

**Testimony of
Lawrence Twele, Chief Executive Officer
Howard County Economic Development Authority**

**On the
Oppose SB245
Maryland Nonprofit Development Center Program-
Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL)
Account- Funding**

**Before the
Senate Budget and Taxation Committee**

January 25, 2022

My name is Lawrence Twele, Chief Executive Officer, of the Howard County Economic Development Authority (HCEDA). We are one of the eight Fund Managers of the State's Small, Minority and Women-Owned Business Account - Video Lottery Terminal Fund (VLT), which HCEDA has managed since 2014. I am submitting this testimony in opposition to SB245 - Maryland Nonprofit Development Center Program- Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account- Funding.

As you know, in 2008, the Maryland General Assembly passed Senate Bill 3 which set the stage for video lottery terminals (VLT) to be operated at race tracks and other venues. The law also provided for one and one-half percent (1.5%) of all VLT proceeds generated by gaming venues to be used to provide a financing fund for small, minority, and women-owned businesses in Maryland (VLT Fund) by one or more fund managers under the authority of the Board of Public Works.

In the past, funding from this program was diverted to help solve the Baltimore City School deficit for State Fiscal Year 2017 with the next two years diverted to the General Fund. The program has lost three years of funding during those lean budget years. In today's current economic environment, small businesses need resources to recover from the pandemic and this resource is needed now more than ever.

The intent of the VLT Fund is to provide affordable and flexible access to capital to small, minority and women owned businesses that are not able to obtain funding or obtain all the funding needed through traditional sources.

This program has been viewed as a national model demonstrating how casino revenues can be targeted to create jobs outside that industry lifting the entire regional economy. Since 2013, these funds have helped support the creation of thousands of jobs in small, minority, veteran-owned, and women-owned businesses, resulting in increased tax revenue. The primary reason for this program is that majority of loan clients don't yet qualify for traditional bank financing but the VLT fund offers a chance to invest in these companies. It is a principal tool now available to the State economic development efforts that has the depth and capacity to make a real difference. It is arguably the most effective small business support program ever created by the State.

Additionally, the Howard County Economic Development Authority has managed a County Revolving Loan Fund for over nine years. This fund provides low-interest loans available to non-profits. Our experience has shown that it is very difficult for non-profits to assume debt and they seek grant funding instead. Reducing resources from SMWOBA will have a major impact on the access to capital available for small businesses and sets a dangerous precedent in diverting funds away from the VLT program.

Thank you for the opportunity to share our experience and express my opposition to SB245.