

January 25, 2022

Testimony on Senate Bill 245

Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding

Position: Favorable

Maryland Nonprofits is a statewide association of more than 1300 nonprofit organizations and institutions. We urge you to support Senate Bill 245 to increase the funds available for NIMBL – a “Micro Bridge” loan program operated by the Maryland Department of Commerce that help nonprofits in need of start-up funds or in many cases suffering from delays in payments.

Since its inception the NIMBL program has been ham-strung by the available funds – allowing at most 7 full loans to be in effect at one time. These loans are intended to be rapidly processed for organizations with immediate needs to start or continue services on behalf of government when their government funds are delayed. Promoting the program to organizations that may face a delay waiting “in a cue” would make no sense.

Nonprofits in Maryland continually face delays in payments on grants or contracts that may extend many months. Additionally, they may need to wait several months for an initial payment on a program with considerable start-up costs but no funding advances allowed. This works to make participation in government programs even more economically difficult for service providers, particularly smaller and younger nonprofits led by people of color.

Senate Bill 245 will change language in the original 2017 legislation for the NIMBL Program that has been interpreted as essentially making it’s required funding completely discretionary – that was clearly not the intent of the General Assembly.

Under Senate Bill 245, the funding level for the NIMBL revolving loan fund will be 'restored' to 5% of the 1.5% of the state proceeds from video lottery terminals dedicated to the Small, Minority, and Women–Owned Businesses Account – NOT to exceed \$1,000,000. The NIMBL Loan Fund is a revolving fund with loan repayments replenishing the Fund on a regular basis, and is still working with the original \$187,500 amount. The General Assembly authorized an addition transfer in the FY22 budget but as far as we can determine those funds have not yet been transferred to the fund.

As a practical matter, the increase required under SB 245 will be a one-time amount pending any program losses, since the enabling legislation in Section 5-1204 of the Economic Development Article requires that "If the money in the Account exceeds \$1,000,000, any money in excess of that amount shall be transferred" back to the SMWOB Account.

We urge you to give Senate Bill 245 a favorable report.