

SB0920_AAEDC Letter of Support_Finance Committee.p

Uploaded by: Amy Gowan

Position: FAV



February 25, 2026

The Honorable Pamela Beidle & The Senate Finance Committee
Miller Senate Office Building
11 Bladen Street, Annapolis, Maryland 21401

Re: Support for Senate Bill 0920 - (Small Business Increased Access to Capital Act)

Chairwoman Beidle, Vice Chair Hayes, and Distinguished Members of the Finance Committee:
The Anne Arundel Economic Development Corporation (AAEDC) requests a FAVORABLE REPORT on Senate Bill 0920.

AAEDC is a quasi-governmental organization whose mission is to foster diverse economic growth by empowering businesses, expanding employment opportunities, and revitalizing communities. In partnership with the County and the State, AAEDC delivers tools and resources that strengthen the local business climate and expand the tax base across diverse industry sectors.

AAEDC has served as a fund manager for the Small, Minority, and Women-Owned Business Account – Video Lottery Terminal (VLT) Fund since 2013. AAEDC has issued 195 loans totaling more than \$24 million, helping to retain or create approximately 2,500 jobs and generating over \$66 million in private capital investment. These loans have provided essential financing for new and existing businesses that are strong and viable but may not qualify for traditional bank financing. The program strengthens Maryland’s job market and tax base.

The Small Business Increased Access to Capital Act (SB 0920) will further expand the distribution of critical capital to support business startup and growth throughout Maryland. The bill is expected to encourage more statewide organizations to serve as fund managers and enhance the capacity of existing managers to deploy capital more effectively. By allowing the Department of Commerce to authorize management fees between 1.5% and 3% within the SMWOBA Program, the legislation provides much needed resources for fund managers to market and administer the program more effectively. As a result, more Maryland businesses will be able to access financing that supports growth, job creation, and long-term economic impact.

For these reasons, AAEDC respectfully urges a **FAVORABLE REPORT** on Senate Bill 0920 and appreciates the General Assembly’s continued commitment to strengthening Maryland’s economic competitiveness and local economic development capacity.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Gowan", written in a cursive style.

Amy Gowan, CEO/President
Anne Arundel Economic Development Corporation

SB0920_FAV_FSCFirst_Medley.pdf

Uploaded by: Dawn Medley

Position: FAV



DATE: March 3, 2026

BILL: Senate Bill 920 – Small Business Increased Access to Capital Act

COMMITTEE: Finance

POSITION: FAVORABLE

TO: Chair Pamela Beidle, Vice Chair Antonio Hayes, and Members of the Senate Finance Committee

FROM: Dawn Medley, President & CEO, FSC First

RE: Testimony in Support of Senate Bill 920

Introduction

FSC First is a nonprofit Community Development Financial Institution (CDFI) dedicated to providing creative financing solutions to Maryland’s small businesses. As an eligible fund manager for the State’s Small, Minority, and Women-Owned Business Account (SMWOBA), funded through Video Lottery Terminal (VLT) proceeds, we administer capital to small, minority-, and women-owned businesses that face barriers to traditional financing.

The Necessity of Structural Alignment

Senate Bill 920 provides necessary clarification to the administrative framework of Maryland’s small business lending programs by authorizing the Department of Commerce to approve a management fee for eligible fund managers, subject to Department oversight and potential annual caps.

Managing public loan capital requires rigorous underwriting, compliance monitoring, portfolio servicing, reporting, and borrower technical assistance. These functions protect State resources and improve borrower success rates. Authorizing a management fee of 1.5% to 3% of loan principal, paid from SMWOBA and retained for administrative purposes related to lending activities, aligns the program with established fund management practices and ensures that eligible fund managers can sustainably administer these responsibilities.

Strategic Impacts of Senate Bill 920

Impact on FSC First:

The bill supports operational sustainability by allowing FSC First to recover the legitimate administrative and professional costs required to responsibly manage public capital. This ensures long-term program



viability while maintaining Department oversight authority, including the ability to establish an annual cap on cumulative management fees.

Impact on Borrowers:

Senate Bill 920 does not increase costs for small business owners. The management fee is paid from SMWOBA and is not passed on to borrowers. Interest rates, loan terms, and closing costs remain unchanged.

Impact on the State:

The bill strengthens Maryland's lending ecosystem by supporting proper oversight and risk mitigation. Adequately funded administration allows for high-touch monitoring and technical assistance that reduces defaults and protects State capital. By formalizing an administrative structure within the program, SB 920 promotes responsible fund management while preserving capital to support future Maryland entrepreneurs.

Conclusion

For these reasons, FSC First respectfully requests a favorable report on Senate Bill 920.

Respectfully submitted,

A handwritten signature in blue ink that reads "Dawn Medley". The signature is written in a cursive, flowing style.

Dawn Medley
President & CEO
FSC First

SB0920 - MBA - FAV - GR26.pdf

Uploaded by: Evan Richards

Position: FAV



**SB 920 – Economic Development – Small, Minority, and Women-Owned Business Accounts –
Management Fees (Small Business Increased Access to Capital Act)**

Committee: Senate Finance Committee

Date: March 5, 2026

Position: Favorable

The Maryland Bankers Association (MBA) **SUPPORTS** SB 920. This legislation authorizes the Department of Commerce to allow eligible fund managers administering the Small, Minority, and Women-Owned Business Accounts to receive a modest and standardized management fee of between 1.5% and 3% of total loan principal, dedicated specifically to covering administrative, legal, actuarial, and technical expenses associated with loan origination and portfolio oversight. This modernization reflects an understanding of what it takes to deliver high-quality lending services to Maryland’s most underserved entrepreneurs.

Banks and other financial partners possess the underwriting expertise, risk-management discipline, and operational infrastructure necessary to responsibly deploy capital in partnership with state economic-development programs. SB 920 establishes a balanced, predictable, and performance-aligned compensation mechanism that reflects the true cost of delivering mission-focused lending services. This bill improves the long-term viability of Maryland’s Small, Minority, and Women-Owned Business Account programs—an outcome aligned with the state’s broader economic-development goals.

Accordingly, MBA urges the issuance of a **FAVORABLE** report on SB 920.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

SB 920_SMWOBA_Support.pdf

Uploaded by: Harry Coker

Position: FAV



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Secretary of Commerce

DATE: March 5, 2026
BILL NO: Senate Bill 920
BILL TITLE: Economic Development – Small, Minority, and Women-Owned Business Accounts – Management Fees (Small Business Increased Access to Capital Act)
COMMITTEE: Senate Finance Committee
POSITION: Support

The Maryland Department of Commerce (Commerce) supports Senate Bill 920 - Economic Development – Small, Minority, and Women-Owned Business Accounts – Management Fees (Small Business Increased Access to Capital Act).

Bill Summary:

Senate Bill 920 enables the payment of a management fee to approved Fund Managers participating in the Small, Minority and Women-Owned Business Account – Video Lottery Terminal Fund (SMWOBA) program administered by Commerce. It enables Commerce to set the fees as a percentage of each loan made provided the fee is not less than 1.5% and not greater than 3.0%. It also permits Commerce to set an annual cap on the cumulative amount of certain management fees an eligible fund manager may receive.

Background:

Article XIX of the Maryland Constitution authorized video lottery terminals (VLTs) to fund education. This provision was enacted pursuant to Chapter 5, Acts of the 2007 Special Session and ratified by Maryland voters in the November 2008 General Election. As a result, Chapter 4, Acts of the 2007 Special Session also became effective and established the Small, Minority, and Women-Owned Businesses Account (the Account) under the Authority of the Board of Public Works (BPW).

State Government Article §9-1A-27 requires that 1.5% of the proceeds from VLTs at each video lottery facility be paid into the Account. State Government Article §9-1A-35 requires BPW to make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State, of which at least 50% must be allocated to such businesses in the jurisdictions and communities surrounding a video lottery facility. BPW initially designated the Department of Commerce (Commerce) to manage the Account on their behalf through a Memorandum of Understanding dated August 22, 2012. However, in May 2017, Governor Hogan approved Chapter 453, Acts of 2017, which transferred authority over the program from BPW to Commerce.

Currently, Commerce uses nine Fund Managers to manage the distribution of funds for the SMWOBA program. Administering the program also requires Commerce, among other duties, to monitor and verify the deployment of all funds appropriated to the individual Fund Managers, monitor the ongoing funding status of each as loans are made, perform reconciliations of the activities of each and prepare annual and periodic reports.

Rationale:

Authorizing the SMWOBA fund managers to collect a management fee that is calculated as a percentage of each loan made is expected to have a positive effect on businesses in Maryland. This bill will incentivize existing fund managers to issue a larger volume of loans and is expected to motivate additional organizations to apply to be designated as eligible fund managers, again allowing for more funds to be disbursed. This means more small-, minority-, and women-owned businesses will receive financial support to start and grow their business. Commerce is confident that by increasing the amount of funds disbursed to eligible companies, the State will see an increase in economic activity, state revenue and jobs created.

The current compensation structure for the fund managers through the SMWOBA program is not sufficient given the high volume of transactions and the amount of time that must be spent on each account. SB 920 will create a compensation structure that would enable the fund managers to hire staff dedicated to the program and direct more time and resources to issuing those loans.

Commerce respectfully requests a favorable report on Senate Bill 920.

SB920.pdf

Uploaded by: Jennifer Jones

Position: FAV



March 2, 2026

The Honorable Pamela Beidle, Chair
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Re: **TESTIMONY IN SUPPORT of Senate Bill 920** - Economic Development - Small, Minority, and Women-Owned Business Accounts - Management Fees (Small Business Increased Access to Capital Act)

Dear Chair Beidle, Vice Chair Hayes and Members of the Committee:

Thank you for the opportunity to submit written testimony in support of Senate Bill 920, which authorizes an eligible fund manager to receive, use, and retain a capped management fee.

Access to capital remains one of the greatest barriers facing small, minority-, women-, and veteran-owned businesses. The Video Lottery Terminal (VLT) Fund provides affordable and flexible financing to businesses that are unable to obtain sufficient funding through traditional lending sources. This targeted investment tool helps close capital gaps and expand economic opportunity.

The VLT program is a national model demonstrating how casino revenues can be strategically deployed to create jobs and strengthen regional economies. Since 2014, in Howard County alone, the VLT Fund has provided \$25 million in loans, leveraging an additional \$54 million in private and other capital. These investments have helped create nearly 1,000 new jobs and retain approximately 1,400 existing jobs in small and minority-owned businesses, generating meaningful economic activity and increased tax revenue. It is one of the most effective small business support programs established by the State.

However, the cost of administering this program continues to rise. Fund managers incur significant operational expenses, including staffing, compliance, reporting, and required Agreed-Upon Procedures (AUP), which are not reimbursable under the current contract with the Maryland Department of Commerce. While fund managers are committed to delivering strong outcomes, the existing structure limits reimbursement for essential administrative costs.



Senate Bill 920 provides a practical and responsible solution by allowing a clearly defined and capped management fee. This will ensure that fund managers can sustainably administer the program, maintain appropriate oversight, and continue delivering high-impact results.

Supporting SB 920 strengthens Maryland's small business ecosystem and ensures the long-term viability of this successful program.

Thank you for the opportunity to share our experience and to express my strong support for Senate Bill 920.

Respectfully,

Jennifer Jones

Jennifer Jones
CEO, Howard County Economic Development Authority

GBC Favorable - SB920 - Small Business Increased A

Uploaded by: Jennifer Vey

Position: FAV



POSITION STATEMENT

March 3, 2026
The Honorable Pamela Beidle
Senate Finance Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

Re: GBC Support for Senate Bill 0920 - (Small Business Increased Access to Capital Act)

Dear Chair and Members of the Committee,

The Greater Baltimore Committee supports Senate Bill 0920, which would authorize the Department of Commerce to allow for Video Lottery Terminal (VLT) fund managers in Maryland to access management funds.

As the leading voice for the private sector, GBC represents more than 300 partners working to advance a dynamic and inclusive regional economy. Investment in regional small businesses is essential to this growth.

SB 920 will expand the distribution of critical capital to support business startups and growth throughout the Baltimore Region and Maryland. The bill is expected to encourage more statewide organizations to serve as fund managers and enhance the capacity of existing managers—several of which support the Baltimore Region—to deploy capital more effectively. By allowing the Department of Commerce to authorize management fees between 1.5% and 3% within the Small, Minority, and Women-Owned Business Accounts Program, the legislation provides much-needed resources for fund managers to market and administer the program more effectively. As a result, more Baltimore area businesses will be able to access financing that supports job creation and long-term economic impact.

For these reasons, GBC respectfully requests a **FAVORABLE REPORT** on Senate Bill 0920.

Sincerely,

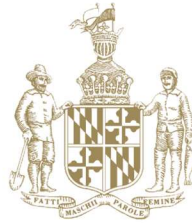
A handwritten signature in black ink that reads "Jennifer S. Vey". The signature is fluid and cursive.

Jennifer Vey
Chief Strategy Officer, EVP
Greater Baltimore Committee

SB 920 Official Sponsor Testimony of Senator Kevin

Uploaded by: Kevin M. Harris

Position: FAV



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony in support of SB 920: Economic Development – Small, Minority, and Women-owned Business Accounts – Management Fees (Small Business Increased Access to Capital Act)

Testimony of Senator Kevin M. Harris

Chair Beidle, Vice-Chair Hayes, and Members of the Senate Finance Committee,

Our state's economy is struggling. Maryland lost 25,000 jobs due to changes at the federal level. Our real GDP grew just 1.4% in Q2 2025, well below the national rate of 3.8%. New business applications fell 6% in 2024, and small business survival rates dropped from 19% to 12%, one of the steepest declines in the region, as neighboring states like Delaware and Virginia continue to outpace Maryland in business formation, survival, and job creation.

As we look ahead to building a stronger economy, prioritizing helping small businesses is essential. One way we can do that is by making it easier for small businesses to access capital that will help them start and grow businesses. This need of course was recognized by legislators before me who established the Small, Minority, and Women-Owned Business Account - Video Lottery Terminal Fund (VLT) or SMWOBA for short at the Department of Commerce in 2007.

State law requires that 1.5 percent of the proceeds from VLTs at each lottery facility be paid into the account. This program provides investment capital and loans to small, minority, veteran-owned and women-owned businesses in the State, of which 50 percent must be allocated to jurisdictions surrounding a video lottery facility, and the remaining 50% is allocated statewide. Commerce, however, does not make any direct loans through this program; they have partnered with various public and private fund managers, of which there are currently 9. Participating fund managers make these loans to clientele with state funds and are able to retain any earnings through interest and application fees.

Since the inception of the Fund through FY25, over 1,400 transactions have settled for approximately \$150 million, projected to create over 6,000 new jobs and retain over 9,000 jobs. While this program, compared to other state lending/capital initiatives, has been successful in making capital accessible and stimulating economic development, we are starting to see an underutilization of State funds. By the end of FY26 Q2, the nine fund managers had 17.9 million dollars available in state checking accounts that were not being deployed to small businesses

KEVIN M. HARRIS
Legislative District 27
Calvert, Charles, and Prince George's
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Education, Energy, and the
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THE SENATE OF MARYLAND
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throughout the state. Additionally, there is a total of approximately \$40 million in unencumbered funds available to draw at the Department while they work to attract additional fund managers.

While traditional banks issue higher interest rates for 'higher risk' clientele, SMWOBA fund managers typically offer at or below market rates. These loans are small, ranging from a few thousand dollars to \$500,000, and are routinely passed over by traditional lenders as too risky. The entrepreneurs who need them often require additional technical assistance and support to ensure their investments succeed. The private sector alone simply does not serve this market, because these loans are either unprofitable or not profitable enough to justify the risk — or the staff time required to service them. This program exists to fill that gap, and without it, that capital does not reach entrepreneurs across the state.

SB 920 authorizes the Department of Commerce to allow fund managers to retain a management fee from SMWOBA of between 1.5% and 3% of each loan made under the program. In recognition of the importance of guardrails, this bill authorizes the Department to establish an annual cap any fund manager can receive in a given year from fund management.

Aside from attracting additional fund managers to help disperse the \$40 million available, these management fees will provide fund managers with the resources to market this program more broadly, increase the technical assistance available to entrepreneurs, and possibly hire dedicated SMWOBA lending staff, thereby increasing the access to capital for small businesses across our state.

I respectfully ask the committee for a favorable report on SB 920.

Testimony SB920 - SWilder 3-5-26.pdf

Uploaded by: Sharon Wilder

Position: FAV

Testimony SB920
3/5/2026

Chairwoman, members of the committee, thank you for the opportunity to speak today.

My name is Sharon Jackson Wilder, and I am the co-founder of The Oaks Hospitality Group, a boutique hospitality company rooted right here in Maryland. We own three properties, The Oaks in Bethesda, The Oaks Retreat Cottage in Cabin John and The Oaks Inn Annapolis, a historic bed and breakfast located in the heart of this beautiful and historic city. And, We are set to close on our fourth location in Baltimore next week. I know that our rapid growth over the last five years would not have been possible without the support of small businesses through the VLT program.

When my husband and I began restoring our Annapolis property, we weren't just renovating our home to delight and entertain our guests. We were reviving a piece of Annapolis history and creating a place where people could gather, celebrate, and experience the charm of this incredible city.

But restoration of historic properties like our 1830's home is expensive, and for many small businesses—especially women-owned and historically marginalized businesses—access to capital can be the hardest barrier to overcome.

The VLT program made it possible for us to move forward.

Because of that investment, we were able to hire local architects and local contractors, and the dollars we received flowed directly back into the Annapolis community. We also hired a part-time marketing coordinator who is helping us tell the story of our property and attract visitors to the city we love.

What you may not be aware of is that our properties are the only black-woman owned stand-alone B&Bs in each of the counties where we are based. And we built each one out of our own savings, retirement plans, and donations from friends and family. Not because we wanted to dip into our money that we were saving for retirement, but because we lacked access to traditional financing, even though we had a dream to build a stellar hospitality business.

So, programs like this do more than fund businesses. They validate that Maryland is the top place for small business, they restore historic places for the public to enjoy, they create jobs, and they strengthen communities. Across Maryland, the program has already helped hundreds of businesses access financing, creating thousands of jobs and driving millions in investment.

For entrepreneurs like me, these programs send a powerful message: that Maryland believes in small businesses and in the people willing to invest in their communities.

The support we received helped turn our vision into reality—and we are deeply grateful. Not only will we own and operate multiple properties throughout Maryland but with the support of programs that the State has to offer, we are launching our Luxe Brunch food and beverage retail operation and our event venue booking hospitality technology division this Spring.

Thank you for your continued commitment to Maryland's small businesses.

Sharon Jackson Wilder, CEO
The Oaks Hospitality Group