



TESTIMONY PRESENTED TO THE WAYS AND MEANS COMMITTEE

HOUSE BILL 158 – MARYLAND NEW START ACT 2022

POSITION: SUPPORT

January 26, 2022

The Maryland Technology Development Corporation (TEDCO) is dedicated to economic growth through the fostering of an inclusive entrepreneurial and innovation ecosystem. TEDCO discovers, invests in, and helps build great Maryland based technology companies. Since TEDCO was created in 1998, it sought to find innovative approaches to economic development.

House Bill 158 establishes the Maryland New Start Pilot Program within the Department of Commerce to provide multiyear grants to organizations to create or support existing entrepreneurship development programs to provide assistance to qualifying, formerly imprisoned individuals. Related development programs must include: (1) a business plan competition for imprisoned individuals, (2) reentry services, including a work-readiness program, (3) executive mentoring with local business owners; (4) entrepreneurial training, and (5) in accordance with the requirements of the legislation, access to financing.

TEDCO is focused on the creation and growth of technology-based companies in Maryland. To this end, the proposed Maryland New Start Act of 2022 (HB0158) will be another valuable program to support the launch of new businesses – some of which will likely be technology-based companies. This will provide deal flow to TEDCO's Social Impact Funds. The Social Impact funds provides investments in emerging technology companies led by entrepreneurs who demonstrate a socially or economically disadvantaged background that hinders access to traditional forms of capital and executive networks at the pre-seed stage. Social Impact Funds and TEDCO's other entrepreneurial support programs and ultimately benefit the State through the creation of new jobs and revenues. This is in addition to the various benefits of giving returning citizens an opportunity to make significant economic contributions to the State, to live more stable and productive lives, and to create wealth for themselves.

As an organization that works with many entrepreneurs who are trying to launch businesses, we see the need for initial funding to take a business concept to a prototype or simply to establish a business with a proper legal and financial structure. We have also seen that many entrepreneurs, especially those from underrepresented communities, lack the access to funds – often from friends and family – to take these foundational steps toward launching a business. The loan component of the Maryland New Start Act of 2022 will provide the first

funds needed by the Covered Individuals, who are likely not in a position to fund the launch of a seasoned business concept.

The single largest constraint in Maryland growing its entrepreneurial economy is the number of entrepreneurs willing to take the risk of starting a business and willing to commit to learning how to start a business properly. The Maryland New Start Act of 2022 helps to address this constraint by engaging a new population of entrepreneurs, providing them with the proper training, and giving them the needed resources to get started. The more individuals we can engage in the entrepreneurial process, the more likely we will have successful businesses creating jobs.

TEDCO believes that it is in a position to partner with organizations receiving a grant under the Act. Through such a partnership, TEDCO can offer its expertise and resources associated with entrepreneur training and support. Additionally, TEDCO could be a source of funding for technology-based companies created through the New Start Act. It is for these reasons that TEDCO urges a favorable report on House Bill 24.