

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1451

(Chair, Economic Matters Committee, *et al.*) (By Request
- Departmental - Business and Economic Development)

Economic Matters

Finance

Military Personnel and Service-Disabled Veterans No-Interest Loan Program

This departmental bill renames the Military Service-Related Loan Program to be the Military Personnel Service-Disabled Veterans No-Interest Loan Program. It also adds an eligible class of recipients of loans – businesses owned by service-disabled veterans – and clarifies eligibility for businesses employing a service-disabled veteran.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: The bill has no net effect on financing by the Department of Business and Economic Development (DBED), but diverts resources from eligible recipients under current law to those newly eligible under the bill.

Local Effect: None.

Small Business Effect: DBED has determined that this bill has minimal or no impact on small business (attached). Legislative Services disagrees with this assessment and notes that there is a potentially meaningful beneficial impact on small businesses eligible for no-interest loans under the program. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The purpose of the Military Service-Related Loan Program is to provide no-interest loans to (1) small business employers of military reservists and National Guard

personnel who are called to active duty; (2) businesses owned by military reservists and National Guard personnel who are called to active duty; (3) service-disabled veterans in order to defray the cost of making their home, motor vehicle, or place of employment more accessible to individuals with disabilities and for other necessary expenses.

Background: Chapter 389 of 2006 established the Military Service-Related Loan Program (later modified through code revision) to assist military reservists and National Guard personnel called to active duty, service-disabled veterans, and businesses that employ or are owned by such persons. The program is administered by DBED in consultation with the Maryland Department of Veterans Affairs. DBED advises that an estimated 2,741 small businesses in Maryland are owned by service-disabled veterans. The program is subject to the availability of funds. The fiscal 2009 appropriation of \$1 million was cut to \$300,000 as part of the Governor's cost containment actions. The fiscal 2010 budget maintains funding at \$300,000.

State Fiscal Effect: By adding a new class of eligible recipients for no-interest loans under the program and clarifying eligibility for another, fewer funds may be provided to small business employers of military reservists and National Guard personnel who are called to active duty, businesses owned by military reservists and National Guard personnel who are called to active duty, and service-disabled veterans. These funds may instead be diverted to *businesses* owned by service-disabled veterans and *businesses* employing a service-disabled veteran. The bill expresses legislative intent to provide priority under the program to service-disabled veteran applicants.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Business and Economic Development, Military Department, Department of Veterans Affairs, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2009
ncs/rhh Revised - Enrolled Bill/Correction - May 20, 2009

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Military Personnel and Service – Disabled Veterans No-Interest Loan Program

BILL NUMBER: HB 1451

PREPARED BY: Department of Business and Economic Development

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.