The Administration provides financial assistance to Maryland businesses for energy conservation or generation projects. It issues tax-exempt or taxable-rate revenue bonds or notes which provide below-market interest rates. If necessary, the Maryland Industrial Development Financing Authority may insure all or part of such obligations.

TRADE FINANCE PROGRAM
Marie V. Torres, *Director*
(410) 767-6382

To encourage Maryland businesses to export Maryland products and services, the Trade Finance Program was established under the Maryland Industrial Development Financing Authority. The Program is designed to provide pre-export working capital and financing of shipments abroad. With the Authority serving as an insurer of the obligation, financing is provided by lending institutions.

The Trade Finance Program also works with the Export-Import Bank of the United States (Eximbank). To help Maryland businesses obtain financing assistance from Eximbank, the Program packages Eximbank's Working Capital Guarantee Program applications and obtains foreign credit-risk protection, loans, and loan guarantees for foreign buyer financing.

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY
Dorothy E. Brunson, *Chair,* 1997
Stanley W. Tucker, *Director*
(410) 333-4270

The Maryland Small Business Development Financing Authority began in 1978 (Chapter 879, Acts of 1978). To provide financial assistance to socially and economically disadvantaged persons who own small businesses within the State, the Authority administers four programs.

Government Contract Financing Program. For eligible firms with government or public utility contracts, the Authority may guarantee a loan from a financial institution; it also may provide a direct loan for working capital and equipment. These guarantees or loans may be offered only to fulfill contracts on projects financed by federal, State or local government, or by a utility regulated by the Public Service Commission.

Long-Term Guarantee Program. For all eligible firms, the Authority may guarantee and/ or pay an interest rate subsidy on a long-term loan made by a financial institution. The loan may be used for working capital, acquisition and related installation of machinery and equipment, or needed improvements to real property owned by the applicant.

Equity Participation Investment Program. For all eligible firms, the Authority may invest up to 45 percent or $100,000 (whichever is less) of funds to start a franchise operation. The Authority also may invest up to 25 percent or $500,000 (whichever is less) of funds to acquire a profitable business. For each of these options the Authority requires the initial investment to be recovered within seven years. The Authority also may invest up to $500,000 in technology-based businesses.

Surety Bonding Programs. For any small contractor, the *Guaranty Assistance Program* helps secure bonding by guaranteeing up to 90 percent of the losses that a surety company incurs in the event of a breach of contract. Total exposure may not exceed $900,000. All small businesses also are eligible for the *Direct Bonding Program.* Small contractors secure bonding by issuing bid, performance and payment bonds directly. Bonds issued under this program cannot exceed $250,000 each.

Programs of the Maryland Small Business Development Financing Authority are unique. A major criterion for approval of Authority guarantees and loans is the economic impact resulting from the use of available funds. This impact is measured according to the projected number of jobs retained and created, and the projected amount of tax revenue generated from the use of these funds.

Since 1994, funds under the Authority have been managed privately. In 1992, the U.S. Congress allowed states to use public funds to establish specialized small business investment companies to serve disadvantaged business owners (P.L. 102-366). Two years later, the Maryland Small Business Development Financing Administration was authorized to organize itself into a private Maryland corporation that would be such a company (Chapter 691, Acts of 1994). The Department contracted with that privatized organization to administer programs for a period of three years and has an option to renew the contract for two years.

The Authority has nine members. Seven are appointed to five-year terms by the Governor. The Secretary of Business and Economic Development and either the State Treasurer or Comptroller, as designated by the Governor, serve ex officio (Code 1957, Art. 83A, secs. 5-1003 through 5-1012).

DIVISION OF MARKETING

Victor L. Hoskins, *Assistant Secretary for Marketing*

217 East Redwood St.
Baltimore, MD 21202—3316 (410) 767-6866

The Division of Marketing originated in 1959 when the Department of Economic Development was created to encourage businesses to locate in Maryland and to retain and expand existing enterprises (Chapter 185, Acts of 1959). These functions later devolved on the Division of Business Devel-