



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE FINANCE COMMITTEE

SENATE BILL 459 - ECONOMIC DEVELOPMENT – MARYLAND SMALL BUSINESS INNOVATION RESEARCH TECHNICAL ASSISTANCE PROGRAM – ALTERATIONS Sponsor – Senator Feldman

March 2, 2021

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 459, which would alter the purpose of the Maryland Small Business Innovation Research Technical Assistance Program to include providing technical assistance to assist small businesses with attracting and accessing private capital.

Small business growth has been dropping for decades across the country. Between 1978 and 2012, U.S. Census data indicates that small businesses less than a year old as a percentage of overall businesses has decreased by 44 percent. The Brookings Institute established that more businesses are failing than are being started. The U.S. Senate Committee on Small Business and Entrepreneurship reported that the main hurdle for small businesses was a lack of capital, with 41 percent of small businesses citing that reason. These findings were all prior to the COVID-19 outbreak, which has only accelerated negative trends and exacerbated existing small business struggles.

According to the Federal Emergency Management Administration (FEMA), 40% of businesses do not reopen following a disaster. Another 25% percent fail within a year while over 90% fail within two years of being struck by a disaster, according to the U.S. small business administration. These statistics infer that there will be a substantial wave of business closures within the next year, creating significant gaps in industries that new businesses will have to fill. The effects of the coronavirus pandemic have made the growth of new small businesses more important than ever.

The GBC supports this bill's efforts to aid small businesses in attracting and accessing private capital. While federal and state aid packages, programs, tax credits, and loan relief are crucial, Maryland has over 477,000 small businesses, almost all of whom are suffering from the pandemic. Government aid is simply too limited to provide these small businesses with the monies they need. It is therefore important to encourage private investment. Educating and assisting small businesses in attracting and accessing private capital arms them with the tools they need to become more self-sustainable, which has become more important than ever during this crisis.

In the Greater Baltimore Committee report *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, eight core pillars were identified for a competitive business environment. One of these essential pillars is **strategic and effective investments in business growth**. Effective investment includes devoting resources towards educating small business owners in best practices to support themselves. Increasing access to capital for small businesses is a strategic and effective investment that will result in business growth.

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111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

(410) 727-2820 • www.gbc.org

Senate Bill 459 also aligns with two of the key tenets of the GBC's *2021 Legislative Priorities*:

- **Advocacy for policy, funding, and regulatory solutions to accelerate economic recovery with an emphasis on support for small and minority-owned businesses.** Support policies or programs to increase access to capital for small and minority owned businesses including both traditional and non-traditional capital sources (CDFIs, PPP, venture capital, etc.)
- **Advocate for inclusive policies and programs that strengthen economic competitiveness and job creation.** Support a strong and inclusive economic development ecosystem that improves the business climate, creates jobs, and cultivates entrepreneurship.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 459.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.