as a result of the program.

In the event that Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'T. Caswell', with a stylized initial 'T' and a long horizontal stroke.

Taylor Caswell
Commissioner



**STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR**

CHRISTOPHER T. SUNUNU
Governor

The Honorable Janet Yellen
Secretary of The Treasury
United States Department of Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Secretary Yellen,

I am writing on behalf of the State of New Hampshire to inform you that I am designating the New Hampshire Department of Business and Economic Affairs (NHBEA) as the "Implementing Entity" for New Hampshire's SSCBI program. Pursuant to my authority under Part II, Article 41 of the Constitution of the State of New Hampshire, I hereby authorize NH BEA to apply for, receive, and oversee the use of SSBCI funds on behalf of the State. As a department of the State of New Hampshire, NH BEA has the legal authority to enter into an Allocation Agreement with Treasury.

As was done with SSBCI 1.0, NH BEA will contract the administration of the programs to the New Hampshire Business Finance Authority (NH BFA). The NH BFA is well known to the Treasury team and has a long history of providing assistance to New Hampshire businesses. The NH BFA is the State of New Hampshire's development finance organization and possesses the necessary infrastructure, controls, and banking and business relationships to effectively administer this funding.

The "Authorized Official" at the New Hampshire Department of Business and Economic Affairs is:

Taylor Caswell
Commissioner
NH Department of Business and Economic Affairs
603-271-0670
taylor.caswell@livefree.nh.gov

The State of New Hampshire looks forward to assisting small businesses throughout the state utilizing the State Small Business Credit Initiative and appreciates your involvement in this effort.

Sincerely,

Chris Sununu
Governor

Taylor Caswell
Commissioner, NH BEA

cc: James Key-Wallace, Executive Director, NH BFA



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

State Small Business Credit Initiative
Preliminary Allocation Table

The table below, updated on November 10, 2021, to provide further detail, identifies the funds allocated pursuant to Sections 3003(b), (d), and (f), and the initial eligible amounts available under Section 3003(e), to states, territories, the District of Columbia, and Tribal governments (in aggregate), under the State Small Business Credit Initiative (SSBCI) Act of 2010 (the Act), as amended by the American Rescue Plan Act of 2021 (ARPA).¹ Treasury will communicate to each Tribal government the amount of their allocation by e-mailing the Tribal government directly with the allocation amount.

Jurisdiction	Main Capital (Employment- Based) Allocation (Section 3003(b))	Very Small Business Allocation (Section 3003(f))	SEDI Allocation (Section 3003(d))	Initial Eligible Amounts (\$800 million of incentive funding ²) (Section 3003(e))	Total Potential Funding Amount
Alabama	\$ 52,092,000	\$ 4,142,176	\$ 27,201,417	\$ 14,507,422	\$ 97,943,015
Alaska	\$ 52,092,000	\$ 4,142,176	\$ 2,394,597	\$ 1,277,118	\$ 59,905,891
Arizona	\$ 54,546,269	\$ 4,337,331	\$ 34,009,405	\$ 18,138,349	\$ 111,031,354
Arkansas	\$ 52,092,000	\$ 4,142,176	\$ 16,557,075	\$ 8,830,440	\$ 81,621,691
California	\$ 829,050,641	\$ 65,923,238	\$ 187,189,392	\$ 99,834,342	\$ 1,181,997,613
Colorado	\$ 70,278,471	\$ 5,588,301	\$ 18,852,249	\$ 10,054,533	\$ 104,773,554
Connecticut	\$ 93,906,484	\$ 7,467,119	\$ 11,766,086	\$ 6,275,245	\$ 119,414,934
Delaware	\$ 52,092,000	\$ 4,142,176	\$ 3,090,605	\$ 1,648,322	\$ 60,973,103
District of Columbia	\$ 52,092,000	\$ 4,142,176	\$ 3,777,969	\$ 2,014,917	\$ 62,027,062
Florida	\$ 300,311,399	\$ 23,879,723	\$ 107,149,207	\$ 57,146,243	\$ 488,486,572

¹ These preliminary determinations are subject to change depending on jurisdiction participation, actual administrative expenses, and other factors that affect the allocations specified by the Act. The territories are the Commonwealth of Puerto Rico, the Commonwealth of Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands.

² As noted in the SSBCI Capital Program Policy Guidelines, available on Treasury's website, the methodology and timing for the disbursement of the remaining \$200 million will be announced at a later date.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

Jurisdiction	Main Capital (Employment- Based) Allocation (Section 3003(b))	Very Small Business Allocation (Section 3003(f))	SEDI Allocation (Section 3003(d))	Initial Eligible Amounts (\$800 million of incentive funding ²) (Section 3003(e))	Total Potential Funding Amount
Georgia	\$ 109,140,449	\$ 8,678,471	\$ 53,346,483	\$ 28,451,457	\$ 199,616,860
Hawaii	\$ 52,092,000	\$ 4,142,176	\$ 3,774,640	\$ 2,013,141	\$ 62,021,957
Idaho	\$ 52,092,000	\$ 4,142,176	\$ 6,158,721	\$ 3,284,651	\$ 65,677,548
Illinois	\$ 261,128,465	\$ 20,764,032	\$ 47,435,265	\$ 25,298,808	\$ 354,626,570
Indiana	\$ 57,461,660	\$ 4,569,152	\$ 24,167,552	\$ 12,889,361	\$ 99,087,725
Iowa	\$ 78,036,450	\$ 6,205,188	\$ 7,735,439	\$ 4,125,567	\$ 96,102,644
Kansas	\$ 52,092,000	\$ 4,142,176	\$ 8,714,786	\$ 4,647,885	\$ 69,596,847
Kentucky	\$ 75,985,059	\$ 6,042,069	\$ 22,888,318	\$ 12,207,103	\$ 117,122,549
Louisiana	\$ 68,793,015	\$ 5,470,182	\$ 25,309,701	\$ 13,498,507	\$ 113,071,405
Maine	\$ 52,092,000	\$ 4,142,176	\$ 3,912,223	\$ 2,086,519	\$ 62,232,918
Maryland	\$ 154,429,827	\$ 12,279,725	\$ 20,670,917	\$ 11,024,489	\$ 198,404,958
Massachusetts	\$ 125,977,247	\$ 10,017,275	\$ 21,258,689	\$ 11,337,967	\$ 168,591,178
Michigan	\$ 162,909,105	\$ 12,953,968	\$ 39,866,007	\$ 21,261,870	\$ 236,990,950
Minnesota	\$ 69,777,312	\$ 5,548,450	\$ 14,143,588	\$ 7,543,246	\$ 97,012,596
Mississippi	\$ 52,092,000	\$ 4,142,176	\$ 19,463,655	\$ 10,380,616	\$ 86,078,447
Missouri	\$ 52,092,000	\$ 4,142,176	\$ 25,188,018	\$ 13,433,609	\$ 94,855,803
Montana	\$ 52,092,000	\$ 4,142,176	\$ 3,322,039	\$ 1,771,754	\$ 61,327,969
Nebraska	\$ 52,092,000	\$ 4,142,176	\$ 5,068,397	\$ 2,703,145	\$ 64,005,718
Nevada	\$ 85,277,686	\$ 6,780,986	\$ 13,629,033	\$ 7,268,818	\$ 112,956,523
New Hampshire	\$ 52,092,000	\$ 4,142,176	\$ 3,413,648	\$ 1,820,612	\$ 61,468,436
New Jersey	\$ 197,308,382	\$ 15,689,280	\$ 27,521,719	\$ 14,678,250	\$ 255,197,631
New Mexico	\$ 52,092,000	\$ 4,142,176	\$ 11,905,193	\$ 6,349,436	\$ 74,488,805
New York	\$ 349,347,050	\$ 27,778,868	\$ 81,170,522	\$ 43,290,945	\$ 501,587,385

DEPARTMENT OF THE TREASURY
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Jurisdiction	Main Capital (Employment- Based) Allocation (Section 3003(b))	Very Small Business Allocation (Section 3003(f))	SEDI Allocation (Section 3003(d))	Initial Eligible Amounts (\$800 million of incentive funding ²) (Section 3003(e))	Total Potential Funding Amount
North Carolina	\$ 111,588,774	\$ 8,873,153	\$ 53,110,274	\$ 28,325,479	\$ 201,897,680
North Dakota	\$ 52,092,000	\$ 4,142,176	\$ 1,570,218	\$ 837,449	\$ 58,641,843
Ohio	\$ 106,498,285	\$ 8,468,375	\$ 43,944,282	\$ 23,436,950	\$ 182,347,892
Oklahoma	\$ 52,092,000	\$ 4,142,176	\$ 16,573,324	\$ 8,839,106	\$ 81,646,606
Oregon	\$ 52,092,000	\$ 4,142,176	\$ 17,782,859	\$ 9,484,191	\$ 83,501,226
Pennsylvania	\$ 191,483,931	\$ 15,226,140	\$ 39,866,127	\$ 21,261,934	\$ 267,838,132
Rhode Island	\$ 52,092,000	\$ 4,142,176	\$ 3,581,833	\$ 1,910,311	\$ 61,726,320
South Carolina	\$ 56,224,591	\$ 4,470,785	\$ 26,509,098	\$ 14,138,185	\$ 101,342,659
South Dakota	\$ 52,092,000	\$ 4,142,176	\$ 2,462,790	\$ 1,313,488	\$ 60,010,454
Tennessee	\$ 60,573,813	\$ 4,816,620	\$ 33,612,467	\$ 17,926,649	\$ 116,929,549
Texas	\$ 265,398,300	\$ 21,103,554	\$ 121,038,443	\$ 64,553,836	\$ 472,094,133
Utah	\$ 52,092,000	\$ 4,142,176	\$ 8,329,451	\$ 4,442,373	\$ 69,006,000
Vermont	\$ 52,092,000	\$ 4,142,176	\$ 1,117,696	\$ 596,105	\$ 57,947,977
Virginia	\$ 174,537,551	\$ 13,878,622	\$ 27,403,585	\$ 14,615,245	\$ 230,435,003
Washington	\$ 115,269,784	\$ 9,165,854	\$ 25,450,902	\$ 13,573,814	\$ 163,460,354
West Virginia	\$ 52,092,000	\$ 4,142,176	\$ 10,350,406	\$ 5,520,216	\$ 72,104,798
Wisconsin	\$ 52,092,000	\$ 4,142,176	\$ 14,929,240	\$ 7,962,261	\$ 79,125,677
Wyoming	\$ 52,092,000	\$ 4,142,176	\$ 1,429,764	\$ 762,541	\$ 58,426,481
American Samoa	\$ 52,092,000	\$ 4,142,176	\$ 553,430	\$ 295,163	\$ 57,082,769
Guam	\$ 52,092,000	\$ 4,142,176	\$ 1,588,530	\$ 847,216	\$ 58,669,922
Northern Mariana Islands	\$ 52,092,000	\$ 4,142,176	\$ 537,122	\$ 286,465	\$ 57,057,763
Puerto Rico	\$ 52,092,000	\$ 4,142,176	\$ 34,655,800	\$ 18,483,093	\$ 109,373,069

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Jurisdiction	Main Capital (Employment- Based) Allocation (Section 3003(b))	Very Small Business Allocation (Section 3003(f))	SEDI Allocation (Section 3003(d))	Initial Eligible Amounts (\$800 million of incentive funding ²) (Section 3003(e))	Total Potential Funding Amount
Virgin Islands	\$ 52,092,000	\$ 4,142,176	\$ 1,060,678	\$ 565,695	\$ 57,860,549
All Tribal Governments	\$ 499,999,621	\$ 39,757,972	\$ 110,488,814	\$ 58,927,240	\$ 709,173,647
Total					\$ 9,087,998,714