



# S.571 (Sanders) / A.6420 (Bichotte Hermelyn)

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<b>BILL</b> S.571 (Sanders) / A.6420 (Bichotte Hermelyn)
<b>SUBJECT</b> Allows MWBEs to Use Money from ESD Lending Program to Pay Debt
<b>DATE</b> March 08, 2022
<b>SUPPORT</b>

The Business Council supports S.571 (Sanders)/A.6420 (Bichotte Hermelyn), which would allow businesses to use funds that are received from Empire State Development's (ESD) Minority and Women-Owned Business Development and Lending Program to refinance existing debt. The legislation amends the Urban Development Corporation Act to modify the loan program.

Minority businesses were disproportionately impacted by COVID-19, including a sizeable number of Black-owned businesses that closed their doors permanently. Studies show many factors contributed to this outcome including a lack of financial savings and less access to capital. Combined with the added challenges that were brought on by mandated closures and wealth gaps, they found it challenging to stay afloat. When factoring in these issues, combined with the difficulties that came from obtaining capital, many of these companies found it difficult to cover business expenses and to make a difference in their communities. The circumstances left them with weaker cash positions and bank relationships.

The legislation assists in offering a direction toward a more equitable recovery by offering access to relief which is essential in providing a path forward. According to a special report on Race and Inequality on Main Street published by the U.S. Chamber of Commerce and MetLife, two-thirds of their respondents were concerned about having to permanently close their business and that same number felt minority-owned businesses were disproportionately impacted by COVID-19. It also showed that they tried and failed in securing a loan which left them with little cushion to resolve the unprecedented challenges to direct cash lines. Improving the playing field where businesses would have the option of debt refinancing through the establishment of a Minority and Women-Owned Business Investment Fund will

help businesses to flourish again and be a meaningful tool in helping to keep these doors open.

Currently, the Minority and Women-Owned Business Development and Lending Program does not allow small businesses to do debt refinancing. Through this legislation, businesses can receive assistance from it to address their financial health in the uphill battle they face. Commercial lending challenges still exist for minority businesses and for them. this act will give them the help they need and allow them to survive by saving thousands in interest payments.

For these reasons, The Business Council strongly supports S.571 (Sanders)/A.6420 (Bichotte Hermelyn).