

February 25, 2025

Senator Cathy Kipp, Chair
Senator Janice Marchman, Vice Chair
Colorado Senate Finance Committee

RE: Small Business Majority's opposition to SB 25-080

Thank you, Chair Kipp and members of the Committee:

My name is Hunter Nelson and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy. I appreciate the opportunity to provide written testimony in opposition to SB 25-080, legislation that would allow credit unions to purchase state banks with approval from the State Banking Board. This bill could have unintended consequences on small business lending in rural Colorado communities, especially for the small agricultural businesses that are the backbone of farming communities.

Community banks are established to meet the needs of both individuals and small businesses in their communities, especially rural communities. Small businesses trust them because these banks know how to provide capital and allow flexible collateral that is tailored to their needs. In particular, small agricultural businesses have unique needs and circumstances that community banks are positioned to support. For instance, many of their assets are in the form of crops or livestock rather than cash. Community banks are more likely than other financial institutions to accept those as collateral and so allow agricultural small businesses increased access to capital.

Allowing credit unions to buy these community banks, especially those in rural communities that may be at greater risk of being targeted for acquisition, could eliminate a financial lifeline for small businesses. Potential new ownership may not provide customized lending to entrepreneurs, reducing access to capital for rural and low to moderate-income small business owners that already face barriers to accessing capital. Furthermore, the bill's analysis requirements lack sufficient enforcement to ensure there is no harm to small business and agricultural lending. Passing this legislation isn't worth the risk.

Therefore, we ask that the committee vote "no" on this bill so that Colorado's small businesses—particularly rural and agricultural small businesses—can continue to access the capital they need from community banks.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority