

to be required or amount of paid-in capital to be used in each instance as is determined to be reasonable by the Administration.

(5) No loans, including extensions or renewals thereof, shall be made by the Administration for a period or periods exceeding twenty-five years plus such additional period as is estimated may be required to complete construction, conversion, or expansion, but the Administration may extend the maturity of or renew any loan made pursuant to this section beyond the period stated for additional periods, not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan. Any such loan shall bear interest at a rate fixed by the Administration.

Mr. HENDRICKS. Development company assistance programs—sections 501–502, Small Business Investment Act of 1958.

SBA is authorized to make loans to State and local development companies to assist in promoting economic development of communities or areas on condition that they use the proceeds of the loans to assist eligible small businesses. The intent of the programs is to increase the flow of private equity capital and long-term loans to small business concerns to finance their operations, growth, expansion, and modernization.

State development corporations (sec. 501)—these corporations are authorized by special acts of the State legislatures, privately organized, owned, and operated, and initially financed from private sources.

While the progress of this program might appear to be slow, an analysis of the activities of State development companies is encouraging.

Because borrowings from SBA are limited to an amount equal to the borrowings from other sources, these companies do not come to us until they have committed their own corporate funds and those funds that they have been able to borrow from other sources.

The following 39 States have enacted legislation authorizing the establishing of State development corporations:

Alaska, Arkansas,¹ Arizona, Colorado,¹ Connecticut, Florida,¹ Hawaii, Illinois, Indiana, Kansas,¹ Kentucky,¹ Louisiana, Maine,¹ Maryland,¹ Massachusetts,¹ Michigan, Minnesota, Mississippi,¹ Missouri, Nebraska, New Hampshire,¹ New Jersey,¹ New Mexico, New York,¹ North Carolina,¹ North Dakota, Ohio, Oregon, Pennsylvania,¹ Rhode Island,¹ South Carolina,¹ South Dakota, Tennessee, Vermont,¹ Virginia,¹ Washington,¹ West Virginia, Wisconsin,¹ and Wyoming.

Twenty-one of these companies are still active and the 18 others are in various stages of organization and funding.

The CHAIRMAN. In other words, some 39 States have enacted enabling legislation through their general assemblies to form a State development corporation for development programs?

Mr. HENDRICKS. Yes, sir.

The CHAIRMAN. And of the 39 authorized, 21 are active and have development associations.

Mr. HENDRICKS. Yes, sir.

The CHAIRMAN. When you say they are active, this means that they are sharing in a loan?

Mr. HENDRICKS. They may not all have shared with us. I have a list, Mr. Chairman, of the companies that have shared in loans, and I think it numbers seven companies of the 21.

¹ Active companies.