

KATIE FRY HESTER
Legislative District 9
Carroll and Howard Counties

Education, Health, and
Environmental Affairs Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 304
Annapolis, Maryland 21401
410-841-3671 • 301-858-3671
800-492-7122 Ext. 3671
KatieFry.Hester@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Sponsor Testimony In Support of SB722 - Department of Small Business,
Entrepreneurship, and Innovation - Established**

February 23, 2021

Good afternoon Chairman Pinsky, Vice Chair Kagan, and members of the Education, Health, and Environmental Affairs Committee:

Thank you for your consideration of Senate Bill 722. Throughout the pandemic, small businesses around the State have faced many challenges, from how to source inventory and pay rent, to how they can retain their employees in such a difficult time. Like many of you, my office has been inundated with calls from constituents and small businesses in need of assistance navigating the system and getting connected with the appropriate resources. And time and time again, the feedback I have received was that our State systems are too complex and too difficult to navigate. It was just too hard to find help through the State. Right now we have a number of programs related to small, minority, and women owned businesses, but by virtue of their being dispersed throughout government can be disjointed, particularly for small business owners unfamiliar with State systems. We have also set very ambitious diversity and veteran contracting goals, but fail to reach them year after year.

Inspired by the U.S. Small Business Administration, this new Department would serve as a one stop shop for small businesses and entrepreneurs seeking help or partnership from the State, and a strong advocate for Maryland small businesses across state government. This Department would take the place of the Governor's Office of Small, Minority and Women-Owned Business Affairs, and would also absorb certain responsibilities from the Department of Commerce and the Department of labor focused on small, minority, women, and veteran owned businesses. They would conduct research and release annual reports, outreach on how to participate in the

procurement process, work with local entities to build entrepreneurial ecosystems, and provide certain financial services to small, minority, and veteran owned businesses.

The ultimate goal of this bill is to break down barriers for small businesses to better utilize State resources they need to create and maintain a competitive business marketplace. By rehousing our programs under one roof we can simplify the process for our small businesses. This bill would also help the State achieve its goals for the Small Business Reserve, the Minority Business Enterprise program, and Veteran-Owned Small Business Enterprise Program. Additionally, this legislation would move MSBDFA and the associated staff from Commerce to the new Department. This would not require more spending , but the reallocation of employees for greater efficiency. The newly formed Department of Small Business, Entrepreneurship, and Innovation would still have a collaborative relationship with the Department of Commerce, but would allow them to focus on our larger employers who have unique challenges of their own.

Throughout the recovery effort, the [99.5% of Maryland Businesses that are “Small Businesses”](#) will need significant assistance. According to FEMA, 40% of businesses do not reopen following a disaster. Of those that do reopen, another 25% fail within one year. Similar research from the Small Business Administration indicates that over 90% of businesses fail within two years after being struck by a disaster. Recovery doesn't end when a business reopens their doors. It continues through the years following a disaster. This bill will make sure our small businesses receive the operational support they need to return from this pandemic stronger than ever, and to improve the support Maryland provides to our Small, Minority, Women, and Veteran-Owned businesses throughout the State. **I respectfully request a favorable report on SB722.**

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, slightly slanted style.

Senator Katie Fry Hester
Carroll and Howard Counties