



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: February 2, 2021
BILL NO: Senate Bill 376
BILL TITLE: Maryland Nonprofit Development Center Program-Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account- Funding
COMMITTEE: Senate Budget and Taxation

Statement of Information

Senate Bill 376 alters the percentage of funds to be paid out of the Small, Minority, and Women-Owned Businesses Account (SMWOBA) to the Nonprofit Interest-Free, Micro Bridge Loan (NIMBL) Account. Specifically, beginning in fiscal year 2022, the legislation seeks to transfer 5% of the SMWOBA fund not to exceed \$1.0 million to the NIMBL program. The budget allowance in fiscal 2022 for SMWOBA is \$17 million. If that budget amount is approved, that would be \$850,000 for the NIMBL program. This would equate to thirty-four loans at \$25,000 each.

NIMBL provides short-term financing support to qualifying nonprofit entities between the award date of a government contract and the actual receipt date of those awarded funds. Since inception of the program in 2017, 15 loans have been approved and funded for a total of \$339,760. Ten of the loans have been repaid for a total of \$215,260. The Fund was appropriated \$187,500 in FY 2021, and is the same for fiscal 2022. Commerce expected to utilize the entire FY 2021 appropriation, but due to COVID-19, most nonprofits have sought grant funding through other State and Federal programs. Currently there is one approval in Fiscal Year 2021 and no pending applications at this time. Demand for the program in a normal year is between \$100,000 and \$300,000. The current fund balance has generally been sufficient to cover this demand as these are short term bridge loans which are paid back into the fund.

To increase demand for the program, Commerce has been working with its partners at the Maryland Nonprofit Center to communicate the funding availability and flexibility of the NIMBL program to stakeholders. Additionally, Commerce updated its website to include information about NIMBL and created an online Portal for the application submission process. Commerce also created marketing materials for its business development representatives and other partners to distribute during events.

There are over 32,000 nonprofit organizations in the State, ranging from large institutions such as Johns Hopkins University to small daycare centers. As business entities, nonprofits are subject to the requirements of for-profit businesses and are eligible for Commerce assistance subject to eligibility criteria. The primary difference from for-profit businesses is their tax-exempt status. To the extent there is demand from the nonprofit community for these types of loans, having more funds to access would be positive for small nonprofits, but at this time, Commerce has not seen the demand for the program that would justify the significant increase in funding presented in the bill.