

SENATE BILL 896

C8

5lr3067

By: **Senators Jennings, Astle, Cassilly, Peters, ~~and Waugh~~ Waugh, Middleton, Benson, Feldman, Hershey, Kelley, Klausmeier, Mathias, Pugh, and Reilly**

Introduced and read first time: March 4, 2015

Assigned to: Rules

Re-referred to: Finance, March 6, 2015

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 19, 2015

CHAPTER _____

1 AN ACT concerning

2 **Military Personnel and Veteran-Owned Small Business No-Interest Loan**
3 **Program and Fund**

4 FOR the purpose of establishing the Military Personnel and Veteran-Owned Small
5 Business No-Interest Loan Fund as a special, nonlapsing fund; specifying the
6 purpose of the Fund; requiring the Secretary of Business and Economic Development
7 to administer the Fund; requiring the Department of Business and Economic
8 Development, in consultation with the Department of Veterans Affairs, in making
9 loans, to give priority to certain businesses under certain circumstances; requiring
10 the Department of Business and Economic Development, in consultation with the
11 Department of Veterans Affairs, in making loans, to consider how to maximize the
12 number of veterans, military reservists, and National Guard personnel who would
13 benefit from loans made under the program; requiring the State Treasurer to hold
14 the Fund and the Comptroller to account for the Fund; specifying the contents of the
15 Fund; specifying the purpose for which the Fund may be used; exempting the Fund
16 from a certain provision of law requiring interest on State money in special funds to
17 accrue to the General Fund of the State; defining a certain term; and generally
18 relating to the Military Personnel and Veteran-Owned Small Business No-Interest
19 Loan Program and Fund.

20 BY repealing and reenacting, with amendments,

21 Article – Economic Development

22 Section 5-1001, 5-1002, and 5-1006

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 Annotated Code of Maryland
2 (2008 Volume and 2014 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article – Economic Development
5 Section ~~5–1002~~ 5–1003 through 5–1005
6 Annotated Code of Maryland
7 (2008 Volume and 2014 Supplement)

8 BY adding to
9 Article – Economic Development
10 Section 5–1006
11 Annotated Code of Maryland
12 (2008 Volume and 2014 Supplement)

13 BY repealing and reenacting, without amendments,
14 Article – State Finance and Procurement
15 Section 6–226(a)(2)(i)
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2014 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – State Finance and Procurement
20 Section 6–226(a)(2)(ii)81. and 82.
21 Annotated Code of Maryland
22 (2009 Replacement Volume and 2014 Supplement)

23 BY adding to
24 Article – State Finance and Procurement
25 Section 6–226(a)(2)(ii)83.
26 Annotated Code of Maryland
27 (2009 Replacement Volume and 2014 Supplement)

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

30 **Article – Economic Development**

31 5–1001.

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

33 (B) “FUND” MEANS THE MILITARY PERSONNEL AND VETERAN-OWNED
34 SMALL BUSINESS NO-INTEREST LOAN FUND ESTABLISHED UNDER § 5–1006 OF
35 THIS SUBTITLE.

1 **[(b)] (C)** “Service–disabled veteran” means a veteran with a disability that is
2 service–connected, as defined in 38 U.S.C. § 101(16).

3 **[(c)] (D)** (1) “Small business employer” means an employer who employed an
4 average of 50 or fewer employees on business days during the calendar year preceding the
5 determination of eligibility for a loan under this subtitle.

6 (2) For purposes of paragraph (1) of this subsection, all persons treated as
7 a single employer under § 414(b), (c), (m), or (o) of the Internal Revenue Code shall be
8 treated as a single employer under this subtitle.

9 **[(d)] (E)** “Veteran–owned small business” means a small business that is at least
10 51% owned by a veteran as defined in 38 U.S.C. § 101(2).

11 5–1002.

12 **(A)** Subject to the availability of funds, the Department, in consultation with the
13 Department of Veterans Affairs, shall establish a program to provide no–interest loans
14 under this subtitle to:

15 (1) small business employers of military reservists and National Guard
16 personnel who are called to active duty;

17 (2) businesses owned by military reservists and National Guard personnel
18 who are called to active duty;

19 (3) veteran–owned small businesses; and

20 (4) businesses employing a service–disabled veteran.

21 **(B)** **IF THE AVAILABILITY OF FUNDS IS LIMITED, IN MAKING LOANS UNDER**
22 **THIS SUBTITLE, THE DEPARTMENT, IN CONSULTATION WITH THE DEPARTMENT OF**
23 **VETERANS AFFAIRS, SHALL GIVE PRIORITY TO THE BUSINESSES DESCRIBED IN**
24 **SUBSECTION (A)(2) AND (3) OF THIS SECTION.**

25 **(C)** **IN MAKING LOANS UNDER THIS SUBTITLE, THE DEPARTMENT, IN**
26 **CONSULTATION WITH THE DEPARTMENT OF VETERANS AFFAIRS, SHALL TAKE INTO**
27 **CONSIDERATION HOW TO MAXIMIZE THE NUMBER OF VETERANS, MILITARY**
28 **RESERVISTS, AND NATIONAL GUARD PERSONNEL WHO WOULD BENEFIT FROM**
29 **LOANS MADE UNDER THIS SUBTITLE.**

30 5–1003.

31 Loans shall be made under this subtitle for the purposes of:

32 (1) providing financial support to:

1 (i) a business owned by a military reservist or National Guard
2 member who is called to active duty; or

3 (ii) a small business employer of a military reservist or National
4 Guard member who is called to active duty;

5 (2) making the home, motor vehicle, or place of employment of a veteran
6 accessible to individuals with disabilities, including purchasing equipment necessary to
7 enable a business to employ a service-disabled veteran or to enable a service-disabled
8 veteran to operate a business; and

9 (3) defraying other necessary expenses, as determined by the Department
10 of Veterans Affairs, incurred by:

11 (i) a business employing a service-disabled veteran; or

12 (ii) a veteran-owned small business.

13 5-1004.

14 (a) A loan made under this subtitle for the purpose of providing financial support
15 to a business owned by an individual who is called to active duty or to a small business
16 employer of an individual who is called to active duty:

17 (1) may be made at any time from the individual's receipt of orders to
18 report to 6 months after the end of the individual's active duty; and

19 (2) shall be subject to criteria for eligibility and priority established by the
20 Department of Veterans Affairs, including the extent to which the individual who is called
21 to active duty is an essential employee of the business.

22 (b) A loan made under this subtitle for the purpose of making accessible to
23 individuals with disabilities the home, motor vehicle, or place of employment of a
24 service-disabled veteran may be made at any time.

25 5-1005.

26 (a) The Department shall administer the loan program authorized under this
27 subtitle.

28 (b) The Department of Veterans Affairs shall establish eligibility criteria for loans
29 under this subtitle.

30 5-1006.

1 (A) THERE IS A MILITARY PERSONNEL AND VETERAN-OWNED SMALL
2 BUSINESS NO-INTEREST LOAN FUND.

3 (B) THE PURPOSE OF THE FUND IS TO PROVIDE NO-INTEREST LOANS
4 CONSISTENT WITH THIS SUBTITLE.

5 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

6 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
7 SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND
8 PROCUREMENT ARTICLE.

9 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
10 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

11 (3) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED
12 TO THE FUND.

13 (E) THE FUND CONSISTS OF:

14 (1) MONEY THE STATE APPROPRIATES TO THE FUND;

15 (2) MONEY MADE AVAILABLE TO THE FUND THROUGH FEDERAL
16 PROGRAMS OR PRIVATE CONTRIBUTIONS;

17 (3) REPAYMENTS FROM LOANS PROVIDED BY THE DEPARTMENT
18 UNDER THIS SUBTITLE;

19 (4) PROCEEDS FROM THE SALE, DISPOSITION, LEASE, OR RENTAL OF
20 COLLATERAL RELATED TO LOANS PROVIDED BY THE DEPARTMENT UNDER THIS
21 SUBTITLE; AND

22 (5) ANY OTHER MONEY MADE AVAILABLE TO THE FUND.

23 (F) THE DEPARTMENT MAY USE MONEY IN THE FUND TO PROVIDE LOANS
24 TO ELIGIBLE APPLICANTS UNDER §§ 5-1002 THROUGH 5-1004 OF THIS SUBTITLE.

25 [5-1006.] 5-1007.

26 (a) The Department shall adopt regulations to carry out this subtitle.

27 (b) The Department of Veterans Affairs may adopt regulations concerning
28 eligibility criteria for loans under this subtitle.

29 Article – State Finance and Procurement

1 6-226.

2 (a) (2) (i) Notwithstanding any other provision of law, and unless
3 inconsistent with a federal law, grant agreement, or other federal requirement or with the
4 terms of a gift or settlement agreement, net interest on all State money allocated by the
5 State Treasurer under this section to special funds or accounts, and otherwise entitled to
6 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
7 Fund of the State.

8 (ii) The provisions of subparagraph (i) of this paragraph do not apply
9 to the following funds:

10 81. the Cybersecurity Investment Fund; [and]

11 82. the Northeastern Maryland Additive Manufacturing
12 Innovation Authority Fund; AND

13 83. THE MILITARY PERSONNEL AND VETERAN-OWNED
14 SMALL BUSINESS NO-INTEREST LOAN FUND.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.