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Testimony of the NAACP Maryland State Conference

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Ways and Means Committee

HB1303 Small, Minority, and Women-Owned Business Financial Assistance - Use of Funds

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Support

Good Afternoon Chairman Kaiser and Vice Chair Washington. I am Jacqueline Boone Allsup, President of the NAACP Anne Arundel County Branch and 2nd Vice President NAACP Maryland State Conference. Thank you for allowing me to testify regarding House Bill 1303 - **“Small, Minority, and Women-Owned Business Financial Assistance - Use of Funds.”** The NAACP Maryland State Conference supports this legislation because it will tangibly help small, minority and women owned businesses to survive during these incredibly challenging times.

In August of 2020, the Federal Reserve of New York released a report entitled “Double Jeopardy: COVID-19’s Concentrated Health and Wealth Effects in Black Communities,” https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses. This report points out the following in its introduction:

“The effects of the pandemic on small businesses amid forced closings, modified re-openings, and weakened demand, are well documented. Nationally representative data on small businesses indicate that the number of active business owners fell by 22 percent from February to April 2020, — the largest drop on record. While the overall decline is noteworthy, differences among closure rates across racial and ethnic groups are even more striking. Black businesses experienced the most acute decline, with a 41 percent drop. Latinx business owners fell by 32 percent and Asian business owners dropped by 26 percent. In contrast, the number of white business owners fell by 17 percent.”

Not only have Black families been hit hard because of the disproportionate rate of death from COVID-19 Black businesses have been devastated. Prior to the pandemic many Black businesses were holding on with a thread. They already had precarious financials with limited access credit and relatively weak banking relationships.

To make matters worse, when relief was offered, for example, in the form of the Paycheck Protection Program (PPP) many small, minority, and women owned businesses were confronted with structural limitations set in the parameters of relief. Again, businesses of color were disproportionately impacted by these structural limitations.

Thanks to Delegate Shaneka Henson, D-30, House Bill 1303 attempts to level the playing field to remove those structural limitations of disaster relief by increasing flexibility in the qualifying evidentiary criteria needed to be considered for such relief. This Bill also provides clarity regarding what type of debt can be

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paid off with this disaster relief. For example, if a business has an outstanding tax bill, it would be able to use the relief funds to become current. Therefore, the business would be more likely to be eligible for other relief assistance in the future or, perhaps even a commercial loan having cleared up outstanding delinquencies.

The NAACP Maryland State Conference asks the Committee to support House Bill 1303 as an important tool to ensure that all businesses get the needed disaster relief during these troubling times.