



LEGISLATIVE BLACK CAUCUS OF MARYLAND, INC.

The Maryland House of Delegates, 6 Bladen Street, Room 300, Annapolis, Maryland 21401
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Chair Vanessa E. Atterbeary
Ways and Means Committee
130 Taylor House Office Building
Annapolis, Maryland 21401

Dear Chair Atterbeary, Vice Chair Wilkins, and Members of the Committee,

The Legislative Black Caucus of Maryland offers its strong and favorable support for House Bill 601 (HB601) – Economic Development – Small Business Guaranty Fund – Alterations. This bill expands financial opportunities for small businesses by strengthening the Small Business Guaranty Fund (SBGF), allowing loan guarantees to be backed by the full faith and credit of Maryland or through additional financial instruments. By increasing access to capital for small businesses, HB601 directly addresses long-standing economic disparities that disproportionately affect Black entrepreneurs and communities. **HB601 is a 2025 legislative priority for the Black Caucus.**

Black-owned businesses face significant barriers to accessing capital, which directly impacts economic mobility in Black communities. According to the Federal Reserve, only 26% of Black business owners are approved for the funding they seek, compared to 60% of white business owners. In Maryland, where Black residents make up nearly one-third of the population, Black-owned businesses receive less than 3% of conventional small business loans, limiting their ability to grow, hire employees, and build generational wealth.

A report from the U.S. Small Business Administration found that small businesses create two-thirds of net new jobs, yet Black-owned businesses are denied loans at more than twice the rate of their white counterparts, even when controlling for creditworthiness. By strengthening the Small Business Guaranty Fund, HB601 ensures that more Black entrepreneurs can access fair lending opportunities, helping them overcome systemic lending disparities and fostering job creation within historically marginalized communities.

Expanding financial backing options for business loans directly supports Black Marylanders, as Black entrepreneurs are more likely to rely on personal savings and high-interest loans due to institutional barriers in traditional lending. The guarantee enhancements in HB601 increase the

willingness of banks to lend, ensuring that viable Black-owned businesses are not denied capital solely due to lack of collateral or historical lending discrimination. This measure also aligns with broader state efforts to close the racial wealth gap and promote economic self-sufficiency.

For these reasons, the Legislative Black Caucus of Maryland strongly supports HB601.

Legislative Black Caucus of Maryland