

Training Program is an inducement to encourage plant location in the State.

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY

Chairperson: Cecil E. Flamer, 1987

Leonard Blackshear, 1987; Lloyd M. Arrington, Jr., 1988; John J. Oliver, Jr., 1989; Robert B. Williams, 1989; *two vacancies.*

Ex officio: Vacancy, *Secretary of Economic and Community Development;* William S. James, *State Treasurer*

Stanley W. Tucker, *Executive Director*

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The Maryland Small Business Development Financing Authority was created in 1978 to make working capital available to businesses owned by minority or disadvantaged individuals (Chapter 879, Acts of 1978). Until 1982, assistance was aimed solely at helping minority firms fulfill contracts awarded by any level of government. Under the original program, eligible firms were required to show an inability to obtain working capital through private or commercial sources.

In 1982, the General Assembly enabled the Authority to expand its program. Now, the Authority may offer loan guarantees and, in some cases, subsidize interest costs of working capital loans from private lending institutions to minority-owned firms. The guarantees are backed by a special revolving fund created by the General Assembly. The new loan guarantee program does not limit the use of loan proceeds to work on government contracts. Loans are made at the prevailing market rate. Recipient firms, historically small in size and brief in experience, are usually considered "high risk" businesses by the private lender.

The Maryland Small Business Development Financing Authority consists of seven members appointed to five-year terms by the Governor. The Secretary of Economic and Community Development and either the State Treasurer or Comptroller, as designated by the Governor, serve *ex officio* (Code Financial Institutions Article, secs. 13-201 through 13-234).

MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY (MIDFA)

Chairperson: James C. Johnson III, 1988

William J. Detweiler, 1985; Steven H. Oram, 1986; John S. Lalley, 1987; Thomas H. Mullaney, 1987; Patricia B. Bissell, 1989; Joseph Haskins, Jr., 1989.

Ex officio: Vacancy, *Secretary of Economic and Community Development;* William S. James, *State Treasurer*

Benjamin L. Hackerman, *Executive Director and Secretary*

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The Maryland Industrial Development Financing Authority (MIDFA) was created to provide financial assistance to enterprises seeking to locate or expand their operations in Maryland (Chapter 714, Acts of 1965).

MIDFA operates three loan programs. Under the Traditional Program and Umbrella Program, participating companies can finance land acquisition and the purchase of all types of buildings and equipment. The Bond Insurance Fund is used as reserves for financial assistance provided under the Traditional and Umbrella Programs.

Under the Conventional Loan Program, MIDFA insures many types of conventional loans made by financial institutions. The Authorized Purpose Fund is used as reserves for loans and other obligations insured under the Conventional Loan Program. MIDFA also is authorized to issue bonds under and in accordance with the Revenue Bond Act.

Through the Traditional Program and its Bond Insurance Fund, MIDFA insures all or any part of the payments of principal and interest under tax-exempt economic development revenue bonds issued by Maryland counties, municipalities, industrial development authorities, and other Maryland public bodies to finance a specific facility for a specific company. Revenue bonds are exempt from federal and Maryland income tax (but not from real estate or personal property taxes). Therefore, interest rates on these bonds are generally lower than interest rates on conventional loans.

Under its Umbrella Program, MIDFA issues, sells, and insures revenue bonds to provide long-