

State Small Business Credit Initiative: Key Updates

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Update for ATNI



Overview

- Published Updates
- New Tribal Allocations
- Tribal-Specific Provisions
- New Guidance
- Application Information
- Program Descriptions



Key Program Updates: SSBCI

- Issued Policy Guidance
- Published application form and instructions
- Updated fact sheet
- Updated allocation methodologies
 - Tribal \$500 million set aside will be re-allocated after Dec. 11 and then again after Feb. 11
 - Tribes will get additional \$100 million from SEDI fund (should have received last week) – allocation based on certified enrollment data, but no minimum
 - Tribes will be eligible to receive additional \$69 million from SEDI incentive fund

A graphic of a target with three arrows hitting the bullseye, positioned in the top left corner of the slide.

Tribal Specific Guidance

- Tribal member owned businesses are included in the definition of SEDI
- Tribes have a 100% SEDI investment requirement – i.e., 100% of SEDI funds have to be invested in SEDI businesses to qualify for SEDI incentive
- Tribal enterprises (defined consistent with SBA HUB Zone definition) can implement and administer SSBCI programs on behalf of the tribal government(s)
- Tribal enterprises are included as permissible borrowers, with limitations on gaming enterprises
- Tribal enterprises that operate gaming facilities can use for non-gaming related business activities, but not for gaming activities
- Tribal enterprises can be investors in VCP programs - as long as they have sufficient lending/investment experience, and as long as the funds "do not originate with the state, federal or Tribal government."
- There are separate requirements for Tribal Conflict of Interest policies that will allow tribal enterprises to invest in each other
- Tribes must invest at least 90% of funds "in-state" - which means businesses located on tribal lands, businesses in states where the tribe exercises jurisdiction or where tribal members reside, and tribal owned or tribal member owned businesses in any state



Additional Guidance

- Will get funds in 3 tranches – 33%, 33%, 34% - must obligate, transfer, expend at least 80% before get next tranche
- Have to make at least 2 loans or investments within 12 month period
- Don't have to create separate programs for SEDI or VSB, but do have to keep track
- Must be ready to implement programs within 90 days of approval
- If use 3rd party administrator, must be supervised by federal, state or tribe and open, competitive process
- Minimum national customer protection standards (beyond existing federal law) includes rate cap (NCUA interest rates), no prepayment fees, upfront fees > 2%
- Reporting requirements – quarterly, annually – financial and performance results

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Application Information

- Designated Entity – department, political subdivision, enterprise
- Legal authority
- Program funding allocation
- Program Descriptions (statutory requirements)
- Contracted Administrator
- Joint with other tribe(s)?



Program Descriptions – By Program

- Number of loans / investment
- Leverage ratios – 1:1 and 10:1 - calculations
- Anticipated Benefits
 - Number & types of jobs, permanent/part time, wages
 - Increase in state, local tax revenues
 - Long-term economic benefits, such as climate transition investments, manufacturing, sustainable agriculture, EV and infrastructure, supply chains