

Ex officio: J. Randall Evans, *Secretary of Economic and Employment Development*; Louis L. Goldstein, *Comptroller of the Treasury*.

Benjamin L. Hackerman, *Executive Director and Secretary*

World Trade Center, Suite 2244
401 E. Pratt St.
Baltimore 21202 Telephone: 333-4262

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

MIDFA operates four loan programs. Under its Traditional and tax-exempt Umbrella Programs, manufacturing 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 its 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 Maryland Economic Development 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 manufacturing 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 may issue, sell, and insure revenue bonds to provide long-term, fixed-rate, tax-exempt financing to smaller companies and to provide access to regional and national capital markets. By pooling many small loans, MIDFA sells its own "umbrella" bonds in the public bond market. Sale proceeds from these bonds are made available as loans enabling individual companies to finance specific facilities.

The Traditional and Umbrella Programs benefit participating companies by providing loans for a higher percentage of the costs of the facility, at a lower interest rate, and for a longer term than conventional financing.

Under the Conventional Loan Program or the Export Financing Program, MIDFA may insure a loan or other obligation; insure the payment of premiums or fees necessary to obtain insurance, guarantees, or other credit support from a third party; or pay such premiums or fees. Insurance provided by the Authority may not exceed the lesser of either 80 percent (or 90 percent in the case of export financing) of the sum of the principal amount of the loan or other obligations plus accrued interest thereon, or \$1 million per transaction.

MIDFA may insure both asset-based and working capital related financing. Examples of the types of loans and other obligations that may be insured by the Authority include Term Loans, Start-Up Loans, Acquisition Loans, Letters of Credit, Leasing Transactions, and Revolving Loans.

To participate in MIDFA's programs, a company must generally qualify in each of three basic categories: legal eligibility, economic impact, and credit worthiness (Code Financial Institutions Article, secs. 13-101 through 13-141; Federal Internal Revenue Code, sec. 103).

MIDFA's policy and decision-making body is a nine-member Authority. Seven members are appointed to five-year terms by the Secretary of Economic and Employment Development with the approval of the Governor. The Secretary of Economic and Employment Development or designee, and either the State Treasurer or Comptroller of the Treasury, as designated by the Governor, serve ex officio. The Authority appoints an Executive Director who serves as Secretary.

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY (MSBDF)

Chairperson: Lloyd M. Arrington, 1988

Cecil E. Flamer, 1987; Lillian H. Lincoln, 1987; John J. Oliver, Jr., 1989; William C. Womble, Jr., 1989; J. Roger Sullivan, 1990; Jerry Feigen, 1991.

Ex officio: J. Randall Evans, *Secretary of Economic and Employment Development*; Lucille Maurer, *Treasurer of the State*.