

**MARYLAND DEPARTMENT OF
BUSINESS AND ECONOMIC
DEVELOPMENT
PRESENTATION TO
Governor's Grant Training Conference
November 13, 2014**

State Small Business Credit Initiative (SSBCI)

- Governor O'Malley led the charge for the establishment of the SSBCI, gathering support of 28 governors at a National Governors Association meeting in February 2010, and putting forth a request to President Obama to help lessen the credit gap for small businesses by funding state loan guarantee programs. The O'Malley-Brown Administration worked with U.S. Secretary Timothy Geithner and his team to craft the legislation, which is based in part on Maryland's MIDFA loan guarantee program. In addition, Governor O'Malley dispatched Department of Business and Economic Development leadership to testify before the House Finance Services Committee to make the case for the potential of loan guarantee programs like MIDFA and help move the Small Business Jobs Act forward.
- **SSBCI Federal Funds.**
 - The State Small Business Credit Initiative (SSBCI) is the component of the Small Business Jobs Act of 2010 which created \$1.5 billion in direct funding of State credit enhancement programs. Within the Act, Maryland is allocated a total of \$23 million available in three installments subject to performance. These funds must target an average borrower-size of 500 employees or less and loans averaging \$5 million. We are trying to reach a meaningful amount of dollars to package and announce multiple deals at once.
 - A target performance measure is the ability to leverage ten dollars of private sector lending for each dollar of federal funds. Accordingly, Maryland will target unlocking \$230 million of bank lending to small business over the seven-year lifespan of the program. Upon successful completion, the state retains the federal funds for continued lending support.
 - DBED has received the first installment of funds – \$7.6 million. Eighty percent of the \$7.6 million must be expended, obligated or transferred before the second installment may be requested.

Maryland Industrial Development Financing Authority (MIDFA)

- Provides financing support to manufacturing, industrial and technology businesses located in or moving to Maryland.
- Stimulates private sector financing of economic development by issuing Bonds and providing credit enhancements (insurance) that increase access to capital for small and mid-sized companies.

Maryland Venture Fund (MVF)

MVF was developed to make equity investments in “new” state enterprises. This initiative was enhanced to target investments in early stage, high technology companies experiencing difficulties attracting private sector investment dollars. Today, Maryland Venture Fund activities are provided through five sub-sections:

- **The Enterprise Investment Fund** makes equity investments in early stage, high technology firms that are seeking outside venture capital. ****SSBCI**
- **The Challenge Investment Program** is a “seed” program designed to invest in high technology “start-up” firms.
- **The Enterprise Venture Capital Limited Partnership Fund** has invested \$54.5 million in eight (8) Venture Capital Limited Partnerships.
- **Maryland/Israel Development Fund** encourages collaboration between Maryland and Israeli companies creating high technology products.
- **FIPS Certification Grant Program** assists technology companies that need proper security certification to do business with the Federal Government.

Maryland Small Business Development Financing Authority

MSBDFA provides financing need to small, minority and women owned businesses in Maryland. MSBDFA has four complimentary programs that provide lines of credit (including funding to mobilize contracts), long-term guarantees, letters of credit, contract surety bonds, subordinated debt and equity financing as follows:

- **Contract Financing**
- **Loan Guarantees**SSBCI**
- **Surety Bonding**
- **Equity Financing**

Department of Housing and Community Development

The Neighborhood BusinessWorks loan program provides gap financing, i.e. subordinate financing, to new or expanding small businesses and nonprofit organizations in [Sustainable Communities](#) throughout the State.

SSBCI Activity

- To date, thirty-one (31) SSBCI transactions have been approved utilizing \$6,010,149 of SSBCI funds leveraging \$109,922,011 in private sector loans & investments impacting 1,376 jobs:
 - Eight MIDFA loans totaling \$12,233,500 guaranteed for \$3,720,000 utilizing \$744,164 of SSBCI funds and impacting 341 jobs
 - Twelve Enterprise Investments utilizing \$4,539,085 of SSBCI funds to leverage \$91,078,011 in private sector investments, and impacting 873 jobs.
 - Ten MSBDFA loans totaling \$1,985,000 guaranteed for \$1,159,500 utilizing \$231,900 of SSBCI funds and impacting 135 jobs
 - One DHCD Loan utilizing \$495,000, impacting 27 jobs

COMPLIANCE

Reporting

Quarterly Reporting

- Program Utilization
- Program Income
- Program Expenses

Annual Reporting

- Recipient, Census tract, Zip Code, Lender EIN, Lender FDIC, NAICS, Program, Type, Private Sector Loan Amount, Guarantee Amount, Set Aside, Capital Invested, Disbursed Amount, Year Incorporated, Revenues, Borrower FTE, New Jobs, Retained Jobs
- SF 425

Audits

Internal – Best Practices – Compliance Review & Risk Assessment

Treasury

Office of Inspector General

MARYLAND OF OPPORTUNITY.

THANK YOU