

## Chapter 390

**(Senate Bill 896)**

AN ACT concerning

**Military Personnel and Veteran–Owned Small Business No–Interest Loan Program and Fund**

FOR the purpose of establishing the Military Personnel and Veteran–Owned Small Business No–Interest Loan Fund as a special, nonlapsing fund; specifying the purpose of the Fund; requiring the Secretary of Business and Economic Development to administer the Fund; requiring the Department of Business and Economic Development, in consultation with the Department of Veterans Affairs, in making loans, to give priority to certain businesses under certain circumstances; requiring the Department of Business and Economic Development, in consultation with the Department of Veterans Affairs, in making loans, to consider how to maximize the number of veterans, military reservists, and National Guard personnel who would benefit from loans made under the program; requiring the State Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying the contents of the Fund; specifying the purpose for which the Fund may be used; exempting the Fund from a certain provision of law requiring interest on State money in special funds to accrue to the General Fund of the State; defining a certain term; and generally relating to the Military Personnel and Veteran–Owned Small Business No–Interest Loan Program and Fund.

BY repealing and reenacting, with amendments,  
 Article – Economic Development  
 Section ~~5–1001~~, ~~5–1002~~, and 5–1006  
 Annotated Code of Maryland  
 (2008 Volume and 2014 Supplement)

BY repealing and reenacting, without amendments,  
 Article – Economic Development  
 Section ~~5–1002~~ 5–1003 through 5–1005  
 Annotated Code of Maryland  
 (2008 Volume and 2014 Supplement)

BY adding to  
 Article – Economic Development  
 Section 5–1006  
 Annotated Code of Maryland  
 (2008 Volume and 2014 Supplement)

BY repealing and reenacting, without amendments,  
Article – State Finance and Procurement  
Section 6–226(a)(2)(i)

Annotated Code of Maryland  
(2009 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,  
Article – State Finance and Procurement  
Section 6–226(a)(2)(ii)81. and 82.  
Annotated Code of Maryland  
(2009 Replacement Volume and 2014 Supplement)

BY adding to  
Article – State Finance and Procurement  
Section 6–226(a)(2)(ii)83.  
Annotated Code of Maryland  
(2009 Replacement Volume and 2014 Supplement)

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

**Article – Economic Development**

5–1001.

(a) In this subtitle the following words have the meanings indicated.

**(B) “FUND” MEANS THE MILITARY PERSONNEL AND VETERAN–OWNED SMALL BUSINESS NO–INTEREST LOAN FUND ESTABLISHED UNDER § 5–1006 OF THIS SUBTITLE.**

**[(b)] (C)** “Service–disabled veteran” means a veteran with a disability that is service–connected, as defined in 38 U.S.C. § 101(16).

**[(c)] (D)** (1) “Small business employer” means an employer who employed an average of 50 or fewer employees on business days during the calendar year preceding the determination of eligibility for a loan under this subtitle.

(2) For purposes of paragraph (1) of this subsection, all persons treated as a single employer under § 414(b), (c), (m), or (o) of the Internal Revenue Code shall be treated as a single employer under this subtitle.

**[(d)] (E)** “Veteran–owned small business” means a small business that is at least 51% owned by a veteran as defined in 38 U.S.C. § 101(2).

5–1002.

**(A)** Subject to the availability of funds, the Department, in consultation with the Department of Veterans Affairs, shall establish a program to provide no-interest loans under this subtitle to:

- (1) small business employers of military reservists and National Guard personnel who are called to active duty;
- (2) businesses owned by military reservists and National Guard personnel who are called to active duty;
- (3) veteran-owned small businesses; and
- (4) businesses employing a service-disabled veteran.

**(B) IF THE AVAILABILITY OF FUNDS IS LIMITED, IN MAKING LOANS UNDER THIS SUBTITLE, THE DEPARTMENT, IN CONSULTATION WITH THE DEPARTMENT OF VETERANS AFFAIRS, SHALL GIVE PRIORITY TO THE BUSINESSES DESCRIBED IN SUBSECTION (A)(2) AND (3) OF THIS SECTION.**

**(C) IN MAKING LOANS UNDER THIS SUBTITLE, THE DEPARTMENT, IN CONSULTATION WITH THE DEPARTMENT OF VETERANS AFFAIRS, SHALL TAKE INTO CONSIDERATION HOW TO MAXIMIZE THE NUMBER OF VETERANS, MILITARY RESERVISTS, AND NATIONAL GUARD PERSONNEL WHO WOULD BENEFIT FROM LOANS MADE UNDER THIS SUBTITLE.**

5-1003.

Loans shall be made under this subtitle for the purposes of:

- (1) providing financial support to:
  - (i) a business owned by a military reservist or National Guard member who is called to active duty; or
  - (ii) a small business employer of a military reservist or National Guard member who is called to active duty;
- (2) making the home, motor vehicle, or place of employment of a veteran accessible to individuals with disabilities, including purchasing equipment necessary to enable a business to employ a service-disabled veteran or to enable a service-disabled veteran to operate a business; and
- (3) defraying other necessary expenses, as determined by the Department of Veterans Affairs, incurred by:
  - (i) a business employing a service-disabled veteran; or

- (ii) a veteran-owned small business.

5-1004.

(a) A loan made under this subtitle for the purpose of providing financial support to a business owned by an individual who is called to active duty or to a small business employer of an individual who is called to active duty:

(1) may be made at any time from the individual's receipt of orders to report to 6 months after the end of the individual's active duty; and

(2) shall be subject to criteria for eligibility and priority established by the Department of Veterans Affairs, including the extent to which the individual who is called to active duty is an essential employee of the business.

(b) A loan made under this subtitle for the purpose of making accessible to individuals with disabilities the home, motor vehicle, or place of employment of a service-disabled veteran may be made at any time.

5-1005.

(a) The Department shall administer the loan program authorized under this subtitle.

(b) The Department of Veterans Affairs shall establish eligibility criteria for loans under this subtitle.

5-1006.

**(A) THERE IS A MILITARY PERSONNEL AND VETERAN-OWNED SMALL BUSINESS NO-INTEREST LOAN FUND.**

**(B) THE PURPOSE OF THE FUND IS TO PROVIDE NO-INTEREST LOANS CONSISTENT WITH THIS SUBTITLE.**

**(C) THE SECRETARY SHALL ADMINISTER THE FUND.**

**(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

**(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

(3) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(E) THE FUND CONSISTS OF:

(1) MONEY THE STATE APPROPRIATES TO THE FUND;

(2) MONEY MADE AVAILABLE TO THE FUND THROUGH FEDERAL PROGRAMS OR PRIVATE CONTRIBUTIONS;

(3) REPAYMENTS FROM LOANS PROVIDED BY THE DEPARTMENT UNDER THIS SUBTITLE;

(4) PROCEEDS FROM THE SALE, DISPOSITION, LEASE, OR RENTAL OF COLLATERAL RELATED TO LOANS PROVIDED BY THE DEPARTMENT UNDER THIS SUBTITLE; AND

(5) ANY OTHER MONEY MADE AVAILABLE TO THE FUND.

(F) THE DEPARTMENT MAY USE MONEY IN THE FUND TO PROVIDE LOANS TO ELIGIBLE APPLICANTS UNDER §§ 5-1002 THROUGH 5-1004 OF THIS SUBTITLE.

[5-1006.] 5-1007.

(a) The Department shall adopt regulations to carry out this subtitle.

(b) The Department of Veterans Affairs may adopt regulations concerning eligibility criteria for loans under this subtitle.

**Article – State Finance and Procurement**

6-226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

81. the Cybersecurity Investment Fund; [and]

82. the Northeastern Maryland Additive Manufacturing Innovation Authority Fund; AND

83. THE MILITARY PERSONNEL AND VETERAN-OWNED SMALL BUSINESS NO-INTEREST LOAN FUND.

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

**Approved by the Governor, May 12, 2015.**