



Wes Moore | Governor  
Aruna Miller | Lt. Governor  
Harry Coker, Jr. | Secretary of Commerce

**DATE:** February 24, 2026  
**BILL NO:** House Bill 798  
**BILL TITLE:** Economic Development – Small, Minority, and Women-Owned Business Accounts – Management Fees (Small Business Increased Access to Capital Act)  
**COMMITTEE:** House Economic Matters  
**POSITION:** Letter of Support

The Maryland Department of Commerce (Commerce) supports House Bill 798 - Economic Development – Small, Minority, and Women-Owned Business Accounts – Management Fees (Small Business Increased Access to Capital Act).

**Bill Summary:**

House Bill 798 enables the payment of a management fee to approved Fund Managers participating in the Small, Minority and Women-Owned Business Account – Video Lottery Terminal Fund (SMWOBA) program administered by Commerce. It enables Commerce to set the fees as a percentage of each loan made provided the fee is not less than 1.5% and not greater than 3.0%. It also permits Commerce to set an annual cap on the cumulative amount of certain management fees an eligible fund manager may receive.

**Background:**

Article XIX of the Maryland Constitution authorized video lottery terminals (VLTs) to fund education. This provision was enacted pursuant to Chapter 5, Acts of the 2007 Special Session and ratified by Maryland voters in the November 2008 General Election. As a result, Chapter 4, Acts of the 2007 Special Session also became effective and established the Small, Minority, and Women-Owned Businesses Account (the Account) under the Authority of the Board of Public Works (BPW).

State Government Article §9-1A-27 requires that 1.5% of the proceeds from VLTs at each video lottery facility be paid into the Account. State Government Article §9-1A-35 requires BPW to make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State, of which at least 50% must be allocated to such businesses in the jurisdictions and communities surrounding a video lottery facility. BPW initially designated the Department of Commerce (Commerce) to manage the Account on their behalf through a Memorandum of Understanding dated August 22, 2012. However, in May 2017, Governor Hogan approved Chapter 453, Acts of 2017, which transferred authority over the program from BPW to Commerce.

Currently, Commerce uses nine Fund Managers to manage the distribution of funds for the SMWOBA program. Administering the program also requires Commerce, among other duties, to monitor and verify the deployment of all funds appropriated to the individual Fund Managers, monitor the ongoing funding status of each as loans are made, perform reconciliations of the activities of each and prepare annual and periodic reports.

**Rationale:**

Authorizing the SMWOBA fund managers to collect a management fee that is calculated as a percentage of each loan made is expected to have a positive effect on businesses in Maryland. This bill will incentivize existing fund managers to issue a larger volume of loans and is expected to motivate additional organizations to apply to be designated as eligible fund managers, again allowing for more funds to be disbursed. This means more small-, minority-, and women-owned businesses will receive financial support to start and grow their business. Commerce is confident that by increasing the amount of funds disbursed to eligible companies, the State will see an increase in economic activity, state revenue and jobs created.

The current compensation structure for the fund managers through the SMWOBA program is not sufficient given the high volume of transactions and the amount of time that must be spent on each account. HB 798 will create a compensation structure that would enable the fund managers to hire staff dedicated to the program and direct more time and resources to issuing those loans.

Commerce respectfully requests a favorable report on House Bill 798.