

February 2, 2022

Testimony on House Bill 256
House Ways and Means Committee
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 House Bill 256 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 limited available funds – allowing at most 7 full loans to be in effect at one time. These loans are intended to be provided to organizations with immediate needs to start or continue services on behalf of government when their government funds are delayed. The Department of Commerce has shown that these small cash flow loans can be rapidly and effectively processed. But promoting the program widely when organizations would have to face delays waiting in a cue for ‘immediate relief’ has not made any 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 House Bill 256, 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 additional transfer of \$150,00 in the FY22 budget that we believe is in process but as far as we can determine that money has not yet been transferred to the NIMBL fund account.

As a practical matter, Senate Bill 245 simply accomplishes what was intended in the original legislation in 2017 and will be a one-time allocation except to the extent of any program losses. The original program 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 House Bill 256 a favorable report.