

Chapter 106

(House Bill 844)

AN ACT concerning

Maryland Small Business Development Financing Authority – Small Business Surety Bond Program

FOR the purpose of increasing the maximum amount that the Maryland Small Business Development Financing Authority may guarantee a surety under the Small Business Surety Bond Program; increasing the maximum amount of certain bonds that the Financing Authority may execute and perform as a surety under its surety program; and generally relating to the Maryland Small Business Development Financing Authority.

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 5–568 and 5–569

Annotated Code of Maryland

(2008 Volume and 2014 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Economic Development

5–568.

(a) The Authority may guarantee a surety up to the lesser of 90% or **[\$1,350,000]** **\$2,250,000** of its loss under a bid bond, payment bond, or performance bond on a contract financed by the federal government, a state government, a local government, a private entity, or a utility that the Public Service Commission regulates.

(b) The term of a guaranty under this part may not exceed the contract term, including:

- (1) the maintenance or warranty period required by the contract; and
- (2) the period during which the surety may be liable for latent defects.

(c) The Authority may vary the terms and conditions of a guaranty based on:

- (1) the Authority's history of experience with a surety; and
- (2) any other factor the Authority considers relevant.

5-569.

(a) The Authority may execute and perform a bid bond, performance bond, and payment bond as a surety for the benefit of a principal in connection with a contract financed by the federal government or a state government, a local government, a private entity, or a utility regulated by the Public Service Commission.

(b) (1) This subsection does not apply if the sources of funding for the bonds are grants.

(2) The bonds may not exceed [~~\$1,000,000~~] **\$2,500,000** each.

(c) Bonds are subject to the approval of the Authority based on the bond worthiness of the principal.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2015.

Approved by the Governor, April 14, 2015.