
By: **Delegates McHale, Guns, Hammen, Billings, Hubbard, Stup,
Klausmeier, Morhaim, T. Murphy, and Oaks**

Introduced and read first time: February 13, 1998

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 1998

CHAPTER _____

1 AN ACT concerning

2 **Small Business Pollution Compliance Loan Fund**

3 FOR the purpose of establishing a Small Business Pollution Compliance Loan Fund;
4 providing for the purposes and administration of the Fund; authorizing the
5 Board of Public Works to award certain loans to certain persons for certain
6 purposes from the Fund; requiring the Department of the Environment to adopt
7 certain regulations; providing certain standards for certain loans; requesting the
8 Governor to provide certain funding for the Fund; defining certain terms;
9 providing for a delayed effective date; and generally relating to the Small
10 Business Pollution Compliance Loan Fund.

11 BY adding to

12 Article - Environment

13 Section 2-801 through 2-806, to be under the new subtitle "Subtitle 8. Small

14 Business Pollution Compliance Loan Fund"

15 Annotated Code of Maryland

16 (1996 Replacement Volume and 1997 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

18 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Environment**2 SUBTITLE 8. SMALL BUSINESS POLLUTION COMPLIANCE LOAN FUND.

3 2-801.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.6 (B) "FUND" MEANS THE SMALL BUSINESS POLLUTION COMPLIANCE LOAN
7 FUND ESTABLISHED UNDER THIS SUBTITLE.8 (C) "SMALL BUSINESS" MEANS AN ENTERPRISE THAT EMPLOYS 25 OR FEWER
9 FULL-TIME EMPLOYEES.

10 2-802.

11 (A) THERE IS A SMALL BUSINESS POLLUTION COMPLIANCE LOAN FUND.12 (B) (1) THE FUND SHALL BE MAINTAINED AND ADMINISTERED BY THE
13 DEPARTMENT IN ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE AND
14 REGULATIONS OF THE SECRETARY AND THE BOARD OF PUBLIC WORKS.15 (2) THE FUND IS A SPECIAL, CONTINUING, NONLAPSING FUND WHICH IS
16 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE AND
17 WHICH SHALL BE AVAILABLE IN PERPETUITY FOR THE PURPOSE OF PROVIDING
18 FINANCIAL ASSISTANCE IN ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE.19 (3) THE TREASURER SHALL SEPARATELY HOLD, AND THE
20 COMPTROLLER SHALL ACCOUNT FOR, THE FUND.21 (4) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME
22 MANNER AS OTHER STATE FUNDS.

23 (C) THE FUND CONSISTS OF:

24 (1) FUNDS APPROPRIATED BY THE GENERAL ASSEMBLY FOR DEPOSIT
25 TO THE FUND;26 (2) PAYMENTS RECEIVED FROM ANY BORROWER IN REPAYMENT OF A
27 LOAN;28 (3) INTEREST OR OTHER INCOME EARNED ON THE INVESTMENT OF
29 MONEYS IN THE FUND; AND30 (4) ANY ADDITIONAL MONEYS MADE AVAILABLE FROM ANY SOURCES,
31 PUBLIC OR PRIVATE, FOR THE PURPOSES FOR WHICH THE FUND HAS BEEN
32 ESTABLISHED.33 (D) THE FUND SHALL BE USED TO PROVIDE LOANS TO OWNERS OF SMALL
34 BUSINESSES TO FINANCE ELIGIBLE COSTS OF UPGRADING AND REPLACING CAPITAL

1 EQUIPMENT TO COMPLY WITH AIR EMISSION STANDARDS, INCLUDING THE
2 PURCHASE AND INSTALLATION OF AIR POLLUTION CONTROL EQUIPMENT AND THE
3 PURCHASE AND INSTALLATION OF EQUIPMENT TO MAKE OPERATIONAL CHANGES
4 RELATED TO AIR POLLUTION CONTROL AND TO MODIFY PRODUCTION PRACTICES
5 RELATED TO AIR POLLUTION CONTROL.

6 (E) TO THE EXTENT PROVIDED IN THE STATE BUDGET AND IN AN AMOUNT
7 NOT TO EXCEED 3% OF THE REVENUES IN THE FUND DURING THE FISCAL YEAR, THE
8 COSTS OF ADMINISTERING THE FUND SHALL BE PAID FROM STATE MONEYS
9 APPROPRIATED TO THE FUND.

10 2-803.

11 THE BOARD OF PUBLIC WORKS, UPON THE RECOMMENDATION OF THE
12 SECRETARY, MAY AWARD A LOAN FROM THE FUND TO AN OWNER OF A SMALL
13 BUSINESS TO COVER THE COSTS OF CAPITAL EQUIPMENT UPGRADE OR
14 REPLACEMENT COSTS NECESSARY TO MEET THE TECHNICAL REQUIREMENTS FOR
15 EMISSION STANDARDS UNDER REGULATIONS ADOPTED BY THE ENVIRONMENTAL
16 PROTECTION AGENCY UNDER THE FEDERAL CLEAN AIR ACT OR BY THE
17 DEPARTMENT UNDER THE STATE IMPLEMENTATION PLAN, INCLUDING THE
18 PURCHASE AND INSTALLATION OF AIR POLLUTION CONTROL EQUIPMENT AND THE
19 PURCHASE AND INSTALLATION OF EQUIPMENT TO MAKE OPERATIONAL CHANGES
20 RELATED TO AIR POLLUTION CONTROL AND TO MODIFY PRODUCTION PRACTICES
21 RELATED TO AIR POLLUTION CONTROL.

22 2-804.

23 (A) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE
24 PROVISIONS OF THIS SUBTITLE.

25 (B) (1) THE REGULATIONS ADOPTED UNDER THIS SUBTITLE SHALL
26 ESTABLISH APPLICATION PROCEDURES AND CRITERIA FOR THE AWARD OF A LOAN
27 UNDER THIS SUBTITLE.

28 (2) THE CRITERIA SHALL PROVIDE A BASIS FOR THE PRIORITY RANKING
29 OF PROJECTS, AND SHALL INCLUDE:

30 (I) THE FINANCIAL CAPACITY AND FISCAL ACCOUNTABILITY OF
31 THE APPLICANT;

32 (II) THE LOCATION OF THE SMALL BUSINESS FACILITY AND THE
33 DEGREE TO WHICH THE FACILITY CONTRIBUTES TO NONATTAINMENT OF AMBIENT
34 AIR QUALITY STANDARDS IN THE AREA;

35 (III) PREVIOUS EFFORTS EXPENDED TO CORRECT ANY EXISTING
36 ~~ENVIRONMENTAL~~ AIR POLLUTION PROBLEM AND TO MAINTAIN COMPLIANCE WITH
37 STATE AND FEDERAL REGULATIONS RELATED TO AIR POLLUTION;

38 (IV) MEASURES TO ASSURE ACCOUNTABILITY FOR ALL FUNDS
39 AWARDED UNDER THIS SUBTITLE; AND

1 (V) ANY OTHER CRITERIA THAT THE SECRETARY CONSIDERS
2 APPROPRIATE.

3 (C) THE REGULATIONS ADOPTED UNDER THIS SUBTITLE SHALL REQUIRE THE
4 RECIPIENT OF A LOAN UNDER THIS SUBTITLE TO PROVIDE THE DEPARTMENT WITH
5 DOCUMENTATION THAT THE PROCEEDS OF THE LOAN WERE APPLIED IN
6 ACCORDANCE WITH § 2-803 OF THIS SUBTITLE AND THE LOAN AGREEMENT.

7 2-805.

8 (A) (1) A LOAN AGREEMENT UNDER THIS SUBTITLE SHALL CONTAIN THOSE
9 CONDITIONS THAT THE SECRETARY REQUIRES BY REGULATION TO ACHIEVE THE
10 PURPOSES OF THIS SUBTITLE AND TO PROTECT THE INTERESTS OF THE STATE.

11 (2) A LOAN AGREEMENT UNDER THIS SUBTITLE SHALL CONTAIN
12 PROVISIONS THAT AUTHORIZE THE SECRETARY TO RECALL THE LOAN AND REQUIRE
13 THAT ANY AMOUNT OF FINANCIAL ASSISTANCE PROVIDED UNDER THIS SUBTITLE
14 BE RETURNED TO THE STATE UNDER TERMS ESTABLISHED BY THE SECRETARY, IF
15 THE SECRETARY DETERMINES THAT:

16 (I) THE RECIPIENT OF A LOAN UNDER THIS SUBTITLE FAILS TO
17 REMAIN IN COMPLIANCE WITH ANY LAW OR REGULATION GOVERNING THE
18 INSTALLATION, OPERATION, OR USE OF CAPITAL EQUIPMENT FINANCED BY THE
19 LOAN AND SUBJECT TO ~~A PERMIT TO OPERATE~~ REQUIREMENTS UNDER THIS TITLE;
20 OR

21 (II) THE PROCEEDS OF A LOAN PROVIDED UNDER THIS SUBTITLE
22 HAVE BEEN USED FOR A PURPOSE OTHER THAN ONE AUTHORIZED UNDER THIS
23 SUBTITLE.

24 (3) ANY FUNDS RETURNED TO THE STATE UNDER THIS SUBSECTION
25 SHALL BE CREDITED TO THE SMALL BUSINESS POLLUTION COMPLIANCE LOAN
26 FUND.

27 (B) A LOAN EXTENDED UNDER THIS SUBTITLE:

28 (1) MAY NOT EXCEED \$50,000 FOR ANY ONE UPGRADE OR
29 REPLACEMENT;

30 (2) SHALL BEAR AT LEAST THE SAME RATE OF INTEREST AS THE MOST
31 RECENT STATE GENERAL OBLIGATION BOND SALE PRECEDING THE DATE OF
32 APPROVAL BY THE BOARD OF PUBLIC WORKS; AND

33 (3) SHALL BE REPAID IN FULL IN A TERM NOT TO EXCEED 15 YEARS IN
34 ACCORDANCE WITH THE PROVISIONS OF THE LOAN AGREEMENT.

35 (C) THE AGGREGATE AMOUNT OF ALL LOANS AWARDED UNDER THIS
36 SUBTITLE TO A SINGLE APPLICANT IN ANY CALENDAR YEAR MAY NOT EXCEED
37 \$100,000, UNLESS THE SECRETARY DETERMINES THAT EXTRAORDINARY
38 CIRCUMSTANCES EXIST.

1 (D) THE PROCEEDS OF A LOAN AWARDED UNDER THIS SUBTITLE MAY BE
2 APPLIED TO THE COSTS OF DEVELOPING PLANS AND SPECIFICATIONS, EQUIPMENT,
3 INSTALLATION, AND CONSTRUCTION RELATED TO THE UPGRADING AND REPLACING
4 OF CAPITAL EQUIPMENT OF A SMALL BUSINESS FACILITY TO COMPLY WITH AIR
5 EMISSION STANDARDS.

6 2-806.

7 TO BE ELIGIBLE FOR A LOAN UNDER THIS SUBTITLE, A SMALL BUSINESS
8 OWNER SHALL:

9 (1) SUBMIT A COMPLETED LOAN PROCESSING FORM TO THE
10 DEPARTMENT; AND

11 (2) MEET ELIGIBILITY CRITERIA ESTABLISHED BY THE DEPARTMENT
12 THROUGH REGULATION.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Governor is
14 requested to include initial funding for the Small Business Pollution Compliance
15 Loan Fund established under this Act in the amount of \$750,000 in the State Budgets
16 in each of the fiscal years 1999 and 2000.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 ~~June 1, 1998~~ July 1, 1999.