

HOUSE BILL 994

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By: **Delegates Mizeur and Vaughn**

Introduced and read first time: February 10, 2012

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 14, 2012

CHAPTER _____

1 AN ACT concerning

2 **Maryland Small Business Resources Workgroup**

3 FOR the purpose of establishing the Maryland Small Business Resources Workgroup;
4 providing for the composition, chair, and staffing of the Workgroup; prohibiting
5 a member of the Workgroup from receiving certain compensation, but
6 authorizing the reimbursement of certain expenses; requiring the Workgroup to
7 study and make recommendations regarding certain matters; requiring the
8 Workgroup to report its findings and recommendations to the Governor and the
9 General Assembly on or before a certain date; providing for the termination of
10 this Act; and generally relating to the Maryland Small Business Resources
11 Workgroup.

12 Preamble

13 WHEREAS, The Linked Deposit Program in the Department of Housing and
14 Community Development is a statewide initiative designed to stimulate growth
15 opportunities for certified minority business enterprises by reducing the interest rate
16 on loans the businesses obtain from participating banks and by providing access to
17 affordable capital to grow and expand minority business enterprises; and

18 WHEREAS, Certified minority business enterprises that qualify for the Linked
19 Deposit Program in the Department of Housing and Community Development can
20 receive a 2% discount on their loans from participating financial institutions; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 WHEREAS, To qualify for the Linked Deposit Program in the Department of
2 Housing and Community Development, a borrower must notify the Department prior
3 to obtaining a qualifying loan from a financial institution enrolled in the Linked
4 Deposit Program, be certified by the Maryland Department of Transportation as a
5 minority business enterprise, and be using the loan for a project or activity located in
6 Maryland; and

7 WHEREAS, Loans enrolled in the Linked Deposit Program are not a debt of the
8 State, nor is the State liable to any financial institution for payment of the principal or
9 interest on a loan assisted by a linked deposit; and

10 WHEREAS, According to the U.S. Small Business Administration report,
11 Maryland small businesses represent 98% of employers in the State; and

12 WHEREAS, The Linked Deposit Program provides the opportunity for
13 Maryland small businesses to leverage \$50 million in State-backed funds to reduce
14 the cost of capital for certified minority business enterprises; and

15 WHEREAS, In 2010, only \$4 million in Linked Deposit Program resources was
16 utilized by Maryland minority business enterprises because of ~~a reluctance among~~
17 ~~lenders to issue loans to qualified minority business enterprises~~ administrative and
18 economic factors that may be inhibiting bank and minority business participation in
19 the Program; now, therefore,

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That:

22 (a) There is a Maryland Small Business Resources Workgroup.

23 (b) The Workgroup consists of the following members:

24 (1) two members of the Senate of Maryland, appointed by the
25 President of the Senate;

26 (2) two members of the House of Delegates, appointed by the Speaker
27 of the House;

28 (3) the Secretary of Business and Economic Development, or the
29 Secretary's designee;

30 (4) the Secretary of Housing and Community Development, or the
31 Secretary's designee;

32 (5) the Secretary of Transportation, or the Secretary's designee;

33 (6) the State Treasurer, or the Treasurer's designee;

1 (7) the Executive Director of the Governor's Office of Minority Affairs,
2 or the Executive Director's designee;

3 (8) one member of the Maryland Bankers Association Board of
4 Directors, appointed by the Board of Directors;

5 (9) the Executive Director of the Maryland Small Business
6 Development and Financing Authority, or the Executive Director's designee;

7 (10) one member of the Maryland Chamber of Commerce Board of
8 Directors, appointed by the Board of Directors; and

9 (11) the President of the Maryland Washington Minority Contractors
10 Association, or the President's designee.

11 (c) From among its members, the Workgroup shall elect a chair.

12 (d) The ~~Department of Business and Economic Development and the~~
13 Department of Housing and Community Development shall provide staff for the
14 Workgroup.

15 (e) A member of the Workgroup:

16 (1) may not receive compensation as a member of the Workgroup; but

17 (2) is entitled to reimbursement for expenses under the Standard
18 State Travel Regulations, as provided in the State budget.

19 (f) The Workgroup shall:

20 (1) study how funds are currently being spent through the Linked
21 Deposit Program in the Department of Housing and Community Development;

22 (2) study ways to increase and maximize future funds made available
23 through the Linked Deposit Program;

24 (3) study the factors causing lenders in Maryland to refrain from
25 issuing loans through the Linked Deposit Program;

26 (4) consider alternative methods of financing for the Linked
27 ~~Deposit~~ Deposit Program that would increase a lender's likelihood of participating
28 in the Program; and

29 (5) make recommendations that seek to ensure the long-term success
30 of the Linked Deposit Program.

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1 (g) On or before December 1, 2012, the Workgroup shall report its findings
2 and recommendations to the Governor and, in accordance with § 2-1246 of the State
3 Government Article, the General Assembly.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2012. It shall remain effective for a period of 1 year and, at the end of June 30,
6 2013, with no further action required by the General Assembly, this Act shall be
7 abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.