

BUSINESS AND ECONOMIC DEVELOPMENT

Resolution BED-19-34

A RESOLUTION SUPPORTING MINORITY-OWNED SMALL BUSINESS GROWTH AND RESPONSIBLE LENDING

WHEREAS, the National Black Caucus of State Legislators (NBCSL) has always been committed to the financial empowerment of African-Americans through increased access to capital and banking services, as well as local economic growth through small business entrepreneurship;

WHEREAS, small businesses are a proven driver of local job creation and economic development;

WHEREAS, the NBCSL has previously affirmed its support for providing small business loans and technical assistance to businesses owned by women of color via Resolution BED-17-10 “A RESOLUTION TO PROMOTE INCREASING EDUCATIONAL, ECONOMIC, AND ENTERPRENEURIAL OPPORTUNITIES FOR WOMEN AND GIRLS OF COLOR”;

WHEREAS, according to the most recent Survey of Business Owners from the U.S. Census Bureau released in 2016, there are 8.0 million minority-owned firms nationally, and 2.6 million were African American-owned firms;

WHEREAS, minority-owned firms account for 28.8 percent of all U.S. firms in 2012, and receipts for minority-owned firms reached \$1.4 trillion;

WHEREAS, despite these numbers, in 2013 the U.S. Small Business Administration determined that the major constraint limiting the growth, expansion, and wealth creation of small firms—especially women- and minority-owned businesses—is inadequate capital;

WHEREAS, the stringent lending standards that many financial institutions adopted after the 2007-2009 financial crisis left many business owners, particularly small business owners, with decreased access to capital;

WHEREAS, availability of loans and other capital is crucial for small business start-up, survival, and growth;

WHEREAS, not all loan types are equally safe and affordable, and the structure of certain loans significantly increases the likelihood of borrowers falling into a cycle of debt;

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WHEREAS, responsibly structured loans are essential to support a business' ability to grow and provide a foundation for other community wealth-building activities;

WHEREAS, all qualified small business owners should have an equal opportunity to access affordable capital, as well as access to the broader financial system;

WHEREAS, at the White House Financial Technology ("FinTech") Summit in June 2016, Cabinet Secretaries and senior officials from across the Obama Administration engaged with stakeholders about the potential for fintech to further policy goals, including small business access to capital and financial inclusion;

WHEREAS, since that time, some FinTech companies have worked to increase small business access to affordable capital; and

WHEREAS, working papers published by the Federal Reserve Bank of Philadelphia in 2018 concluded that FinTech lending has improved access to credit for consumers at a lower cost, and penetrated areas that may be underserved by traditional banks.

THEREFORE, BE IT RESOLVED, that the National Black Caucus of State Legislators (NBCSL) encourages lending and other programs that foster the growth of women- and- minority-owned small businesses;

BE IT FURTHER RESOLVED, that the NBCSL encourages FinTech companies to provide small business capital fairly to all communities;

BE IT FURTHER RESOLVED, that the NBCSL encourages federal, state, and local governments to promote responsible small business lending and financial innovation through strategic partnerships; and

BE IT FINALLY RESOLVED, that a copy of this resolution be transmitted to the President of the United States, the Vice President of the United States, members of the United States House of Representatives and the United States Senate, and other federal and state government officials as appropriate.

SPONSOR: Senator Anastasia Pittman (OK)

Committee of Jurisdiction: Business and Economic Development Policy Committee

Certified by Committee Chair: Representative W. Curtis Thomas (PA)

Ratified in Plenary Session: Ratification Date is November 30, 2018

Ratification is certified by: Representative Gregory W. Porter (IN), President