
By: **Senator Baker**

Introduced and read first time: February 3, 1999

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development Opportunities ("Sunny Day") Program Fund -**
3 **Default**

4 FOR the purpose of requiring that a certain contractual agreement between an
5 executive agency and a recipient of funds from the Economic Development
6 Opportunities Program Fund contain a certain provision in the event of default;
7 and generally relating to the Economic Development Opportunities Program
8 Fund.

9 BY repealing and reenacting, without amendments,
10 Article - State Finance and Procurement
11 Section 7-314(a)(1) and (3)
12 Annotated Code of Maryland
13 (1995 Replacement Volume and 1998 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - State Finance and Procurement
16 Section 7-314(h)
17 Annotated Code of Maryland
18 (1995 Replacement Volume and 1998 Supplement)

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

21 **Article - State Finance and Procurement**

22 7-314.

23 (a) (1) In this section the following words have the meanings indicated.

24 (3) (i) "Performance requirement" means a contractual agreement
25 between an executive agency and a Fund recipient that requires the Fund recipient to
26 meet minimum economic development outcomes in exchange for a grant or a loan
27 under this section.

1 (ii) "Performance requirement" includes claw-back, penalty,
2 rescission, and recalibration clauses that utilize job creation, capital investment, and
3 other measures of economic development.

4 (h) Except as provided in subsection (i) of this section, any funds transferred
5 from the Economic Development Opportunities Program Fund shall be used only for
6 extraordinary economic development opportunities that:

7 (1) meet the criteria provided in this section;

8 (2) include performance requirements; and

9 (3) in addition to the performance requirements under paragraph (2) of
10 this subsection, include a performance requirement that utilizes a claw-back
11 provision AND A PROVISION THAT REQUIRES, IN THE EVENT OF DEFAULT, THE
12 PAYMENT OF INTEREST AT A RATE AT LEAST EQUAL TO THE PRIME RATE IN EFFECT
13 AT THE TIME OF DEFAULT PLUS 1% ON THE LOAN BALANCE OUTSTANDING AT THE
14 TIME OF DEFAULT.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 1999.