

Testimony of
Nick Rudolph, Baltimore Regional Director
Maryland Capital Enterprises, Inc.

On the FY 2022 Maryland Nonprofit Development Center Program
Nonprofit, Interest-Free, Micro Bridge Loan Account Funding

SB245- HB256

Before the

Senate Budget and Taxation Committee

January 20, 2022

Good afternoon, Mr. Chairman and Members of the Committee. Thank you for this opportunity to testify in opposition of the proposed SB245 to transfer 5% of the Small, Minority and Women-Owned Business Account (SMWOBA) to the Nonprofit, Interest-Free, Micro Bridge Loan Account (NIMBL).

My name is Nick Rudolph, Baltimore Regional Director of Maryland Capital Enterprises, Inc. (MCE). We are a nonprofit, Community Development Financial Institution, SBA microlender and Video Lottery Terminal (VLT) Fund Manager serving Maryland's Eastern Shore and Baltimore Regions.

As a fund manager for the VLT's SMWOBA funds, MCE has been able to quickly disburse all allotted funds each year to small, minority and women-owned businesses both in and outside of the casino impact zones. These funds help entrepreneurs open and grow small businesses in their communities helping to strengthen our economy and neighborhoods. In normal times, these funds are needed because access to capital is often difficult for start-ups and micro-businesses, especially when they are minority or women-owned and in traditionally red-lined communities, and without these funds hundreds of Maryland's smallest and most unique businesses would not exist. Because of the Covid-19 pandemic, the need for these funds has grown exponentially.

While there have been myriad resources available to small businesses during this time, programs like PPP and EIDL were inaccessible to many of Maryland's businesses due to their small size and lack of W-2 employees. While other programs have helped bridge some gaps and lighten the burden on small businesses, it was often still these smallest minority and women-owned business that were still left without access to the resources. These resources were difficult for the smallest businesses to access because they did not have the time to search, gather needed documents and fill out applications. This meant that businesses with access to

accountants and larger staffs had the resources in place to access these funds while the smallest, minority, and women-owned businesses, often located in casino impact zones, were in survival mode and unable to even apply. Because MCE provides free technical assistance and counseling to small businesses as we administer the VLT funds, we can hold the business owners' hands through the process, help develop the needed documentation and provide guidance to make the application process easier and less stressful.

These businesses are struggling, and the State should not take away any resources available to help them, especially during a surge in the pandemic. The VLT funds allotted to SMWOBA are an integral resource in our arsenal to get capital into the hands of our most vulnerable businesses and communities.

The proposed bill would move 5% of the funding from these small businesses to support NIMBL. While nonprofits have felt the impact of Covid and need resources to help them manage the pandemic, these resources should not come at the expense of our most vulnerable small, minority and women-owned businesses. Last year, the VLT SMWOBA allotment was \$17 million, under the proposed change \$850,000 would have moved to the nonprofit loan fund. This would mean that 30-40 small, minority and/or women-owned businesses would not have received the funding needed to start, sustain, or grow their businesses resulting in a loss of at least 80 jobs and stopping the creation of up to 120 more. Taking these funds away from our smallest businesses will drive business out of our state.

As an organization that works directly with Maryland's smallest businesses impacted by Covid-19, we ask that all allotted VLT funds stay in SMWOBA without 5% moving to the nonprofit NIMBL.

Thank you for this opportunity to provide comment of this bill and share opposition to the transfer of these funds.