

HOUSE COMMITTEE OF REFERENCE REPORT

May 17, 2021

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Chair of Committee

Date

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



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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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