

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 273 (Chair, Health and Government Operations Committee)
(By Request – Departmental – Disabilities)

Health and Government Operations

Finance

Assistive Technology Guaranteed Loan Program and Fund - Changes

This departmental bill • makes changes to the Assistive Technology Guaranteed Loan Program; • renames the program as the Assistive Technology Loan Program; and • renames the Assistive Technology Guaranteed Loan Fund as the Assistive Technology Loan Fund.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: The bill would not directly affect governmental finances, but could allow more people to be served under the program.

Local Effect: None.

Small Business Effect: The Department of Disabilities has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill authorizes the program’s board of directors to provide a borrower with an interest rate equivalent to the guaranteed rate by either guaranteeing the loan or subsidizing the interest rate if • a participating lending institution approves a loan

without the requirement of a guarantee; and • the interest rate is higher than the interest rate otherwise available for a guaranteed loan.

The bill requires the board to annually set the total aggregate amount of the loan guarantees provided from the fund in any given year in line with the requirements of the banks underwriting the loans at any given time.

Current Law: Assistive technology is any item, equipment, or device that is designed to help an individual with a disability become more independent or be a more productive member of the community with an improved quality of life. Wheelchairs, motorized scooters, Braille equipment, voice simulation systems, scanners, assistive listening devices, telecommunications devices for the deaf, augmentative communication systems, environmental control systems, computers and adaptive peripherals, building modifications for accessibility, motor vehicles, and vehicle modifications are all considered assistive technology.

The Assistive Technology Guaranteed Loan Program provides assistance to purchase assistive technology. The program's board of directors provides a loan guarantee or a loan interest subsidy to help an individual purchase assistive technology.

The board can guarantee a loan or provide a loan interest subsidy to the applicant if the applicant demonstrates:

- that the loan to be guaranteed or the subsidy of loan interest will be used to buy assistive technology;
- the ability to repay the loan;
- creditworthiness; and
- the inability to qualify for a loan from a lending institution without a loan guarantee or a loan interest subsidy.

The board and lender jointly determine the amount and terms of the guarantee of the loan or loan interest subsidy. The loan guarantee can be up to 100% of the loan, and the total amount of guarantees provided from the fund cannot exceed the balance available in the fund.

Background: The program was created in 1999 to assist State residents with disabilities in purchasing disability-related technology. It issues loan guarantees for loans that fail to meet lenders' conventional underwriting standards, but which the board believes are creditworthy.

Since its inception, the program has received 1,119 applications and approved 517 loan guarantees and/or interest subsidies for loans that had been declined by other lenders. In addition, 130 loans were approved without guarantees at no additional cost to the program. As of December 2007, the loan fund balance was \$4,348,308, and the program is expected to receive almost \$200,000 in interest in 2009.

According to the Department of Disabilities, the proposed changes would • allow the program to buy down a conventional loan to provide a person with a lower interest rate;
• allow banks underwriting the program to establish the set aside amount necessary, and
• allow more people to participate in the program without jeopardizing loan security.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Disabilities, Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2008
ncs/ljm

Analysis by: Sarah K. Harvey

Direct Inquiries to:
(410) 946-5510
(301) 970-5510