



Maryland

DEPARTMENT OF COMMERCE

Maryland's Financing Opportunities

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MIDFA

Maryland Industrial Development Financing Authority

MIDFA was created to encourage private sector investment in economic development projects through the use of insurance, linked deposits and the issuance of economic development taxable and tax-exempt revenue bonds. The use of these incentives reduces the lender's credit risk in the project to an acceptable level. To participate in this program, the project must be in a **Priority Funding Area**.

MIDFA provides the following capabilities to encourage economic development:

- The **insurance** of Commercial obligations
- The **issuance** of tax-exempt and taxable bonds.
- The placement of **Linked Deposits**.

MIDFA

Maryland Industrial Development Financing Authority (Insurance Continued)

Forms of Financing

- Insurance of a financial obligation may be up to 80% of the loan not to exceed \$2.5 million. Typically, insurance ranges from 20% to 50% of the obligation.
- Insurance of export transactions may be up to 90% of the obligation.
- Insurance of tax-exempt, taxable and energy related bonds, issued by either MIDFA or a Political Jurisdiction, may be up to 100% of the bond amount or \$7.5 million.

MIDFA

Maryland Industrial Development Financing Authority (Insurance Continued)

Use of Funds:

- Land acquisition
- Building acquisition/renovations
- Construction costs
- Machinery and equipment
- Furnishings and fixtures
- Leasehold improvements
- Certain eligible “soft costs”
- Energy related projects (e.g.: hydroelectric power, alternative fuels, recycling, etc.)
- Working capital

MEDAAF

MD Economic Development Assistance Authority and Fund

To qualify for assistance through this program the project must be in a **Priority Funding Area**.

Five Major Capabilities:

1. Significant Strategic Economic Development Opportunities
2. Local Economic Development Opportunities
3. Direct Assistance to Local Jurisdictions or MEDCO
4. Regional or Local Revolving Loan Funds
5. Special Purpose Loans

MEDAAF

Significant Economic Development Opportunities

Interest:

- Target Rate of 3% per annum.
- Rates of less than 3% may be considered if the project is located in an area of high unemployment as defined by the Department, or if the Department determines that the project is a compelling economic development initiative.
- May be deferred or waived for first 2 years.

Loan Terms:

Real Estate	Up to 25 years
Machinery & Equipment	Up to useful life of asset NTE 15 years
Furniture & Fixtures	Up to useful life of asset NTE 15 years
Working Capital Line	Renewed annually with a 3 year cap

MEDAAF

Local Economic Development Opportunities

Forms of Financing:

- Loans
- Conditional Loans/Grants
- Grants
- Investments (in conjunction with a loan or grant)

Maximum Participation:

- Loans up to \$5 million
- Grants and conditional loans/grants up to \$2 million

Sunny Day

Economic Development Opportunities Program Fund

Promotes Maryland's participation in extraordinary economic development opportunities that projects significant returns to the State in the form of increased employment opportunities, significant capital investments and the emergence of a prominent participant in the State's growing economy.

Highlights:

- Applicants must possess a strong balance sheet with a minimal credit risk and have access to an alternative source of funding.
- Projects must be consistent with the State's strategic economic development plan.
- Substantial employment, particularly in areas of high unemployment, must be created by the project.

Sunny Day

Economic Development Opportunities Program Fund

Highlights (continued):

- Participants must provide a minimum capital investment of at least 5 times the amount of the Sunny Day assistance.
- The project must be located within Maryland.
- Sunny Day Funds cannot be utilized if adequate assistance from other State or local programs are available.
- Use of the Sunny Day incentive to finance sports activities or facilities and projects undertaken by the Maryland Stadium Authority is prohibited by statute.

MSBDFA

Maryland Small Business Development Financing Authority

MSBDFA was created in 1978 to provide financing incentives that promote the viability and expansion of small businesses owned by socially or economically disadvantaged persons and to retain or increase the employment of socially or economically disadvantaged persons.

The four financing incentives managed by MSBDFA provide:

- short-term working capital
- long-term loans
- loan and surety bond guarantees
- surety bonds
- interest subsidies
- equity investments

MSBDFFA

Maryland Small Business Development Financing Authority

Program Incentive Overview

1. Contract Financing:

Through this initiative qualified firms can obtain funding to begin, continue and complete contracts which receive the majority of their funding (51% or more) from any federal, state, or local government agency, or utility regulated by the Maryland Public Service Commission.

2. Guaranty Fund:

Through this initiative qualified firms can obtain loan guarantees, and in some cases, interest subsidies for a variety of uses including working capital, the acquisition of machinery or equipment, improvements to real property and the acquisition of real property.

MSBDFFA

Maryland Small Business Development Financing Authority

Program Incentive Overview (cont.)

3. Surety Bond Program:

The objective of this initiative is to assist Maryland's small contractors in obtaining bid, performance, and payment bonds for contracts which receive the majority of their funds (51% or more) from any federal, state, or local government agencies or utilities regulated by the Maryland Public Service Commission.

4. Equity Participation Investment Program:

Through this initiative qualified firms can obtain loans and loan guarantees through the use of **franchising**, the **acquisition** of profitable businesses and the expansion and development of **technology-based** businesses.

Maryland Venture Fund

Commerce's Investment Financing Group provides emerging high-technology business with access to early-state capital through the:

- Challenge Investment Program
- Enterprise Investment Program
- MD Enterprises Venture Capital Limited Partnership
- Administration of the Maryland Venture Capital Trust

Investment decisions are based on the projects potential for returns, the promotion of economic development and the creation of jobs.

Maryland Venture Fund

Challenge Investment Program (CIP)

(CIP) provides financing for small start-up companies to cover a portion of the initial costs associated with bringing a product to market.

Those industries experiencing the strongest growth in Maryland and use of the Challenge Investment Program include: biotechnology, information technology, telecommunications, software and advanced materials companies.

Maryland Venture Fund

The Enterprise Investment Program (EIP)

EIF makes direct equity investments in emerging high technology companies that have a patented or proprietary products, manufacturing processes and a marketing strategy in place.

While the Challenge Investment Program provides the financing associated with bringing a product to market, the Enterprise Investment Program provides the financing needed to move the enterprise into the next stage of its development as a viable business. Taken together, the programs address a continuum of early stage capital for early stage businesses.

Contact Information

- Greg Cole – 410-767-6376
- Gregory.Cole@Maryland.gov
- <http://commerce.maryland.gov/fund>