

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 376

(Senator Kagan)

Budget and Taxation

Appropriations

**Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free,
Micro Bridge Loan (NIMBL) Account – Funding**

This bill requires the Governor to include a \$250,000 general fund appropriation to the Maryland Nonprofit Development Center Program Fund (MNDCPF) in the Department of Commerce in fiscal 2023, to be used for loans made under the Nonprofit Interest-Free, Micro Bridge Loan (NIMBL) account. Other NIMBL account provisions, including the existing distribution of video lottery terminal (VLT) proceeds from the Small, Minority, and Women-Owned Businesses Account (SMWOBA) and the use of available funds, are unchanged. **The bill takes effect June 1, 2021.**

Fiscal Summary

State Effect: No effect in FY 2021 or 2022. General fund expenditures increase by \$250,000 in FY 2023, as discussed below. Special fund revenues for MNDCPF increase correspondingly. Special fund expenditures and revenues increase beginning in FY 2023 as the additional funds are used to provide loans and those loans are repaid. Commerce can handle the bill's requirements with existing staff. **This bill establishes a mandated appropriation for FY 2023.**

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Current Law: The Maryland Nonprofit Development Center Program within Commerce is charged with assisting the economic growth and revitalization of nonprofit entities in the

State. The program must do so by providing (1) grants for training and technical assistance services and (2) bridge loans to nonprofit entities that have received written confirmation of funding from government grants or contracts but have not yet received the funding.

The program operates out of MNDCPF. The NIMBL account within that fund is used to provide no-interest bridge loans of up to \$25,000 to eligible nonprofit entities, subject to specified requirements. In addition to other sources, the account consists of money received from required SMWOBA transfers: up to 5.0% of SMWOBA funds received from VLT proceeds, capped at \$1.0 million, each fiscal year. When the NIMBL account balance reaches \$1.0 million, any money in excess of that amount must be transferred to SMWOBA.

State Fiscal Effect: The bill does not modify the existing distribution of SMWOBA funds to the NIMBL account in statute (in practice, \$187,500 was transferred one time, and funds from repaid loans are used to provide new loans). Additionally, SMWOBA is a special, nonlapsing fund – a SMWOBA distribution, if it were to occur again, would be special funds, not general funds.

Therefore, general fund expenditures increase by \$250,000 in fiscal 2023, as required by the bill’s mandated appropriation. Special fund revenues for Commerce increase correspondingly. Special fund expenditures and revenues increase beginning in fiscal 2023 as the additional funds are used to provide loans and those loans are repaid. With this level of additional funding, Commerce can handle the bill’s requirements with existing staff.

For context, Commerce advises that demand for the program typically ranges from \$100,000 to \$300,000 annually.

Additional Comments: Nonprofits are not considered small businesses for purposes of fiscal and policy notes; however, a limited number of small nonprofits benefit from additional funding available under the program.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Commerce; Comptroller’s Office; Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2021
rh/vlg Third Reader - March 31, 2021
Revised - Amendment(s) - March 31, 2021

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