



MARYLAND LEGISLATIVE LATINO CAUCUS

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TO: Delegate Dereck E. Davis, Chair
Delegate Kathleen M. Dumais, Vice Chair
Economic Matters Committee Members

FROM: Maryland Legislative Latino Caucus (MLLC)

DATE: February 24, 2021

RE: HB829 Economic Development – Small Business Financing –
Loan Loss Reserve (Maryland Capital Access Program)

The MLLC supports HB829 Economic Development – Small Business Financing – Loan Loss Reserve (Maryland Capital Access Program).

The MLLC is a bipartisan group of Senators and Delegates committed to supporting legislation that improves the lives of Latinos throughout our state. The MLLC is a crucial voice in the development of public policy that uplifts the Latino community and benefits the state of Maryland. Thank you for allowing us the opportunity to express our support of HB829.

Small businesses are the backbone of our economy. They employ a large portion of our workforce and substantially influence job creation. In Maryland, there are nearly [595,000 small businesses](#), and they employ 1.1 million residents. Thousands of these small businesses are minority-owned and have a positive impact in their communities. However, Black and Latino-owned businesses' start up, development, and growth can be stifled by financing barriers. A [2017 U.S. Small Business Administration study](#) reported that minority-owned businesses face significant challenges in accessing financial capital and are more likely to be financially constrained when compared to their non-minority counterparts. One of these challenges is initial assets, including personal wealth. The median wealth level for Black Americans is only [10 percent](#) of the median wealth of Whites and for Latinos just [12 percent](#). Black and Latino-owned businesses are also more likely to be categorized as high credit risk.

As small business owners search for economic opportunities in the current COVID-19 pandemic and its aftermath, Latino owners will need critical assistance. The [2008 Great Recession](#) impacted Latino households greatly and the recovery overlooked them. Latino families have suffered health and financial hardships because COVID-19. As a result, all of this indicates that the current economic crisis will have a similar or worse effect on Latino families and their businesses compared to the 2008 Great Recession.

HB829 establishes the Maryland Capital Access Program in the Department of Commerce. The Program will stimulate opportunities for small businesses that have difficulty in obtaining business financing to access credit by establishing a loan loss reserve program. It will provide financing prospects to ensure the survival and longevity of Maryland small businesses, especially minority-owned businesses.

The MLLC supports this bill and urges a favorable report on HB829.