

HOUSE BILL 958

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By: **Delegates Vaughn, Anderson, Barnes, Braveboy, Davis, Feldman, Howard, Ivey, Levi, Love, Manno, Minnick, Proctor, Rice, Ross, Taylor, Valderrama, and Walker**

Introduced and read first time: February 9, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Business and Economic Development – Maryland Small**
3 **Business Development Financing Authority – Small Business Investment**
4 **Companies**

5 FOR the purpose of authorizing the Department of Business and Economic
6 Development to contract with two or more private companies to administer the
7 programs of the Maryland Small Business Development Financing Authority;
8 specifying that, if the Department contracts with companies to administer
9 certain programs, the Department is required to contract with at least one
10 company in the Baltimore metropolitan region and at least one company in the
11 Maryland portion of the Washington metropolitan region and is required to
12 ensure that each company with which it contracts administers all of the
13 programs of the Authority; authorizing the Department to extend and renew
14 certain contracts with certain companies under certain circumstances; repealing
15 a certain definition; and generally relating to the Maryland Small Business
16 Development Financing Authority.

17 BY repealing and reenacting, with amendments,
18 Article 83A – Department of Business and Economic Development
19 Section 5–1001 and 5–1009
20 Annotated Code of Maryland
21 (2003 Replacement Volume and 2006 Supplement)

22 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article 83A – Department of Business and Economic Development
2 Section 5–1003
3 Annotated Code of Maryland
4 (2003 Replacement Volume and 2006 Supplement)

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

7 **Article 83A – Department of Business and Economic Development**

8 5–1001.

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

10 (b) “Authority” means the Maryland Small Business Development Financing
11 Authority.

12 (c) “Department” means the Department of Business and Economic
13 Development.

14 (d) [“Authority staff” means any of the individuals who are employed by the
15 Department to operate the programs of the Maryland Small Business Development
16 Financing Authority immediately prior to the execution by the Department of a
17 contract with the private corporation organized by any of those individuals.

18 (e) [“Financial institution” means any financial institution as that term is
19 defined in § 1–101(i) of the Financial Institutions Article as well as any other lender
20 approved by the Authority.

21 [(f)] (E) “Contract Financing Fund” means the Small Business
22 Development Contract Financing Fund.

23 [(g)] (F) “Loan documents” means any instrument or agreement evidencing,
24 securing, or guaranteeing the payment or the repayment of a loan, including by way of
25 example any note, financing statement, mortgage, pledge, assignment, loan and
26 security agreement, or guarantee.

27 [(h)] (G) “Secretary” means the Secretary of Business and Economic
28 Development.

29 [(i)] (H) “Guaranty Fund” means the Small Business Development
30 Guaranty Fund.

1 [(j)] (I) “Working capital” means funds used to meet the cash needs of an
2 operating business entity, excluding capital purchases.

3 5–1003.

4 There is a Maryland Small Business Development Financing Authority in the
5 Department of Business and Economic Development.

6 5–1009.

7 (a) The Authority exercises its powers and performs its duties subject to the
8 authority of the Secretary.

9 (b) (1) The Department may contract for and engage the services of [some
10 or all of the Authority staff, who shall have organized themselves as a private
11 Maryland corporation,] **TWO OR MORE PRIVATE COMPANIES** to administer the
12 programs of the Maryland Small Business Development Financing Authority for a
13 period of 3 years.

14 (2) **IF THE DEPARTMENT CONTRACTS FOR AND ENGAGES THE**
15 **SERVICES OF PRIVATE COMPANIES UNDER PARAGRAPH (1) OF THIS**
16 **SUBSECTION, FOR THE PURPOSE OF COORDINATING SMALL BUSINESS**
17 **DEVELOPMENT IN EACH AREA, THE DEPARTMENT SHALL:**

18 (I) **CONTRACT WITH:**

19 **1. AT LEAST ONE COMPANY LOCATED IN THE**
20 **BALTIMORE METROPOLITAN REGION; AND**

21 **2. AT LEAST ONE COMPANY LOCATED IN THE**
22 **MARYLAND PORTION OF THE WASHINGTON METROPOLITAN REGION; AND**

23 (II) **ENSURE THAT EACH COMPANY WITH WHICH IT**
24 **CONTRACTS ADMINISTERS ALL OF THE PROGRAMS OF THE AUTHORITY.**

25 (3) The Department may:

26 (i) Extend the expiration date of the initial contract to [June
27 30, 2002] **JUNE 30, 2015; AND**

1 (ii) Renew the contract extended under item (i) of this
2 paragraph for one additional 5-year [term;

3 (iii) Extend the termination date of the contract in effect as of
4 June 30, 2007 to June 30, 2012, and modify that extended contract as needed; and

5 (iv) Renew the contract extended under item (iii) of this
6 paragraph for up to two additional 5-year terms,] **TERM**, and modify that renewed
7 and extended contract as needed.

8 [(3) (4) Any extension or renewal contract shall include standards to
9 evaluate the performance of the private contractor in rendering services under the
10 contract.

11 [(4) The corporation may use the name Maryland Small Business
12 Development Financing Agency, MSBDFA, Inc. or any close approximation of that
13 name.]

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2007.