



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

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Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 1211 Economic Development - Maryland Technology Development Corporation - Pre-Seed Builder Fund (D. Barnes)

STATEMENT OF INFORMATION

DATE: February 26, 2021

COMMITTEE: House Ways & Means

SUMMARY OF BILL: HB 1211 mandates an appropriation in the amount of \$5 million in FY 2023, \$6.2 million in FY 2024, and \$7.5 million in FY 2025 and annually thereafter to a Pre-Seed Builder Fund in TEDCO. The Fund supports the development of start-ups run by entrepreneurs from socially or economically disadvantaged backgrounds whose access to traditional forms of capital and executive networks at the pre-seed stage have otherwise been funded.

EXPLANATION: The Pre-Seed Builder Fund in TEDCO has been funded in the amount of \$1 million in FY 2020 through FY 2022.

The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the mandated increase in funding for this program.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which requires spending allocations for FY 2022 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2020.

Economic conditions remain precarious as a result of COVID-19, making revenue predictions for the remainder of FY 2021 and FY 2022 highly volatile. Many individuals and households are unemployed or underemployed, with many industry sectors operating at much less than 100% capacity. Federal stimulus programs are providing much needed relief, but the impact of the COVID-19 pandemic continues to present a significant budgetary vulnerability.

The General Assembly and Administration have successfully enacted the Governor's emergency Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families Act (SB 496 RELIEF Act), which provides \$1.2 billion in direct stimulus and tax relief for Maryland working families, small businesses, and those who have lost their jobs as a result of the COVID-19 pandemic. It is incumbent upon us to allow the impact of this unprecedented relief package on the State's economy to take effect. Further mandated spending increases need to be reevaluated within the context of an ongoing pandemic.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**