

HOUSE BILL 844

C8

5lr2157

By: **Delegates Branch, Barron, Brooks, Carter, C. Howard, Jones, Kipke, McCray, Morales, Morhaim, Oaks, Pena–Melnik, B. Robinson, Rosenberg, Vaughn, M. Washington, and C. Wilson**

Introduced and read first time: February 13, 2015

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Small Business Development Financing Authority – Small Business**
3 **Surety Bond Program**

4 FOR the purpose of increasing the maximum amount that the Maryland Small Business
5 Development Financing Authority may guarantee a surety under the Small Business
6 Surety Bond Program; increasing the maximum amount of certain bonds that the
7 Financing Authority may execute and perform as a surety under its surety program;
8 and generally relating to the Maryland Small Business Development Financing
9 Authority.

10 BY repealing and reenacting, with amendments,
11 Article – Economic Development
12 Section 5–568 and 5–569
13 Annotated Code of Maryland
14 (2008 Volume and 2014 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Economic Development**

18 5–568.

19 (a) The Authority may guarantee a surety up to the lesser of 90% or **[\$1,350,000]**
20 **\$2,250,000** of its loss under a bid bond, payment bond, or performance bond on a contract
21 financed by the federal government, a state government, a local government, a private
22 entity, or a utility that the Public Service Commission regulates.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) The term of a guaranty under this part may not exceed the contract term,
2 including:

3 (1) the maintenance or warranty period required by the contract; and

4 (2) the period during which the surety may be liable for latent defects.

5 (c) The Authority may vary the terms and conditions of a guaranty based on:

6 (1) the Authority's history of experience with a surety; and

7 (2) any other factor the Authority considers relevant.

8 5-569.

9 (a) The Authority may execute and perform a bid bond, performance bond, and
10 payment bond as a surety for the benefit of a principal in connection with a contract
11 financed by the federal government or a state government, a local government, a private
12 entity, or a utility regulated by the Public Service Commission.

13 (b) (1) This subsection does not apply if the sources of funding for the bonds
14 are grants.

15 (2) The bonds may not exceed ~~[\$1,000,000]~~ **\$2,500,000** each.

16 (c) Bonds are subject to the approval of the Authority based on the bond
17 worthiness of the principal.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
19 1, 2015.