

State Small Business Credit Initiative (SSBCI)
Arizona SSBCI Programs



Background

- The American Rescue Plan Act of 2021 (ARPA) reauthorized and amended the Small Business Jobs Act of 2010 (SBJA) to fund the State Small Business Credit Initiative (SSBCI) as a response to the economic effects of the COVID-19 pandemic.
- SSBCI is a federal program administered by the Department of the Treasury (Treasury) to strengthen state programs that support private financing to small businesses and business enterprises owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses).



Arizona's SSBCI Grant

- The Arizona Commerce Authority submitted its application for Arizona's \$111m allocation in February and received approval in early July to establish 3 new programs.
 - AZ Venture Co-Invest Program
 - AZ Multi-Fund Venture Program
 - Loan Guarantee Program

Venture Capital Programs

AZ Venture Co-Invest

Designed to make equity investments alongside institutional/venture capital firms, established Angel Capital Associations, Corporate VCs and established accelerators and incubators

AZ Multi-Fund Venture

Designed to make equity investments in established venture capital firms to attract new capital to Arizona-based entities



Venture Capital Programs

- Venture capital programs will be administered through the non-profit Arizona Venture Development Corporation (www.azventurecap.com)



AZ Venture
DEVELOPMENT CORPORATION



Loan Guarantee Program

- The loan guarantee program, currently being developed, will provide a guarantee to select lending partners that if a small business were to default on a loan, the ACA, using SSBCI grant funds, will serve as a guarantor for the outstanding loan amount
 - Selected lenders will be 4 or 5 experienced Community Development Financial Institutions (CDFIs)
 - Each will have an area of focus to help potential borrowers select the lender that will meet their individual circumstances



Loan Guarantee Program

- Effectively encourages lenders to ease their lending requirements
- Emphasis given to small businesses and business enterprises owned and controlled by socially and economically disadvantaged individuals
- Puts more capital into the hands of small business owners allowing them to grow and expand
- Eliminates financial institutions risk of systemic defaults
- Provides small businesses that typically would not qualify for a loan a path to increase their credit worthiness