

Approved May 26, 1992.

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**CHAPTER 634**  
**(House Bill 266)**

AN ACT concerning

**Maryland Small Business Development Financing Authority – Small Business Surety Bond Guaranty Program**

FOR the purpose of removing a limitation on the maximum bond amount that may be issued by a surety and guaranteed under the Small Business Surety Bond Guaranty Program; and generally relating to the Small Business Surety Bond Guaranty Program.

BY repealing and reenacting, with amendments,  
Article – Financial Institutions  
Section 13-234.3  
Annotated Code of Maryland  
(1986 Replacement Volume and 1991 Supplement)

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

**Article – Financial Institutions**

13-234.3.

(a) Subject to the restrictions of this Part VI, the Authority, on application, may guarantee any surety up to THE LESSER OF 90 percent OR \$900,000 of its losses incurred under a bid bond, a payment bond, or a performance bond [of not more than \$1,000,000 for each bond] on any contract with the federal or State or a local government or a utility regulated by the Public Service Commission.

(b) The term of a guaranty under this Part VI may not exceed the contract term.

(c) The Authority may vary the terms and conditions of the guaranty from surety to surety, based upon the Authority's history of experience with that surety and upon any other factor that the Authority considers relevant.

(d) (1) The Authority may not approve a guaranty under this Part VI unless the Authority considers the economic impact of the contract, for which a bond is sought to be guaranteed, to be substantial.

(2) To determine the economic impact of a contract, the Authority may consider:

(i) The amount of the guaranty obligation;