

**House Industry, Business, and Labor Committee,**

**Monday, January 23, at 9 a.m.**

**Room 327C in the Judicial Wing of the State Capitol.**

**Testimony in favor of House Bill 1420**

**Establishment of a Small Business Diversity Loan Fund**

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This written testimony is in favor of Bill HB 1420 allowing low interest loans for women, minorities and veterans through the establishment of a Small Business Diversity Loan Fund

The low interest loans that may be granted as result of this legislation will be extremely helpful to the economy of North Dakota. Reduced interest loan funds may help to start a business yet more importantly allow an existing business meet growing demands and to address the increasingly challenging workforce situation.

I am assuming the applicant for a low interest Diversity Bank of North Dakota loan must first be working with a lead bank. As a businesswoman who has started two North Dakota businesses, I can tell you grasping the attention of bankers can be difficult. I am also aware minorities in Northwestern North Dakota have run into the same situation. I am realistic enough to know the local, state and federal programs (Pace Buydown, SBA 504 loans and USDA rural development guarantees) I accessed when acquiring bank financing were integral to my ability to work with the local banks who in turn work with the Bank of North Dakota.

From experience I know banks will be more comfortable loaning \$10,000-\$45,000 knowing their customer will have less risk and the loans are supported by the Bank of North Dakota. With less customer risk, the lead bank will be more willing to lend capital.

This legislation is timely, when interest are rising at the same time North Dakota's needs for goods and service are increasing.

As conservative as North Dakota business lenders are, the risk to this revolving fund is almost nonexistent. The benefits to the state, especially rural North Dakota, will be measurable.