

Equity Participation Investment Program. For all eligible firms, the Authority may invest up to 45 percent or \$100,000 (whichever is less) as equity or debt needed to start a franchise operation. The Authority requires the initial investment to be recovered within seven years. The Authority also may invest up to 25 percent or \$500,000 (whichever is less) as equity or debt needed to acquire an existing profitable business. The Authority requires the initial investment to be recovered within seven years. The Authority also may invest up to \$500,000 as equity or debt needed by technology-based businesses.

Surety Bonding Programs. All small businesses are eligible. The *Guaranty Assistance Program* helps the small contractor secure bonding by guaranteeing up to 90 percent of the losses that a surety company incurs in the event of a breach of contract with a total exposure not to exceed \$900,000. All small businesses are eligible for the *Direct Bonding Program*, which helps 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.

The Authority's seven members are appointed to five-year terms by the Governor. The Secretary of Economic and Employment Development and either the State Treasurer or Comptroller, as designated by the Governor, serve ex officio (Code Financial Institutions Article, secs. 13-201 through 13-234).

DAY CARE FINANCING PROGRAMS

Joan Case, *Director*

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Formed in 1988, Day Care Financing Programs administers two funds to promote economic development, increase employment, and expand quality day care in Maryland. To aid employers and developers in the day care industry, the two financing funds provide financial assistance for small business owners.

The Day Care Facilities Loan Guarantee Fund was created in 1984 to help small businesses providing day care. The Fund finances up to 80 percent of loans by a lender. It is available for day care centers for infants, toddlers, and preschool age children, as well as elderly and medically handicapped adults. Loan proceeds can be used for the purchase of land, equipment, and supplies; renova-

tion; building construction; and working capital (Code 1957, Art. 83A, secs. 6-201 through 6-213).

The Child Care Facilities Direct Loan Fund was formed in 1988 (Chapter 248, Acts of 1988). The Fund can be used for the construction, renovation, or acquisition of real property. It may not be used to finance the purchase of equipment and supplies, or working capital, or to refinance existing liens. A minimum amount of \$15,000 can be borrowed from the Fund (Code 1957, Art. 83A, secs. 6-2A-01 through 6-2A-13).

COMMUNITY FINANCING GROUP

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The Community Financing Group consists of the Maryland Industrial & Commercial Redevelopment Fund, the Maryland Industrial Land Act Program, and the Community Development Block Grant Program.

The *Maryland Industrial and Commercial Redevelopment Fund (MICRF)* began operations in 1980. To provide supplemental financing that supports local commercial or industrial redevelopment efforts, the Fund administers State loans, grants, and loan guarantees to local governments.

Fund money is used to promote private investment in industrial and commercial redevelopment projects that retain jobs, create new jobs, and increase tax revenues. MICRF funds may be expended directly by a local jurisdiction, or passed through to a third party committed to carrying out the project (Code 1957, Art. 83A, secs. 5-501 through 5-507).

The *Maryland Industrial Land Act (MILA) Program* began in 1972 (Chapter 360, Acts of 1972). The intent of the Program is to ensure appropriate sites for industry throughout the State. The Program may acquire and preserve such sites for the State in partnership with the local government (Code 1957, Art. 83A, secs. 5-401 through 5-414).

Annually, Maryland receives federal funds for the *Community Development Block Grant Program* administered by the Department of Housing and Community Development. A certain percentage of those funds is set aside to provide loans and grants to municipalities to assist in economic growth programs with an industrial or commercial focus. That set-aside amount is administered through Financing Programs in the Department of Economic and Employment Development.