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Testimony on Senate Bill 53

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 1400 nonprofit organizations and institutions. We urge you to support Senate Bill 53 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 – until recently allowing at most 7 full loans to be in effect at one time. An additional \$150,000 authorized for FY 23 has just become available. These loans are intended to be rapidly processed for organizations with immediate needs to start or continue services on behalf of government when their 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 those smaller and younger nonprofits led by people of color.

Senate Bill 53, with amendments to be offered by the sponsor, will mirror the provisions of last year’s Senate Bill 245, in the form that it passed the Senate unanimously. The bill revises the program’s funding, replacing funds from the Small, Minority, and Women-Owned Businesses Account with general funds, and bringing the amount available up to the originally intended \$1,000,000. Since the fund is ‘revolving’ in nature, this is essentially a one-time investment, that will relieve undue burdens on nonprofits trying to provide services to your constituents on behalf of the state.

We urge a **favorable report** on Senate Bill 53.



Maryland Nonprofits’ mission is to strengthen organizations and networks for greater quality of life and equity.

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.