



**SB788 Economic Development – Small Business Financing – Loan Loss Reserve  
(Maryland Capital Access Program)  
Finance and Budget and Taxation Committees  
March 16, 2021**

**Position:** Favorable

**Background:** Establishing a Capital Access Program in the Department of Commerce for the purpose of stimulating opportunities for small businesses that may have difficulty in obtaining business financing to have access to credit by establishing a loan loss reserve program; specifying that certain loans qualify under the Program; requiring a lender to enroll a qualifying loan not more than 30 days after the date of the first disbursement; authorizing a lender to enroll all or a portion of a qualifying loan in an amount not more than \$250,000; etc.

**Written Comments:** The Maryland Retailers Association is supportive of capital access programs. This program would target small businesses with \$10 million in seed money that caps out at \$250,000 per loan. This program would be helpful to lenders by mitigating risk factors for traditional lending and helps businesses that may not qualify for other lending products. Unfortunately, left with no choice, businesses that cannot access traditional lending products will often find that only predatory online lenders remain as their option which results in a cycle of debt they are unable to escape.

It is for these reasons we urge a favorable report.