



Maryland

DEPARTMENT OF COMMERCE



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COMMERCE**

PRESENTATION TO

Governor's Grant Training Conference

November 9, 2015

State Small Business Credit Initiative (SSBCI)

- Maryland led the charge for the establishment of the SSBCI Program
- Support of 28 governors at a National Governors Association
- Put forth a request to President Obama to help lessen the credit gap for small businesses by funding state loan guarantee programs
- Maryland worked with U.S. Secretary Geithner and his team to craft the legislation, which is based in part on Maryland's MIDFA loan guarantee program
- Leadership for the Department testified 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

- SSBCI is the component of the Small Business Jobs Act of 2010 which created \$1.5 billion in direct funding for credit enhancement programs
- Maryland is allocated a total of \$23 million available in three installments
- Funds must target an average borrower-size of 500 employees or less and loans averaging \$5 million
- Target performance measure: to leverage \$10 of private sector lending for each \$1 of federal funds. Accordingly, Maryland targeting to unlock \$230 million of bank lending to small business over the seven-year lifespan of the program
- Commerce has received the first and second installment of funds, which total \$15.2 million (\$7.6 each). Eighty percent of the second installment must be expended, obligated or transferred before the third installment may be requested.

NATIONWIDE SSBCI DEPLOYMENT

- Funds deployed exceed \$1 billion: Through June 30, 2015, States deployed a total of \$1,175,906,190. Of this total, \$1,081,082,235 was from original SSBCI allocations and \$94,823,955 was from recycled SSBCI funds. These funds support loans or investments to small businesses, including to intermediaries, and for administrative expenses related to the program.

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 Small Business Development Financing Authority (MSBDFA)

MSBDFA provides financing 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**

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. **Effective October 1, 2015 this program is managed by the Maryland Technology Development Corporation (TEDCO)**

Maryland Venture Fund Partners, LLC makes equity investments in early stage, high technology firms that are seeking outside venture capital. ***SSBCI***

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, forty-one (41) SSBCI transactions have been approved utilizing \$9,581,487 of SSBCI funds leveraging \$156,600,511 in private sector loans & investments impacting 1,733 jobs:

- Eight MIDFA loans totaling \$12,233,500 guaranteed for \$3,720,000 utilizing \$744,004 of SSBCI funds and impacting 341 jobs
- Twenty Enterprise Investments utilizing \$8,064,083 of SSBCI funds to leverage \$136,702,011 in private sector investments, and impacting 1,248 jobs.
- Twelve MSBDFA loans totaling \$2,400,000 guaranteed for \$1,392,000 utilizing \$278,400 of SSBCI funds and impacting 117 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

THANK YOU

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