

CDN SB245 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



**Testimony SB 245
Budget & Taxation Committee
January 25, 2022
Position: FAVORABLE**

Dear Chairman Guzzone & Members of the Budget & Taxation Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

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 at its original \$187,500 amount. A small additional amount was authorized in the FY22 budget but has not yet been transferred to the fund.

Since its inception the NIMBL program has been ham-strung by the available funds – allowing only 7 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.

Nonprofit housing and community development organizations continually face delays in payments on grants or contracts. During the pandemic, in Baltimore City some organizations waited for more than 15 months for payments on their Community Development Block Grant payments. Organizations working to improve communities through housing counseling, legal services, housing development and human services all suffered delays. Delays make participation in government programs onerous for service providers, particularly smaller and younger nonprofits led by people of color.

We urge your favorable report.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

Franca Brilliant_Written Testimony in Support of S

Uploaded by: Franca Brilliant

Position: FAV



**Written Testimony in Support of Senate Bill 245: *Maryland Nonprofit Development Center Program*
– *Nonprofit, Interest-Free, 3 Micro Bridge Loan (NIMBL) Account – Funding*
Franca Brilliant, Advocacy and Development Director, Nonprofit Montgomery**

Thank you for giving me the opportunity to testify today. My name is Franca Brilliant and I am the Advocacy and Development Director for Nonprofit Montgomery. We support our nearly 200-member nonprofit organizations with technical assistance, training and resources, and advocacy on issues of importance to the nonprofit sector—such as the one you are considering today.

Nonprofit Montgomery supports Senate Bill 245, which would increase the funding of the NIMBL Account, allowing more Maryland nonprofits to take advantage of this interest free, micro bridge loan. As you all know, nonprofits are essential partners to government, providing provide food, shelter, mental and physical health support, recreation, arts, academic enrichment, and a thousand other services to all of Maryland’s residents. The past two years of the pandemic have underlined the importance of the role they play—without the support of these organizations, Marylanders would have suffered far more than they did. During this crisis, government agencies—from the Federal level right down to municipalities--worked hard to move money quickly into the hands of their nonprofit partners to ensure that they could respond to critical community needs. It was an impressive act of coordination and flexibility, and a marked contrast to what nonprofits usually experience.

I have worked with nonprofit organizations for over 30 years and have seen so many examples of nonprofits struggling to start programs while contracts were stuck in various stages of procurement that I have lost track. In my own direct experience, I have seen federal contracts that took over a year to deliver funds, and reimbursable county contracts that couldn’t provide any funding for months after work began. Most nonprofits don’t have the financial reserves to float a major project with their own funds while waiting for their money to come through. The burden falls especially heavily on the organizations that most need this support—small community-based organizations, many of which are led by people of color.

This is why expanding the NIMBL loan fund is so important. The original legislation has been understood as making funding discretionary, which was not meant to be the case. The fund has also been capped at \$187,500; that is a very small amount compared to the 32,000 nonprofits that serve Maryland. This bill would restore funding to 5% of state proceeds from video lottery terminals dedicated to the Small, Minority, and Women-Owned Businesses Account, not to exceed \$1,000,000.

In its current state, with very limited funds, the NIMBL fund is a good program but with increased funding it could be a great one.

Please support SB 245. Thank you.

Support SB 245 B&T.pdf

Uploaded by: Henry Bogdan

Position: FAV

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.

Historic Sotterley NIMBL Testimony.pdf

Uploaded by: Nancy Easterling

Position: FAV

Testimony for SB245—Nonprofit Interest-Free Micro Bridge Loan (NIMBL) Funding
Nancy L. Easterling

I am Nancy Easterling, the Executive Director for Historic Sotterley, Inc., located in St. Mary's County, Maryland. For those of you who do not know Historic Sotterley (and if not, you need to come down for a visit!), our nonprofit runs a 300 year old National Historic Landmark and historic museum site which interprets our complex, and often difficult, shared history. With a full range of programming to include education programs and field trips, tours, cultural events, recreational opportunities, a working farm that donates produce to our local community, our Common Ground Initiative supported by our Descendant community, and much more. Historic Sotterley is truly an exceptional educational and cultural resource for our community, our State and our Nation.

Historic Sotterley is unlike many museums, however, in that it is not owned by a county, state or federal government, and it does not have an endowment to support its operations. This means we need to earn and work for every dollar that supports our efforts, and this makes for a pencil-thin budget with often no reserve accounts to serve as a cushion. Grants are one of the few ways we have been able to make important projects and advancements possible over the years, but most government grants work on a reimbursement basis which makes it difficult for small organizations like ours. It can sometimes take months and months after paying a bill to work our way through the reimbursement process, and usually we do not have funds in reserve to fall back on. We have had to draw on our operational line of credit which then incurs interest payments we will not be reimbursed for, and have even had to delay paying other bills when funds became too tight.

When this NIMBL program became available, I applied for it right away, and in fact to date we have used it twice. The first time was for a \$100,000 Bond Bill from the State, and while we were about halfway through the project at the time we applied, it was getting harder and harder to make cash-flow work. The NIMBL funds did not see us entirely through the project, but it helped us through a difficult period. We applied for our second loan to support our \$100,000 African American Heritage Preservation Program grant, and this time we had to wait until others repaid their loans before funds could be made available since the pool of funds was so small. I quickly went through the \$25,000, but I had to pay it back as soon as I received our grant reimbursements and could not continue to recycle these funds throughout the course of the grant. I am incredibly grateful to have received both loans, but if more funds had been available for this program, perhaps either the loan amounts could have been increased, or repayment of smaller loans could wait until all grant funds have been expended, allowing nonprofits to recycle these funds throughout the course of the grant and ease with cash flow.

The Nonprofit Interest-Free Micro Bridge Loan has been a godsend to Sotterley and it can be the same thing for many other nonprofits, all of which are serving our communities. I ask that you increase the funding for NIMBL, and know that by doing so, you are investing in the important and critical work of so many nonprofits which support our State and its citizens.

Historic Sotterley Inc's Mission: Preserve our historic structures and natural environment and use the powerful stories of our land, lives, and labor to bring American history to life while serving as an educational and cultural resource.

SB245_ NIMBL Fix Testimony (1).pdf

Uploaded by: Sen. Cheryl Kagan

Position: FAV



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**SB245: Maryland Nonprofit Development Center Program –
Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding**

Senate Budget & Taxation Committee

Tuesday, January 25, 2022 | 1:30pm

The nonprofit sector relies heavily on federal, state, and local grants and contracts. Unfortunately, government funds often take time to process and may be delayed or distributed only after a project is completed. This often makes it challenging to make payroll, rent, or programming expenses.

Five years ago, the General Assembly enacted [SB465/HB1517](#), which created the [Nonprofit, Interest-Free, Micro Bridge Loan](#) (NIMBL) program. Housed within the Maryland Nonprofit Development Center and the Maryland Department of Commerce, NIMBL provides nonprofits with up to \$25,000 to continue their work while they await promised federal, state, county, or municipal government funding.

As introduced, NIMBL was to be funded by a **one-time** allocation of \$1,000,000 from the Maryland Small Business Development Financing Authority (MSBDF). Unfortunately, the money was diverted for three years. Working with Maryland Nonprofits, we managed to launch the program in the Fall of 2017 after identifying \$187,500 from another source in the State budget. Even with that paltry amount of money, 17 loans have been successfully issued and repaid. The Department of Commerce created a marketing campaign to increase awareness of this program; it has been on hold for five years so that demand would never exceed the supply of available funds.

Another challenge that NIMBL has faced is a technical drafting error. The 2017 law indicated that the Governor would fund the program in FY21 with “up to 5% [of the MSBDF fund], not to exceed \$1,000,000.” Obviously, “up to” can be interpreted as **any** amount... **including \$0!**

Last session, the FY22 budget fenced off \$150,000, which we recently learned **may** have been approved; it has not yet reached the account. Even with this contribution, NIMBL will remain \$662,500 short of the initial fund.

[SB245](#) would mandate that the NIMBL fund **finally** reach a one-time allocation of \$1,000,000 and removes the “up to” language in statute.

Nonprofit organizations are an integral part of our communities-- comprising roughly 10% of Maryland's workforce and 12% of our economy (second only to the retail sector). Especially during the Coronavirus pandemic, we must have short-term funding available to nonprofits working so diligently to address our community needs.

According to one NIMBL grant recipient:

*"I was made aware of the program through a colleague, and I'm so glad for that. I would guess that many of my peer professionals are not aware. I would be happy to share our story if that would help. **It was exactly what we needed at precisely the right moment.** Thank you!"*

I urge a favorable report on SB245 so that we can finally fully launch the NIMBL program for nonprofits that has been waiting for funding since 2017!!

FINAL_L_Twele_Testimony opposing SB245.pdf

Uploaded by: Lawrence Twele

Position: UNF

**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.

SB245 Testiony MCE .pdf

Uploaded by: Nick Rudolph

Position: UNF

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.

SB 245 NIMBL Account-Funding (Kagan) B&T 1.25.22 S

Uploaded by: Barbara Wilkins

Position: INFO

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor



DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 245 Maryland Nonprofit Development Center Program - Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account - Funding (Kagan)

STATEMENT OF INFORMATION

DATE: January 25, 2022

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL: SB 245 mandates a FY 2024 appropriation in the amount of \$1 million in the Maryland Nonprofit Development Center Fund; and increases from up to 5% to 5%, from the amount of revenues received by the Small, Minority and Women-Owned Business Account from video lottery terminal (VLT) proceeds (1.5%) in FY 2023 and beyond. The Account balance is capped at \$1 million. The funds are to be used for loans made under NIMBL.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$1 million mandated appropriation provision that impacts the FY 2024 Budget. The FY 2023 Budget allocates \$150,000 for the Maryland Not-for-Profit Development Fund subprogram and \$187,500 for the NIMBL subprogram. The legislation, beginning in FY 2023 would result in a net increase of \$812,500 in VLT proceeds to NIMBL, which would total \$1 million. In FY 2024, the total appropriation would be \$2 million, which includes the new \$1 million General Fund mandate and the \$1 million of VLT proceeds which is an ongoing allocation. The bill would increase the appropriation for the Maryland Nonprofit Development Center Fund by 492% (FY 2023 allowance to FY 2024).

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary

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<http://dbm.maryland.gov>

vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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

SB 245_Commerce_Informational.pdf

Uploaded by: Jennifer LaHatte

Position: INFO



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: January 25, 2022
COMMITTEE: Senate Budget & Taxation
BILL NO: Senate Bill 245
BILL TITLE: Maryland Nonprofit Development Center Program- Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account--Funding Statement of Information
POSITION:

Senate Bill 245 removes the language “up to” from the current law. The current statute allows an amount “up to” 5%, not to exceed \$1,000,000 from the amount paid to the Small, Minority, and Women-Owned Businesses Account (SMWOBA) to the NIMBL program. This gives Commerce more flexibility to determine the appropriate funding level for NIMBL based on demand in the program. Senate Bill 245 would remove that ability and would significantly increase the amount of funds transferred from the SMWOBA to the NIMBL program each year.

Commerce has administered the NIMBL program since its inception in 2017. Assistance through this program provides for short-term bridge loans of \$25,000 while the nonprofit awaits a government grant or contract. Funding is transferred from the Small, Minority, and Women-Owned Businesses Account. The historical appropriation for SMWOBA is \$17 million. This legislative change would mean 5% of the SMWOBA appropriation (up to \$1M) would be allocated to NIMBL, which equates to approximately \$850,000 of funding to NIMBL each year based on recent years’ appropriations. This change would support up to 34 loans a year, an 85% increase in historical NIMBL activity.

The Department believes that the increased funding required under SB 245 would go unused. Since NIMBL’s inception in 2017 through June 30, 2021, seventeen (17) loans have been approved and funded for a total of \$414,760. Fifteen of the loans were repaid for a total of \$319,460. So far, in fiscal year 2022, three transactions have been approved for \$75,000, and two applications are pending. Based on past NIMBL activity, it is unlikely that there would be a significant increase in program uptake to support the increased funding required by this bill. As a result, there could be a reduction in funds available for small, minority, and women-owned businesses through the SMWOBA program.