

Montana State Small Business Credit Initiative 2.0 (MT SSBCI 2.0)

DESCRIPTION

Section 3301 – State Small Business Credit Initiative of the “American Rescue Plan Act of 2021” reauthorizes the State Small Business Credit Initiative Program as originally authorized in the State Small Business Credit Initiative Act of 2010. The new program is authorized to operate through September 30, 2030. The Montana Department of Commerce plans to replicate the Montana State Small Business Credit Initiative (MT SSBCI) Loan Participation program that it administered from 2011 through 2017, under the original law.

RESOURCES NEEDED TO EXECUTE

Funds available to Montana via application to the U.S. Department of Treasury (Treasury) will range from \$44 to \$65 million depending on program criteria and application procedures. It is anticipated that at a minimum, a portion of one (1) current FTE’s time would be allocated to this program and two (2) additional FTE would need to be hired to assist with administering the program through 2030.

OBJECTIVES

The MT SSBCI Loan Participation program will be used to assist existing Montana businesses that need additional funds to stabilize, pivot, expand, or re-start their business and to assist new Montana businesses entering the market. The MT SSBCI Loan Participation program will authorize an existing network of local and/or regional economic development organizations (EDOs) that have the ability and capacity to manage a revolving loan program as participating lenders for the program.

By utilizing the MT SSBCI Loan Participation program, a business applies to a primary lender, which then partners with an EDO to provide the business with a loan. By utilizing the program, the borrower gets a lower blended interest rate for their loan.

By utilizing the EDOs, which have a strong knowledge of their regional business’ needs, the MT SSBCI program can deploy funds much more quickly. If approved by Treasury, as with the first MT SSBCI program, at the expiration of the federal program, each EDO will have their portion of the program funds they utilized transferred free and clear of any federal requirements. This allows the EDOs to take advantage of this one-time equity injection for the continued benefit to their region’s economy for years to come.

MEASURABLE OUTCOMES

As with the first MT SSBCI program, leveraged funds must be tracked and reported to Treasury. In addition, Use of Loan Funds, Industries of loan recipients, Jobs Created and/ or Retained, as well as Location of loan recipients will be collected.