



DATE: February 20, 2026

BILL: House Bill 798 – Small Business Increased Access to Capital Act

COMMITTEE: Economic Matters

POSITION: FAVORABLE

TO: Chair Kriselda Valderrama, Vice Chair Lorig Charkoudian, and Members of the Economic Matters Committee

FROM: Dawn Medley, President & CEO, FSC First

RE: Testimony in Support of House Bill 798

Introduction

FSC First is a nonprofit Community Development Financial Institution (CDFI) dedicated to providing creative financing solutions to Maryland’s small businesses. FSC First serves as an eligible fund manager for the Small, Minority, and Women-Owned Business Account, commonly known as the Video Lottery Terminal (VLT) loan program, which provides capital to small, minority-, and women-owned businesses that face barriers to traditional financing.

The Necessity of Structural Alignment

House Bill 798 provides necessary technical clarification to the administrative framework of Maryland’s small business lending programs by authorizing a management fee, subject to Department oversight and annual caps.

Managing public loan capital requires rigorous underwriting, compliance monitoring, portfolio servicing, reporting, and borrower technical assistance. These functions protect State resources and improve borrower success rates. Authorizing a modest management fee of 1.5% to 3% of loan principal in addition to interest income aligns the VLT program with established fund management practices and ensures that eligible fund managers can sustainably administer these responsibilities.

Strategic Impacts of HB 798

Impact on FSC First:

The bill supports operational sustainability by allowing FSC First to recover the legitimate administrative and professional costs required to manage public capital responsibly. This ensures long-term program viability without requiring nonprofit fund managers to subsidize State-mandated administrative functions.

**Impact on Borrowers:**

House Bill 798 does not increase costs for small business owners. The management fee is an internal allocation from the program account and is not passed on to borrowers. Interest rates, loan terms, and closing costs remain unchanged.

Impact on the State:

The bill strengthens Maryland's lending ecosystem by supporting proper oversight and risk mitigation. Adequately funded administration allows for high-touch monitoring and technical assistance that reduces defaults and protects State capital. Additionally, allowing management fees in addition to interest income ensures that interest earnings remain in the fund to revolve, preserving capital for future Maryland entrepreneurs.

Conclusion

For these reasons, FSC First respectfully requests a favorable report on House Bill 798.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dawn Medley".

Dawn Medley
President & CEO
FSC First