

# SENATE BILL 54

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(PRE-FILED)

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By: **Chair, Finance Committee (By Request – Departmental – Business and Economic Development)**

Requested: September 24, 2009

Introduced and read first time: January 13, 2010

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Business and Economic Development – Maryland Economic Adjustment**  
3 **Fund**

4 FOR the purpose of altering the approving authority of loans and grants from the  
5 Maryland Economic Adjustment Fund; repealing the Maryland Economic  
6 Adjustment Financing Committee; altering certain uses of the Fund; altering  
7 the priority of uses of the Fund; altering certain requirements of the application  
8 for assistance from the Fund; repealing a certain minimum interest rate; and  
9 generally relating to the Maryland Economic Adjustment Fund.

10 BY repealing and reenacting, with amendments,  
11 Article – Economic Development  
12 Section 5–201, 5–202, 5–203(e), 5–205(b), and 5–206  
13 Annotated Code of Maryland  
14 (2008 Volume and 2009 Supplement)

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

17 **Article – Economic Development**

18 5–201.

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

20 [(b) “Committee” means the Maryland Economic Adjustment Financing  
21 Committee.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) “Defense contractor” means a company that, in the 5 years preceding the  
2 loan application under this subtitle, derived a substantial amount of its revenue from  
3 defense contracts.]

4 [(d)] (B) “Fund” means the Maryland Economic Adjustment Fund.

5 [(e)] (C) (1) “Working capital” means money for current operations of a  
6 business.

7 (2) “Working capital” includes money for supplies, materials, labor,  
8 equipment, rent, software, marketing, insurance, and fees for professional services.

9 5–202.

10 [(a) There is a Maryland Economic Adjustment Financing Committee.

11 (b) (1) The Committee consists of at least seven members appointed by  
12 the Secretary.

13 (2) The Secretary shall:

14 (i) ensure that the membership of the Committee reflects the  
15 geographic, racial, ethnic, and gender makeup of the State; and

16 (ii) consider appointing to the Committee at least one current or  
17 former defense worker or other representative of labor.

18 (c) (1) The term of a member is 2 years.

19 (2) The Secretary shall stagger the terms of members.

20 (3) At the end of a term, a member continues to serve until a successor  
21 is appointed.

22 (4) A member who is appointed after a term has begun serves only for  
23 the remainder of the term and until a successor is appointed.

24 (5) A member may be removed by the Secretary with or without cause.

25 (d) The Committee may elect a chair and vice chair from among its members.

26 (e) (1) The Committee shall set the times and places of its meetings.

27 (2) A member of the Committee is entitled to reimbursement for  
28 expenses under the Standard State Travel Regulations, as provided in the State  
29 budget.

1 (f) The Committee shall exercise its powers and perform its duties subject to  
2 the authority of the Secretary.

3 (g) The Committee may:

4 (1) adopt bylaws for the conduct of its business;

5 (2) retain consultants; and

6 (3) do anything necessary or convenient to carry out the powers of the  
7 Committee and the purposes of this subtitle.

8 (h) Even though a determination by the Committee about financial  
9 assistance is subject to the Maryland Public Ethics Law, the existence of a conflict of  
10 interest or a violation of the Maryland Public Ethics Law does not affect:

11 (1) the validity of a finding or determination made under this subtitle;  
12 or

13 (2) the enforceability of an agreement made under this subtitle.]

14 **(A) FINANCIAL ASSISTANCE FROM THE FUND MAY BE APPROVED BY**  
15 **THE SECRETARY OR THE SECRETARY'S DESIGNEE.**

16 [(i)] **(B)** The exercise by the [Committee] **DEPARTMENT** of the powers  
17 granted under this subtitle is the performance of an essential governmental function.

18 5-203.

19 (e) (1) The Fund shall be used to:

20 (i) make loans to new or existing companies [in communities  
21 that suffer dislocation due to defense adjustments, enabling the companies to:

22 1. modernize manufacturing operations;

23 2. develop commercial applications for technology; or

24 3. compete in new economic markets] **WITH 50 OR**  
25 **FEWER EMPLOYEES;**

26 (ii) make grants to local or regional governmental or  
27 not-for-profit economic development revolving loan funds in the State; and

28 (iii) pay all expenses and disbursements authorized by the  
29 Department for administering the Fund.

1 (2) A loan to an eligible company under this subtitle may include:

2 (i) advances of loan proceeds for loans; and

3 (ii) to the extent allowed by the regulations of the federal  
4 Economic Development Administration of the United States Department of  
5 Commerce, money for expenses for administrative, legal, actuarial, technical, and  
6 other services.

7 (3) [In making loans under this subtitle, the Department shall give  
8 priority to:

9 (i) defense contractors; and

10 (ii) companies started by former defense workers who lost  
11 employment with defense contractors.

12 (4)] Subject to the restrictions of this subtitle, the Department may  
13 make a loan from the Fund to an applicant only if:

14 (i) the applicant meets the qualifications under this subtitle;  
15 and

16 (ii) the applicant meets any additional requirements imposed by  
17 the source of the money to be loaned.

18 5–205.

19 (b) The application shall include:

20 (1) a detailed strategic business plan [for achieving a goal of  
21 commercialization of technology or modernization of manufacturing for long-term  
22 growth];

23 (2) the amount of money required for the activities described in the  
24 strategic business plan;

25 (3) the money available to the applicant without financial assistance  
26 from the Department;

27 (4) the amount of financial assistance requested from the Department;

28 (5) [each location in the State of a financed activity;

29 (6) the economic impact that is expected on each location because of  
30 the activities;

1 (7) evidence that the applicant was unable to obtain the financing  
2 necessary for the activities on affordable terms through normal lending channels;

3 (8)] information relating to the financial status of the applicant,  
4 including, if applicable:

5 (i) a current balance sheet;

6 (ii) a profit and loss statement; and

7 (iii) credit references; and

8 [(9)] (6) any other relevant information that the Department  
9 requests.

10 5–206.

11 (a) Except as otherwise provided in this subtitle, the Department may set  
12 the terms and conditions for loans and grants made under this subtitle.

13 (b) The [Committee] DEPARTMENT shall:

14 (1) determine whether to approve loan requests from qualified  
15 applicants for loans under this subtitle; [and]

16 (2) set the terms and conditions for loans made under this subtitle;  
17 AND

18 (3) DETERMINE THAT THE APPLICANT WAS UNABLE TO OBTAIN  
19 THE FINANCING NECESSARY FOR THE ACTIVITIES ON AFFORDABLE TERMS  
20 THROUGH THE NORMAL LENDING CHANNELS.

21 (c) The maximum amount of a loan made with money from the Economic  
22 Development Administration of the United States Department of Commerce may not  
23 exceed the limit it sets by regulation.

24 (d) [The minimum interest rate for a loan under this subtitle is an annual  
25 fixed rate of 4%.

26 (e)] The proceeds of a loan may be used for working capital, equipment,  
27 furnishings, fixtures, or the construction, rehabilitation, or purchase of real property  
28 for the activities that the [Committee] DEPARTMENT approves.

29 [(f)] (E) The [Committee] DEPARTMENT may authorize a flexible  
30 repayment schedule for a loan under this subtitle.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2    July 1, 2010.