



**TESTIMONY PRESENTED TO THE
WAYS AND MEANS COMMITTEE**

**HOUSE BILL – 1095 - ECONOMIC DEVELOPMENT – MARYLAND TECHNOLOGY
DEVELOPMENT CORPORATION – RURAL BUSINESS INNOVATION INITIATIVE FUND**

POSITION: SUPPORT

MARCH 2, 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.

TEDCO supports House Bill 1095 – Economic Development – Maryland Technology Development Corporation – Rural Business Innovation Initiative Fund. House Bill 1095 establishes the Rural Business Innovation Initiative (RBII) Fund in the Maryland Technology Development Corporation (TEDCO) as the successor to the RBII Pre-seed Fund addressed in the TEDCO regulations. The purpose of the fund is to make pre-seed investments in technology-based businesses that maintain principal business operations in rural areas or rural communities. TEDCO must manage and supervise the fund. Beginning in FY2024, this legislation creates an annual \$500,000 fund in TEDCO for investments in Maryland’s rural companies, which might have a challenge competing with urban companies due to potential scalability, but still represent an opportunity for making a significant economic impact in a rural region.

TEDCO supports targeted, as well as state-wide, geographical approaches to investment. TEDCO’s existing Rural Business Innovation Initiative (RBII) that serves the needs of small businesses in rural areas of Maryland. RBII’s Business Mentors from the local areas help enhance technology commercialization activities by providing technical and business assistance to incubator-stage companies and incubators in the targeted counties. The program currently provides project grants and pre-seed investments. The RBII program has been well-received by rural businesses and elected officials and has been successful in providing technical assistance to the entrepreneurs in the rural areas. The hands-on involvement of the Business Mentors and the technical assistance of third-party consultants have been key factors in furthering the growth of these start-up companies.

Since 2018, TEDCO’s Rural Pre-Seed Investment Fund has invested \$25,000 in ten Maryland rural companies for a total of \$250,000. At present, nine of those companies are still in business and combined they have raised well over \$20 million in follow-on funding. In fiscal 2021, due to Covid, Business Mentors shifted from in-person mentoring to primarily mentoring via Zoom and other communication platforms. Despite this change, they actively supported 106 companies resulting in 1,196 hours of mentoring.

At a funding level of \$500 thousand, as provided by the legislation, the number of awards TEDCO could make would grow to include 10 – 12 investments of \$25,000 to \$50,000 in rural companies in Maryland each year. The additional investment will have a meaningful impact, equipping TEDCO to better serve the rural areas of Maryland that struggle with the availability of pre-seed investment dollars. This investment, combined with TEDCO’s strong mentor program will help support local entrepreneurs and economic development in rural areas. For these reasons, **TEDCO supports HB 1095 and requests a favorable report.**