

Testimony of Liddy Karter
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Kansas Senate Committee on Commerce
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Chairwoman Lynn and members of the Senate Commerce Committee, I appreciate the opportunity to speak before you today. My name is Liddy Karter, and I am a Managing Director at Enhanced Capital where I run our Connecticut small business investment fund. Like the program envisioned by the Ad Astra Rural Jobs bill, our Connecticut small business investment fund is a participant in a state-created program that uses tax credits as a way to leverage private capital investment into growth-oriented small businesses in need of financing.

Small businesses are the economic lifeblood of our communities. Sustaining growth at a small business can be extremely challenging. For small businesses located in rural areas and small towns, these challenges are even greater. Access to infrastructure, qualified employees, technology and most of all investment are all important components of making a business successful. For rural companies and small enterprises, each of these factors represents a significant hurdle.

Unfortunately as banks have become subject to stricter regulations and more community banks consolidate, it is even more difficult for a small business to find the financing it needs to purchase a new piece of equipment, expand a physical plant, hire additional staff, or bank enough working capital to survive industry and seasonal fluctuations.

This is where programs like the Ad Astra Rural Jobs initiative can truly make a difference. Using a delayed tax credit to attract conservative and often institutional investors to a fund dedicated to serving businesses in underserved communities is efficient, innovative, and has proven to work. I know this because my job is to find these companies in Connecticut, and I have seen what a difference this financing can make.

For example, let me share the story of a company in which we have invested, Penn Globe. With high demand from cities and large public institutions for energy-efficient streetlights with a traditional look, Penn Globe, a Connecticut company that designs and manufactures street lighting, has seen demand for sales go up.

The family-owned company brought gaslights to America in the 1870s. Penn Globe has since modernized traditional lighting, creating customized, energy-saving lighting assemblies with LEDs, WiFi capabilities and security features. Orders doubled between 2016 and 2017 alone.

Despite the uptick in demand, Penn Globe recently found itself nearly out of the working capital needed to keep the business running because the large institutions and municipalities placing orders often delay payments, shrinking the company's cash balance as accounts receivable surged.

Enhanced Capital, through the state-sponsored Invest CT program, provided Penn Globe with below-market debt to bridge the gap. This financing allowed the company to not only stay afloat, but also to grow – creating new jobs – and remain competitive in the industry.

Penn Globe is just one example of how programs that encourage small business investment can make a positive difference. However, it is not just the financing that makes an impact. As a fund, our economic success is tied to the success of the businesses in which we invest. That mutual risk and reward coupled with our experience and expertise in working with small businesses allows us to serve as true partners

to the companies in which we invest. We sit on boards, offer advice, and share best practices as a way to help these businesses take the right steps to be successful.

I appreciate the time you have provided me today. From my experience, I truly believe that the Ad Astra Rural Jobs program can and will provide a positive and meaningful boost to the rural economy of Kansas.