



**MARYLAND STATE TREASURER**  
**Nancy K. Kopp**

**Written Testimony of State Treasurer Nancy K. Kopp**

**SB 788 – Economic Development – Small Business Financing – Loan Loss Reserve  
(Maryland Capital Access Program)**

**Before the  
Senate Finance and Budget & Taxation Committees**

**March 16, 2021**

Thank you to the bill's sponsors for inviting me to comment on Senate Bill 788, and also to Chairs Kelley and Guzzone and the members of the Finance and Budget & Taxation Committees.

SB 788 seeks to provide small businesses with increased access to capital, while simultaneously allowing lending institutions to feel confident in their investments. Lenders are able to issue financing on their own terms and, because of shared contributions to a loss reserve fund, with the knowledge that the State is similarly invested in a borrower's success. While the State's participation in the guarantee program would provide lenders some additional security, those lending institutions would still have significant "skin in the game" to warrant applying prudent lending requirements in the transactions.

At a time when so many of our citizens and small businesses are struggling to manage the economic effects of the pandemic, SB 788 and its House counterpart could provide an important bridge to connect borrowers with those lenders most willing and able to assist and effectively expand access to critical capital for small businesses. The health of Maryland's small businesses is an important piece of the State's recovery from the pandemic induced economic downturn; I believe carefully supporting these businesses to aid in our collective recovery is a goal we all share.

The sponsors of SB 788 and HB 829 consulted with the State Treasurer's Office on the bill's concept prior to the 2021 session and we appreciate that comments that we think further strengthen the program were incorporated. I believe a favorable report on SB 788 could lead to significant support for growing small businesses and to strengthen essential links between the businesses and a range of community lending institutions.