

MARYLAND INDUSTRIAL
DEVELOPMENT FINANCING AUTHORITY

Joseph Haskins, Jr., *Chairperson*, 1994

Thomas H. Mullaney, *Vice-Chairperson*, 1992

Appointed by Secretary of Economic & Employment Development with Governor's approval: Thomasine M. Tarsell, 1991; Bernard Koman, 1992; William F. Brooks, Jr., 1993; James H. Taylor, 1994; Edwin F. Hale, 1995.

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

Benjamin L. Hackerman, *Executive Director & Secretary*

217 E. Redwood St.
Baltimore, MD 21202

333-4263

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 operations in Maryland.

MIDFA operates four loan financing programs. Under its tax-exempt Traditional Bond Programs, 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 Bond Programs.

Under its Conventional Loan Program, MIDFA insures many types of conventional loans made by financial institutions. The Authorized Purpose Insurance Fund is used as reserves for loans and other obligations insured under the Conventional Loan Program.

MIDFA also may issue bonds under and in accordance with the Maryland Economic Development Revenue Bond Act.

Through the Traditional Program and its Bond Insurance Fund, MIDFA may insure 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. Certain 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.

The Bond Programs benefit 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.

To participate in MIDFA's programs, a company must generally qualify in each of three basic categories: legal eligibility, economic impact, and creditworthiness (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, or their designees serve *ex officio*. The Authority appoints an Executive Director who serves as Secretary.

MARYLAND ENTERPRISE INCENTIVE DEPOSIT
FUND

The Maryland Enterprise Incentive Deposit Fund was created in 1989 (Chapter 822, Acts of 1989). The Fund assists eligible small businesses in fixed asset financing. This financing assistance is provided through the placement of a certificate of deposit with a participating lender who agrees to make a five-year term loan to the business at a loan interest rate three percent less than the rate normally charged. Concurrently, the Fund agrees to accept an interest rate on the certificate which is three percent less than the market rate on certificates of similar maturity. This assistance may not exceed \$500,000.

An eligible business is a for-profit business, employing 500 people or less, located in a county with a population of less than 200,000 and an unemployment rate at least 130% of the rate for the State during the most recent four consecutive quarters. The Fund is administered by the Maryland Industrial Development Financing Authority.

MARYLAND SEAFOOD & AQUACULTURE LOAN
FUND

Established in 1990, the Maryland Seafood and Aquaculture Loan Fund fosters expansion, modernization, and innovation in the seafood processing and aquaculture industries (Chapter 511, Acts of 1990).

The Fund can provide a loan of up to half the cost of a project with the maximum loan being \$250,000. The interest rate on loans is fixed at a rate below the prime rate of interest at the time the loan is approved. Loans may be used for equipment