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2001 Regular Session 1lr1916

By: Senators Middleton and Hafer

Introduced and read first time: February 2, 2001

Assigned to: Budget and Taxation

1 AN ACT concerning

3

A BILL ENTITLED

2	Business and Economic Development - Maryland Competitive Advantage

Financing Fund

- 4 FOR the purpose of repealing the termination date of certain provisions of law related
- to the Maryland Competitive Advantage Financing Fund; eliminating the
- 6 requirement that an application for financial assistance from the Fund must
- 7 include certain information related to the financial responsibility of the
- 8 applicant and the owners of the applicant; extending the maximum duration for
- 9 certain loans; removing a defined period of extension for the extension of the
- terms of certain loans, subject to certain limitations; making technical changes;
- and generally relating to the Maryland Competitive Advantage Financing Fund
- in the Department of Business and Economic Development.
- 13 BY repealing and reenacting, with amendments,
- 14 Chapter 299 of the Acts of the General Assembly of 1999
- 15 Section 3
- 16 BY repealing and reenacting, with amendments,
- 17 Article 83A Department of Business and Economic Development
- 18 Section 5-1303 and 5-1304
- 19 Annotated Code of Maryland
- 20 (1998 Replacement Volume and 2000 Supplement)
- 21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 22 MARYLAND, That the Laws of Maryland read as follows:

23 Chapter 299 of the Acts of 1999

- 24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 25 July 1, 1999. [It shall remain effective for a period of 2 years and, at the end of June
- 26 30, 2001, with no further action required by the General Assembly, this Act shall be
- 27 abrogated and of no further force and effect.]
- 28 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
- 29 read as follows:

1			Article	83A - Department of Business and Economic Development				
2	5-1303.							
3	(a)	The Dep	The Department may use moneys in the Fund to:					
4		(1)	Provide	financial assistance to eligible applicants; and				
5 6	services for t	(2) the Fund.	Pay expenses for administrative, actuarial, legal, and technical					
7 8	(b) financial assi	Subject to the restrictions of this subtitle, the Department may provide assistance from the Fund to a business that:						
9		(1)	Is a sma	ll business;				
10 11	0 (2) Has made reasonable efforts to obtain financial assistance on 1 reasonable terms from other sources; and							
12		(3)	Meets th	ne qualifications required by this subtitle.				
13 14	(c) To apply for financial assistance, an applicant shall submit an application to the Department on the form that the Department requires.							
15	(d)	The app	The application shall include:					
16		(1)	A detail	ed business plan, including:				
17			(i)	An itemization of known and estimated costs;				
18			(ii)	The total amount of investment required; and				
19 20	Department	;	(iii)	The amount of financial assistance requested from the				
21 22	assistance fr	(2) com the D	The amount of funds available to the applicant without financial Department;					
23 24	including:	(3)	Informa	tion relating to the financial status of the applicant,				
25			(i)	A current balance sheet;				
26			(ii)	A profit and loss statement;				
27			(iii)	Credit references; and				
	responsible[its owners:	, includir	(iv) ng a state	Evidence that the applicant and the owners are financially ment or evidence that neither the applicant nor any of				

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1 2	application;		1.	Has filed for bankruptcy in the 7 years preceding the				
3			2.	Has any existing liens or judgments; and				
4 5	paid when due];		3.	Currently owes any State or federal taxes that were not				
6 7	(4) applicant, including:	Informa	tion show	wing the financial status of each owner of the				
8		(i)	A curre	nt balance sheet;				
9		(ii)	An inco	ome statement; and				
10		(iii)	Credit r	eferences;				
11 12	1 (5) Evidence that the applicant has made reasonable efforts to obtain 2 financial assistance on reasonable terms from other sources; and							
13	(6)	Any oth	ier releva	nt information that the Department requests.				
14	5-1304.							
	Except as provided in this subtitle, the Department may set the terms and conditions for loans, loan guarantees, and any other financial assistance provided under this subtitle.							
18 19	8 (b) The Department may require any security or guarantee for financial 9 assistance as it deems appropriate.							
20 21	0 (c) The amount of any financial assistance shall not be less than \$10,000 and 1 shall not exceed \$100,000.							
22 23	2 (d) (1) Except as provided in paragraph (2) of this subsection, the term of any loan or other financial assistance may not exceed 10 years.							
	4 (2) If more than 50% of the proceeds of a loan made from the Fund are 5 used for working capital, the term of the loan may not exceed [1 year] 3 YEARS, 6 unless[:							
29	(i) At], AT the end of [1 year] 3 YEARS, the Department reviews the [borrowers'] BORROWER'S performance and financial condition and determines that [a 1-year], SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, AN extension of the term is appropriate[; and							
			nal year,	ase of a loan term that is extended for an additional the Department repeats the review and tension is appropriatel.				

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- 1 (3) The term of a loan made under paragraph (2) of this subsection may 2 not exceed [3] 5 years.
- 3 (e) The applicant must provide at least 10% of the total project costs or capital 4 needed.
- 5 (f) Funds made available through financial assistance may be used only to 6 finance costs incurred for:
- 7 (1) Acquisition or construction of a building or real estate;
- 8 (2) Acquisition, construction, or installation of machinery, equipment,
- 9 furnishings, fixtures, leasehold improvements, or site improvements; or
- 10 (3) Working capital.
- 11 (g) If an applicant violates any provision of the financial assistance documents
- 12 or ceases to meet the requirements of this subtitle, the Department may:
- 13 (1) Withhold from the applicant further advances of financial assistance 14 until the applicant complies with the agreement or requirements; and
- 15 (2) Exercise any other remedy for which the financial assistance 16 documents provide.
- 17 (h) The Department shall adopt regulations necessary to carry out the 18 provisions of this subtitle.
- 19 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall 20 take effect July 1, 2001.
- 21 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
- 22 Section 3 of this Act, this Act shall take effect June 1, 2001.