

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 609
Finance

(Senators Augustine and Hayes)

Ways and Means

**Economic Development - Maryland Industrial Development Financing Authority
- Marketing Plan**

This bill requires the Maryland Industrial Development Financing Authority (MIDFA) to (1) work to increase the utilization of its programs and funds to assist minority and women-owned businesses in the State and (2) consider incentives to encourage the use of its credit insurance services. MIDFA must develop and implement a marketing plan to increase awareness of its credit insurance services. The plan must identify methods to increase the utilization of such services by community banks and other financial institutions that make loans to historically disadvantaged businesses and businesses in rural areas of the State.

Fiscal Summary

State Effect: To the extent that the bill increases MIDFA's programmatic activity, nonbudgeted revenues and expenditures for the Industrial Development Fund increase, beginning as early as FY 2022. The amount cannot be reliably estimated. The Department of Commerce can develop and implement a marketing plan for MIDFA with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: MIDFA promotes significant economic development by providing financing support to manufacturing, industrial, and technology businesses located in or

moving to Maryland. While MIDFA is authorized to issue tax-exempt bonds, it does not provide direct loans but rather insures bonds, loans, and certain other types of transactions from financial institutions. The program promotes private-sector financing by providing insurance to transactions resulting in reduced credit risks and enabling better terms. Recipients generally must pay bond issuance fees and annual premiums on insured transactions.

When MIDFA issues bonds, State law specifies that it is in the public interest that MIDFA try to achieve a goal that 10% of the (project's) facility users are minority business enterprises; however, failure to achieve that goal does not affect in any way the validity or enforceability of MIDFA's bonds, findings or determinations, or agreements.

State Fiscal Effect: To the extent that the bill increases MIDFA's programmatic activity, nonbudgeted revenues and expenditures for the Industrial Development Fund increase beginning as early as fiscal 2022. The amount cannot be reliably estimated. For context, MIDFA's fiscal 2022 opening fund balance is estimated to be \$15.8 million, with \$0.4 million in revenues and \$3.0 million in expenditures. Commerce can use existing social media channels, email marketing, and other existing outreach and informational channels to generate promotional content targeted to minority and women-owned businesses. The operational impact is limited to reallocating staff resources among the department's various programs.

Small Business Effect: Small businesses may benefit from efforts to increase the utilization and marketing of MIDFA's credit insurance services.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Commerce; Department of Legislative Services

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