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TTY USERS CALL VIA MD RELAY

Chair Wilson, Vice Chair Crosby, Distinguished Members of the Economic Matters Committee,

On behalf of Governor Moore, I respectfully ask the Committee for a favorable report on House Bill 548 - Financial Regulation - Maryland Community Investment Venture Fund - Establishment (Access to Banking Act). Maryland is home to an array of opportunities that make our state a fantastic place to live, work, and raise a family. But these opportunities are not distributed equally across the state. While Marylanders should be proud that our state is home to some of the most prosperous communities in the nation, we should also be deeply troubled that we're home to some of the poorest. Governor Moore, Lieutenant Governor Miller, and their Administration are guided by the mission to diminish these inequities and provide opportunity in an equitable way that truly leaves no one behind.

The Access to Banking Act is one measure that the Governor is proposing to the General Assembly this legislative session in pursuit of the goal of increasing opportunity in an equitable way. This legislation seeks to expand access to capital for both businesses and individuals located in low-to-moderate income (LMI) communities, in two ways. First, the bill seeks to create an assessment credit on bank or credit union branches located within LMI communities. This will help the bottom line of these branches without interrupting the programs within the office of the Commissioner of Financial Regulation (OCFR) that these assessments fund. This incentive seeks to attract and retain branches in communities that would otherwise be at risk of becoming banking deserts. As research has shown that the presence of financial institutions help to create wage stability and increase investment in both individuals and companies, these credits will help address the root causes of some of the economic challenges LMI communities face.

Second, the bill seeks to establish the Maryland Community Investment Venture Fund ("Fund") as an instrumentality of the state driven by the OCFR. The Fund will receive public funding and will be able to receive private investment from private entities. The Fund will invest in financial technology ("FinTech") companies to develop products and services that will enhance access to capital, funding, and other financial services for businesses in LMI communities. These FinTech products and services will be used to develop underlying data points necessary for a bank to underwrite a loan to a business in an LMI community. This will solve the common issue of a lack of data necessary for a line of credit to be provided to a business in an LMI community. Without access to this credit, these businesses must operate at a significant disadvantage and may never be able to significantly grow. Once these products or services are developed, the Fund may then make them available to banks and credit unions free

of charge to develop data points and expand the pool of who financial institutions are able to lend to.

This legislation takes a partnership approach to solving the complex issue of banking deserts. The Moore-Miller Administration proposes that, to unleash the opportunity of Marylanders from every ZIP code, this sort of collaborative effort is necessary. In order to expand investments in a strategic and equitable way, I respectfully ask the committee for a favorable report on House Bill 548.

Sincerely,

Brad Fallon
Deputy Legislative Officer