

Equitable Access to Credit Program

Program Overview

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SMALL BUSINESS FINANCE AND COMMUNITY SUPPORT UNIT,
OFFICE OF ECONOMIC DEVELOPMENT & COMPETITIVENESS



Washington State
Department of
Commerce

We strengthen communities



HOUSING AND HOMELESSNESS



INFRASTRUCTURE AND BROADBAND



SMALL BUSINESS ASSISTANCE



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CRIME VICTIMS AND PUBLIC SAFETY



ECONOMIC DEVELOPMENT

Agenda

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- Benefits
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- Purpose/Outcomes
- How the Program Works
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Program Description

- The Equitable Access to Credit Program, authorized by HB 1015, is a tax credit program that awards grants to qualified lending institutions to provide businesses and individuals in historically underserved communities with access to credit.
 - Using funds generated by contributions in exchange for tax credits, the program will award up to \$8 million in grants annually to qualified lending institutions to provide businesses and individuals in historically underserved communities with access to credit.

Benefits

- Provides those who have a Business & Occupation tax (B & O) liability a unique opportunity to *direct their tax dollars to support communities* by contributing to the program.
- Contributors will receive a dollar-for-dollar tax credit up to \$1 million annually from the Department of Revenue (DOR).
- Creates a new funding mechanism to help Community Development Financial Institutions (CDFIs) offer technical assistance services, small business training, and loans and investments to borrowers who may not be eligible for traditional bank loans.

Impact

- **Published in the Spokesman Review, April 17, 2022**
 - “...No one is asking for a handout, but everyone deserves a fair shot. The new funding program will mean that more people like me will get a chance to pursue their dream, create jobs and provide services in the community. One of our loan officers, who came from the traditional banking sector before coming to work for SNAP, said that in her old career she had to say ‘no’ a lot, even when she wanted to say ‘yes’ to a great idea that just didn’t fit the financial institution’s lending criteria. My wife and I are proud that she helped us earn a ‘yes.’ We are excited that with this new state fund, so many more people who are used to hearing “no” all the time are now much more likely to celebrate a ‘yes’ so they may pursue their dream.” -Guest column by Igor York (Cedar Coffee, Spokane)

Impact

- **Published in the Vancouver Business Journal, May 25, 2022**
 - “In Clark County, the creation of this new program means that more people will have the ability to afford hearing aids, wheelchairs, accessible vehicles, and other critical assistive technologies. It will allow organizations like mine to help more people like Jane and her daughter Amelia, a wheelchair user who has muscular dystrophy, living in Vancouver.” –Guest column by Emerson Sekins (NW Access Fund)

Program Purpose/Outcomes

- **The Equitable Access to Credit Program encourages community and economic development in communities that have historically lacked access to capital.**
 - At least 65 percent of the value of all grants awarded to eligible financial institutions in any calendar year will be provided for native CDFI grantees or grantees to provide services or invest, or both, in rural counties.
 - On an annual basis, Commerce must submit a report to the legislature that contains information on:
 - Grant applicants, total value of grants requested, and location of applicants
 - Grant recipients, total amount of awards, and required match amounts
 - On an aggregate basis, information on loans and investments made to borrowers using grant funds

How the Program Works

1. Washington business with B&O tax liabilities contribute funds to the Equitable Access to Credit Program
2. Department of Commerce reports contribution to the Department of Revenue for tax credit eligibility
3. Washington businesses who contribute, E-file their B&O taxes to receive up to \$1 for \$1 tax credit up to \$1 million annually
4. Commerce Uses contributions to administer a grant program for eligible lending institutions
5. Grant recipients use award amounts to provide loans or investments to underserved communities
6. Commerce reports program performance and outcomes to the legislature for program compliance and accountability

Timeline

- Q3 – Q4 2023 Promotion and outreach/ begin accepting 2023 program contributions / stand up advisory panel
- TBD Open grant applications
- TBD First cycle of grant awards

Program Information Resources

- **Media Announcement:**

<https://www.commerce.wa.gov/uncategorized/new-commerce-program-aims-to-incentivize-equitable-access-to-credit-for-small-businesses/>

- **Program Webpage:**

<https://www.commerce.wa.gov/program-index/equitable-access-to-credit-program/>

- Relevant Revised Code of Washington (RCW)
- Infographic on How the Program Works
- DOR Special Notice
- How to Contribute
- *Information about the grant component of the program will be available in the future on our webpage.

Thank you!

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Mountain Pacific Bank contributed to the Equitable Access to Credit Program because the program will help fill a big need in our communities. The Equitable Access to Credit Program provides much needed capital and resources to small businesses, which are the backbone of our local economies. With the dollar-for-dollar tax credit the decision was easy to make, and the process was simple. After approval we received our tax credit immediately and claiming it was seamless. Mark Duffy – President & CEO