

Enhanced Capital

February 15, 2022

The Honorable Marvin Abney
House Committee on Finance
Rhode Island General Assembly
82 Smith Street, Room 35
Providence, Rhode Island 02903

RE: H 7123, Article 8, Section 6 – Small Business Development Fund

Dear Chairman Abney and Members of the House Finance Committee:

Enhanced Capital is a national impact investment firm with more than 20 years of experience working with private sector stakeholders and public policymakers to direct private capital to businesses or projects underserved by traditional lenders or investors. Throughout our existence, we have provided access to flexible, affordable capital to small and medium-size businesses.

As an approved fund under the Rhode Island Small Business Development Fund (SBDF) program, we are writing to provide an update on our \$20 million fund and comment on the proposed changes in the budget article. We began funding loans on September 30, 2021, and to date have made \$7.8 million in loans to 31 Rhode Island small businesses, all of which have been adversely impacted by the COVID-19 pandemic, including \$2.2 million to small businesses in the hospitality and tourism industry, and \$1.9 million to women and minority-owned businesses. To date we have received initial applications from 380 small businesses in Rhode Island requesting loans in aggregate amount of \$28.8M with average loan size of \$74k.

Small Businesses continue to be severely impacted by the COVID pandemic, rising inflation and challenges associated with retaining employees. The SBDF program provides capital that is critical for these small businesses to sustain and grow in a challenging business environment. It further enables these small businesses to retain their existing employees as well as strengthen their financial position to hire new employees.

Enhanced Capital supports the proposed changes prospectively as a measured approach to further optimize and encourage greater participation in the SBDF program and to get Rhode Island small businesses much needed access to capital. While we do not believe the changes to the SBDF program proposed in the budget article are intended to impact our fund retroactively, we would be comfortable with an amendment to clarify that such revisions are prospective in nature.

We are happy to provide you or any other legislators with additional information about our fund. Please do not hesitate to reach out if we can be of any assistance.

Sincerely,

Gingee Prince
Chief Impact Officer