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By: Delegates Harrison, Fulton, Kirk, C. Davis, Krysiak, Dobson, McHale,

Cole, and Rawlings

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A BILL ENTITLED

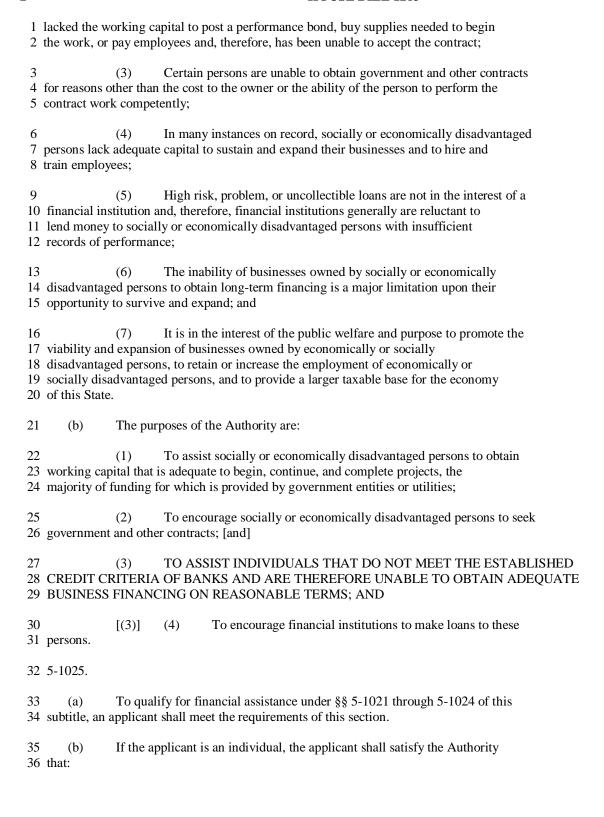
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1	AN	ACT	concerning

2 Maryland Small Business Development Financing Authority

- 3 FOR the purpose of establishing that one purpose of the Maryland Small Business
- 4 Development Financing Authority (MSBDFA) is to assist individuals who do not
- 5 meet the established credit criteria of banks and are therefore unable to obtain
- 6 adequate business financing on reasonable terms; establishing that an
- 7 individual who lacks sufficient liquidity or tangible assets to obtain business
- 8 financing in the form of a bank loan qualifies as lacking financial capacity under
- 9 the standards for applicants seeking to qualify for Contract Financing Fund
- Financial Assistance; altering the maximum amount of an MSBDFA loan that
- may be guaranteed using the Guaranty Fund; and generally relating to
- 12 MSBDFA financial assistance.
- 13 BY repealing and reenacting, with amendments,
- 14 Article 83A Department of Business and Economic Development
- 15 Section 5-1002, 5-1025, and 5-1029(a)
- 16 Annotated Code of Maryland
- 17 (1998 Replacement Volume and 2000 Supplement)
- 18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 19 MARYLAND, That the Laws of Maryland read as follows:

20 Article 83A - Department of Business and Economic Development

- 21 5-1002.
- 22 (a) The General Assembly finds that:
- 23 (1) The inability of socially or economically disadvantaged persons to
- 24 obtain working capital is a major limitation on their opportunity to win and perform
- 25 government and other contracts;
- 26 (2) In many instances on record, a socially or economically
- 27 disadvantaged person has been awarded a government or other contract, but has



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1	(1) The applicant is of good moral character;			
	(2) As determined from creditors, employers, and other individuals who have personal knowledge of the applicant, the applicant has a reputation for financial responsibility;			
5 6	(3) The applicant is a resident of Maryland or the applicant's principal place of business is in Maryland; and			
7 8	(4) The applicant is unable to obtain adequate business financing on reasonable terms through normal lending channels because the applicant:			
	(i) Belongs to a group that historically has been deprived of access to normal economic or financial resources because of race, color, creed, sex, religion, or national origin;			
14	(ii) Has an identifiable physical handicap that severely limits the ability of the applicant to obtain financial assistance, but does not limit the ability of the applicant to perform the contract or other activity for which the applicant would be receiving financial assistance; or			
18 19 20	(iii) Has any other social or economic impediment [that is beyond the personal control of the applicant, such as lack of formal education or financial capacity or geographical or regional economic distress but] that does not limit the ability of the applicant to perform the contract or other activity for which the applicant would be receiving financial assistance AND THAT IS BEYOND THE PERSONAL CONTROL OF THE APPLICANT, SUCH AS:			
22	1. LACK OF FORMAL EDUCATION;			
23	2. GEOGRAPHICAL OR REGIONAL ECONOMIC DISTRESS; OR			
	3. LACK OF FINANCIAL CAPACITY, INCLUDING A LACK OF SUFFICIENT LIQUIDITY OR TANGIBLE ASSETS TO OBTAIN FROM A BANK ADEQUATE BUSINESS FINANCING ON REASONABLE TERMS.			
	(c) If the applicant is other than a sole proprietorship, at least 70 percent of the business enterprise shall be owned by individuals who meet the qualifications for applicants under subsection (b) of this section.			
	(d) In addition to the other requirements of this section, an applicant for a guarantee of a loan shall have applied for and been denied a loan by a financial institution.			
33	5-1029.			
	34 (a) The Authority may utilize the Guaranty Fund to guarantee up to 80 35 percent of the principal of and interest on a long-term loan made by a financial 36 institution to an applicant only if:			

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