

## [State Initiative to Spur \\$300-million in Small Business Lending](#)

### Local News

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Gov. Chris Gregoire and the Washington State Department of Commerce today announced that help is on the way for our state's small businesses seeking new sources of financing to grow and create jobs. Commerce was recently awarded \$19.7 million from the U.S. Department of Treasury to launch the Washington Small Business Credit Initiative - three new programs designed to spur investment and lending to businesses throughout the state. "About 95 percent of Washington businesses are small businesses and they need help right now to grow and provide the jobs that will accelerate economic recovery in every community around the state," said Gregoire. "With the Small Business Credit Initiative, we are removing a big barrier to their success by opening more pathways to financing that's been scarce during this recession." It's estimated that through 2016, the Small Business Credit Initiative could result in 3000 to 6000 direct and indirect jobs.

The funds target underserved communities, businesses that have faced challenges securing conventional business loans during the economic downturn, and early-stage tech companies. It is designed to use public funds efficiently, maximizing "bang for the buck" for Washington citizens. Commerce anticipates every \$1 the state invests will generate approximately \$15 to \$18 in private lending or investment, injecting as much as \$300 million into the state economy through 2016. "Getting private capital flowing again is crucial to growing jobs and the economy," said Commerce Director Rogers Weed. "We listened to lenders, small businesses and key stakeholders to help target our public investment in ways that will motivate the greatest possible infusion of private funds." The Commerce plan is funded from the U.S. Treasury's \$1.5 billion State Small Business Credit Initiative, an important component of the Small Business Jobs Act that Congress enacted and President Obama signed into law last year. "Small businesses are crucial to economic growth on Main Streets across Washington state," said Sen. Maria Cantwell. "The Washington Small Business Credit Initiative will help small business owners to get the credit they need to expand and create jobs. I fought in the U.S. Senate to ensure that the Small Business Jobs Act included provisions like this one to improve access to credit that will help small businesses create jobs. By helping Main Street secure financing, we can ensure that Washington state's economy continues to grow." The three new funding streams for small business credit launched today are: **Craft3 Small Business Credit Initiative (\$8.7 million)** will directly provide loans from \$1 to \$5 million to Washington-based small businesses in underserved communities, Indian country and to women- and minority-owned businesses. Craft3 (formerly Enterprise Cascadia) will also work with our state's network of community development financial institutions to finance smaller loans throughout the state. John Bowser, CEO of NewWood Manufacturing, Inc. in rural Elma, WA, is an existing borrower of Craft3. His company has created 37 jobs in 2010-11 as a result of a credit initiative-like investment. "This kind of non-bank capital has been enormously important to our firm because they are more flexible than a regulated bank can be in these challenging economic times," he said. **Capital Access Program (CAP) Fund (\$6 million)**, administered by Commerce, will facilitate bank loans primarily in the \$50K-\$100K range, to small businesses that have faced challenges to getting the capital they need to grow and support

jobs during the economic downturn. The CAP program will provide additional insurance for banks to extend credit to small businesses. **W Fund (\$5 million)** projected to be a \$25+ million venture fund organized to invest in early-stage technology, life science and information technology companies emerging from University of Washington and other leading science research centers across Washington State. Fund recipients will be headquartered in Washington State, creating jobs and economic opportunity in key growth sectors. "We believe that the W Fund will fuel critical mass in key sectors such as life science, and strategic nascent sectors for WA such as Clean Tech, capitalizing on the most promising new inventions developed at the University of Washington and research institutions across the state," said Linden Rhoads, Vice Provost, Commercialization, University of Washington. "This is a great example of the state, and Department of Commerce being really sophisticated in their use of federal stimulus money to leverage private investment dollars to insure that there is sufficient earliest stage capital in the local economy." For more information about accessing the Washington Small Business Credit Initiative, visit [www.choosewashington.com](http://www.choosewashington.com) . For a comprehensive guide to resources to help you plan, start, run and grow a business in Washington, see [www.business.wa.gov](http://www.business.wa.gov) .