

TO: Maryland Ways and Means Committee
FROM: Gretchen Baldau, American Legislative Exchange Council
DATE: Thursday, March 2, 2023
RE: Testimony on Maryland HB 1152, the Entrepreneurial Equity Act

Dear Delegate Atterbeary, Delegate Wilkins, and Members of the Ways and Means Committee,

My name is Gretchen Baldau, and I am the Director of the Commerce, Insurance, and Economic Development Task Force at the American Legislative Exchange Council. One of the CIED Task Force's main goals is to identify and promote nonpartisan policies that help state economies grow, and I am here today to speak about the pro-growth policies contained in [HB 1152](#), the Entrepreneurial Equity Act.

I would like to begin by noting a few things. First, that *new* businesses generate [almost all net job creation](#) in America. Second, that [44%](#) of America's economic activity is generated by small businesses each year. Third, that entrepreneurship in America has until recently been in a [decline](#). From [1978 to 2019](#), only 9% of all American firms each year were new firms.

New business license application rates are [rising](#), but as recently as 2020, [69%](#) of American entrepreneurs stated that they believe that government does not care about them. Of these same entrepreneurs, [81%](#) also stated that they believe government incentives favor existing businesses over startups. Put another way, entrepreneurs feel that in opening a business, their new business is not only swimming upstream against the competitors but also the government.

The policies in the Entrepreneurial Equity Act are an olive branch to Maryland's new or would-be entrepreneurs. With reforms like waiving new business, filing, and registration fees and requiring 10% of different business and workforce development funding to be allocated to new business-related organizations and programs, the policies in the Entrepreneurial Equity Act send a clear message: that state government wants job creators and new entrepreneurs to be successful in Maryland.

I would like to end by noting that ALEC's CIED Task Force—which is comprised of over 350 state legislators and private sector groups—approved a similarly aimed model policy just last year. Like Maryland's HB 1152, ALEC's Right to Start Act also proposes policies that give new businessowners a helping hand.

Thank you for allowing me to share this information today.

With regard,

Gretchen Baldau
American Legislative Exchange Council