

**CHAPTER 72**

**(Senate Bill 37)**

AN ACT concerning

**Maryland Small Business Development Financing Authority – Equity Participation Investment Program**

FOR the purpose of altering certain requirements governing equity participation financing by the Maryland Small Business Development Financing Authority; and generally relating to the Equity Participation Investment Program.

BY repealing and reenacting, with amendments,

Article – Financial Institutions

Section 13-240

Annotated Code of Maryland

(1986 Replacement Volume and 1990 Supplement)

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

**Article – Financial Institutions**

13-240.

(a) Under the Program, the Authority may provide equity participation financing, including the purchase of qualified securities issued by a franchise or by an enterprise acquiring an existing business, only after the enterprise has submitted an application that contains a business plan, including:

- (1) A description of the franchisor or existing business and its management, product, and market;
- (2) A statement of the amount, immediacy of need, and projected use of the capital required;
- (3) A statement of the potential economic impact of the purchase;
- (4) Information that relates to the satisfaction of the applicant's requirements of § 13-231 of this subtitle; and
- (5) Any other information the Authority requires.

(b) Under the Program, any equity participation financing shall satisfy the following requirements:

- (1) The Authority may not:
  - (i) Own securities representing more than 45 percent of the voting stock of any franchisee or own an interest greater than 45 percent in any franchise; or