



DATE: January 19, 2023
COMMITTEE: Senate Budget & Taxation
BILL NO: Senate Bill 53
BILL TITLE: Maryland Nonprofit Development Center Program- Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account--Funding
POSITION: Statement of Information

Senate Bill 53 removes the words “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 be transferred to the Non-Profit, Interest-Free, Micro Bridge Loan Program (NIMBL) program. This gives Commerce more flexibility to determine the appropriate funding level for NIMBL based on demand in the program. Senate Bill 53 would remove that ability and would significantly increase the amount of funds transferred from the SMWOBA to the NIMBL program.

Commerce has administered the NIMBL program since its inception in 2017. Assistance through this program provides short-term bridge loans of up to \$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 and the 2023 appropriation is \$19 million. This legislative change would mean 5% of the SMWOBA appropriation (up to \$1M) would be allocated to NIMBL, which equates to approximately \$950,000 of funding to NIMBL each year based on recent years’ appropriations. This change would support up to 38 loans a year. Compared to fiscal year 2022, this would be an 29% increase in yearly NIMBL activity.

The Department believes that the increased funding required under SB 53 would go unused. Since NIMBL’s inception in 2017 through June 30, 2022, twenty-eight (28) loans have been approved and funded for a total of \$689,760. In fiscal year 2022 eleven (11) applications from nonprofit organizations were approved and funded for \$275,000. Twenty of the loans repaid for a total of \$444,460. So far, in fiscal year 2023, five transactions have been approved for \$125,000, and three applications are pending completion by the nonprofit. The Department has not turned away applicants due to lack of funds.

In fiscal year 2022 a supplemental budget passed giving an additional \$150,000 in general funds and transferred \$350,000 in special funds into NIMBL. The appropriation was also increased. The fund was initially appropriated \$187,500 in fiscal year 2023. A recently approved Budget Amendment increased the appropriation to \$327,500 for fiscal year 2023. Based on past NIMBL activity, it is unlikely that there would be a significant increase in program uptake to support the increased funding of approximately \$950,000 required by this bill. Further, increased funding into NIMBL could result in a reduction in funds available for small, minority, and women-owned businesses through the SMWOBA program.