

Financing Authority

FOR the purpose of creating within the Department of ~~Economic~~ Economic and Community Development, a Maryland Small Business Development Financing Authority; providing for directors, their appointment, terms and duties; providing for a manager, his appointment and duties; providing the Authority with the power to make loans to and guarantee certain loans made to certain economically or socially disadvantaged businessmen; limiting these loans and guarantees in certain ways; providing the Authority with certain related powers; providing a method of application for businessmen seeking the benefits of this section; providing for a fund from which the loans are to be drawn; making this Act contingent upon the passage of another Act; and generally relating to the Authority.

BY adding to

Article 41 - Governor - Executive and Administrative Departments
 Section 266HH-1 through 266HH-12, inclusive, to be under the new subheading "Maryland Small Business Development Financing Authority Act"
 Annotated Code of Maryland
 (1971 Replacement Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 41 - Governor - Executive and Administrative Departments

MARYLAND SMALL BUSINESS DEVELOPMENT
 FINANCING AUTHORITY ACT

266HH-1. DECLARATION OF FINDING AND PURPOSE.

(A) FINDINGS

(1) A MAJOR IMPEDIMENT LIMITING THE OPPORTUNITY OF SOCIALLY OR ECONOMICALLY DISADVANTAGED BUSINESSMEN TO WIN AND PERFORM GOVERNMENT CONTRACTS IS THEIR INABILITY TO OBTAIN WORKING CAPITAL TO START, CONTINUE, AND COMPLETE THE WORK REQUIRED BY THE CONTRACT.

(2) THERE ARE MANY INSTANCES ON RECORD WHERE A SOCIALLY OR ECONOMICALLY DISADVANTAGED BUSINESSMAN HAS BEEN AWARDED A GOVERNMENT CONTRACT, BUT BECAUSE OF LACK OF WORKING CAPITAL, HAS BEEN UNABLE TO POST A PERFORMANCE BOND, BUY SUPPLIES NEEDED TO START THE WORK OR PAY EMPLOYEES, AND, THEREFORE IS UNABLE TO ACCEPT THE CONTRACT.

(3) ADDITIONALLY, COMMERCIAL LOAN OFFICERS OF FINANCIAL INSTITUTIONS ARE GENERALLY RELUCTANT TO MAKE LOANS