

HOUSE BILL 496

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C8

2003 Regular Session
(31r0127)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Chairman, Economic Matters Committee (By Request -
Departmental - Business and Economic Development)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER 304

1 AN ACT concerning

2 **Business and Economic Development - Maryland Economic Development**
3 **Assistance Fund**

4 FOR the purpose of ~~altering the required meeting times of the Maryland Economic~~
5 ~~Development Assistance Authority~~; expanding the authorized uses of financial
6 assistance from the Maryland Economic Development Assistance Fund to
7 include development and carrying costs associated with certain costs that are
8 currently eligible; altering the requirements governing feasibility studies that
9 may be funded by the Fund; altering the requirements concerning investments
10 from the Fund; ~~altering the requirements regarding eligible industry sectors~~
11 ~~and projects carried out by local governments~~; defining a certain term; and
12 generally relating to financial assistance from the Maryland Economic
13 Development Assistance Fund.

14 BY renumbering

15 Article 83A - Department of Business and Economic Development

1 Section 5-1401(g) through (v), respectively
 2 to be Section 5-1401(h) through (w), respectively
 3 Annotated Code of Maryland
 4 (1998 Replacement Volume and 2002 Supplement)

5 BY repealing and reenacting, without amendments,
 6 Article 83A - Department of Business and Economic Development
 7 Section 5-1401(a) and 5-1403(f)
 8 Annotated Code of Maryland
 9 (1998 Replacement Volume and 2002 Supplement)

10 BY adding to
 11 Article 83A - Department of Business and Economic Development
 12 Section 5-1401(g)
 13 Annotated Code of Maryland
 14 (1998 Replacement Volume and 2002 Supplement)

15 BY repealing and reenacting, with amendments,
 16 Article 83A - Department of Business and Economic Development
 17 Section 5-1403(f), 5-1405(b) through (d), and 5-1410(d)
 18 Section 5-1405(b) and (c)
 19 Annotated Code of Maryland
 20 (1998 Replacement Volume and 2002 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 22 MARYLAND, That Section(s) 5-1401(g) through (v), respectively, of Article 83A -
 23 Department of Business and Economic Development of the Annotated Code of
 24 Maryland be renumbered to be Section(s) 5-1401(h) through (w), respectively.

25 SECTION 1-2. ~~AND BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
 26 ~~MARYLAND~~ *FURTHER ENACTED*, That the Laws of Maryland read as follows:

27 **Article 83A - Department of Business and Economic Development**

28 5-1401.

29 (a) In this subtitle the following words have the meanings indicated.

30 (G) "ASSOCIATED DEVELOPMENT AND CARRYING COSTS" MEANS COSTS
 31 ASSOCIATED WITH THE ACQUISITION AND MAINTENANCE OF AN ASSET, INCLUDING
 32 SETTLEMENT COSTS, INSURANCE, INTEREST, TAXES, GOVERNMENT FEES, UTILITIES,
 33 AND THE COSTS OF MANAGING AND SECURING THE ASSET.

1 5-1403.

2 (f) (1) The Authority shall meet as often as its duties require, but no less
3 than quarterly.

4 (2) The members of the Authority are subject to the provisions of the
5 Maryland Public Ethics Law.

6 (3) Each member of the Authority appointed by the Governor may not
7 receive compensation as a member of the Authority but is entitled to reimbursement
8 for expenses under the Standard State Travel Regulations, as provided in the State
9 budget.

10 5-1405.

11 (b) Financial assistance from the Fund may be used only to finance costs
12 incurred for:

13 (1) Acquisition or construction of a building or real estate, AND
14 ASSOCIATED DEVELOPMENT AND CARRYING COSTS;

15 (2) Acquisition, construction, or installation of machinery, equipment,
16 furnishings, fixtures, leasehold improvements, site improvements, or infrastructure
17 improvements, including rail line enhancements on or to the site of an economic
18 development project, AND ASSOCIATED DEVELOPMENT AND CARRYING COSTS;

19 (3) Working capital for significant strategic economic development
20 opportunities, arts and entertainment enterprises, or arts and entertainment
21 projects;

22 (4) Redevelopment of qualified brownfields sites;

23 (5) (i) Except as provided in item (ii) of this paragraph, up to 50% of
24 the costs of renovations, construction, or purchase of real property, fixtures, or
25 equipment related to a child care facility, but not for refinancing existing loans,
26 working capital, supplies, or inventory; or

27 (ii) A business that has received or will receive a day care loan
28 insured by the Maryland Industrial Development Financing Authority; such
29 businesses shall be limited to financial assistance from the Fund of not more than
30 20% of the costs described in item (i) of this paragraph;

31 (6) If [incurred by a local government] SUPPORTED BY A RESOLUTION
32 ADOPTED BY THE GOVERNING BODY OF THE JURISDICTION IN WHICH A PROJECT
33 MAY BE LOCATED, costs of feasibility studies; and

34 (7) Up to 50% of the costs of preparing a county's or municipality's
35 strategy or plan for economic development, not to exceed a total of \$50,000 in a 3-year
36 period.

- 1 (c) (1) Financial assistance from the Fund:
- 2 (i) May not exceed the lesser of \$10,000,000 or 20% of the Fund
3 balance;
- 4 (ii) Except as provided in item (iii) of this paragraph, may not
5 exceed 70% of the total costs of the project being financed;
- 6 (iii) May constitute 100% of the total costs of the project being
7 financed if:
- 8 1. The recipient is the Maryland Economic Development
9 Corporation; or
- 10 2. The financial assistance is for an arts and entertainment
11 enterprise or arts and entertainment project;
- 12 (iv) If a loan for a significant strategic economic development
13 opportunity or for a specialized economic development opportunity, shall carry an
14 interest rate below the market rate of interest, as determined by the Department;
- 15 (v) If a loan for a local economic development opportunity or to a
16 local government, shall carry an interest rate not exceeding one-eighth of one percent
17 plus the net interest cost of the most recent State general obligation bond issue
18 preceding the approval of the loan;
- 19 (vi) Shall not bear a rate of interest less than 3% unless the project
20 funded by a loan is located in an area of high unemployment or the Department
21 determines that the borrower is carrying out a compelling economic development
22 initiative; and
- 23 (vii) May not be used to refinance existing debt.
- 24 (2) Loans from the Fund may not be for a term exceeding:
- 25 (i) For working capital - 3 years;
- 26 (ii) For financing machinery, equipment, furnishings, or fixtures -
27 the lesser of 15 years or the useful life of the asset, as determined by the Department;
- 28 (iii) For financing the construction or acquisition of buildings and
29 real estate - 25 years; and
- 30 (iv) For financing redevelopment of a qualified brownfields site - a
31 term approved by the Department or the Authority.
- 32 (3) For loans from the Fund the Department may:
- 33 (i) Waive interest during the first 2 years of a loan term; or

1 (ii) Upon a default by the borrower, impose an interest rate that
2 exceeds the limits set forth in paragraph (1) of this subsection.

3 (4) [Investments] PROCEEDS OF INVESTMENTS from the Fund may be
4 [made only in conjunction with a loan or a grant from the Fund] EXPENDED ONLY
5 ON COSTS DESCRIBED IN SUBSECTION (B) OF THIS SECTION.

6 ~~(d) To be eligible for financial assistance from the Fund, an applicant must be:~~

7 ~~(1) An individual, private business, not for profit entity, or local~~
8 ~~government which:~~

9 ~~(i) Unless the applicant is a local government intending to use the~~
10 ~~financial assistance to carry out a project that [does not benefit a particular private~~
11 ~~sector entity] THE DEPARTMENT DEEMS TO BE A LOCAL ECONOMIC DEVELOPMENT~~
12 ~~PROJECT, must use the requested financial assistance for a project in an eligible~~
13 ~~industry sector;~~

14 ~~(ii) Intends to use the requested financial assistance for a project~~
15 ~~that has a strong potential for expanding or retaining employment opportunities in~~
16 ~~the State; and~~

17 ~~(iii) Submits to the Department an application containing any~~
18 ~~information the Department or the Authority deems necessary in evaluating the~~
19 ~~request for financial assistance; or~~

20 ~~(2) A local economic development fund that meets the criteria set forth in~~
21 ~~§ 5-1407 of this subtitle.~~

22 ~~5-1410.~~

23 ~~(d) The provisions of this section do not apply to financial assistance to a local~~
24 ~~government that uses the financial assistance provided under this subtitle to carry~~
25 ~~out a project that [does not benefit a particular private sector entity] THE~~
26 ~~DEPARTMENT DEEMS TO BE A LOCAL ECONOMIC DEVELOPMENT PROJECT.~~

27 SECTION 2-3. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect July 1, 2003.