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

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Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: February 21, 2006

CHAPTER _____

1 AN ACT concerning

2 **Business and Economic Development - Enterprise Zones - Expansion**

3 FOR the purpose of amending the provisions of the enterprise zones program to
4 provide that certain expansions of existing zones may not count towards the
5 maximum number of enterprise zones to be designated during certain periods;
6 modifying the period during which a certain number of enterprise zones may be
7 designated; and generally relating to the enterprise zones program.

8 BY repealing and reenacting, with amendments,
9 Article 83A - Department of Business and Economic Development
10 Section 5-402
11 Annotated Code of Maryland
12 (2003 Replacement Volume and 2005 Supplement)

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

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

16 5-402.

17 (a) Any political subdivision may apply to the Secretary for designation of an
18 area within that political subdivision as an enterprise zone, but if a county seeks to
19 designate an area within a municipal corporation as an enterprise zone, then the
20 governing body of the municipal corporation must first consent.

1 (b) Any county may apply to the Secretary on behalf of a municipal
2 corporation, with the consent of such municipal corporation, for designation of any
3 area within that municipal corporation as an enterprise zone.

4 (c) Two or more political subdivisions may apply jointly to the Secretary for
5 designation of an area as an enterprise zone which may be located astride their
6 common boundaries.

7 (d) The application shall be in the form and manner and contain such
8 information as the Secretary may, by regulation, determine, provided that the
9 application shall:

10 (1) Contain information sufficient for the Secretary to determine if the
11 criteria established in § 5-403 have been met;

12 (2) Be submitted on behalf of the political subdivision by its chief elected
13 officer, or, if none, by the governing body of the political subdivision;

14 (3) State whether the political subdivision has examined the feasibility
15 of creating educational or training opportunities for employers and employees of
16 business entities located or to be located in the proposed enterprise zone; and

17 (4) Set forth the standards with which a business entity must comply as
18 a precondition to its receiving the incentives and initiatives set forth in this subtitle.

19 (e) Within 60 days following any submission date, the Secretary may
20 designate one or more enterprise zones from among the applications submitted to the
21 Secretary on or before that submission date, provided, however, that the Secretary
22 may not designate more than 6 enterprise zones in any [12-month period]
23 CALENDAR YEAR and no county may receive more than 1 area designated as an
24 enterprise zone in any calendar year. The determination of the Secretary as to the
25 areas designated enterprise zones shall be final, except that, for any area not
26 designated an enterprise zone, a political subdivision may reapply at any time to the
27 Secretary for designation of that area as an enterprise zone.

28 (f) Any area that is designated an enterprise zone or an empowerment zone
29 under federal law shall automatically and without any additional action by the
30 political subdivision or the Secretary be designated an enterprise zone under this
31 section without regard to any limitation on the number of enterprise zones that may
32 be designated by the Secretary. However, the incentives and initiatives provided for in
33 this subtitle shall not be available to business entities located in an enterprise zone
34 designated under federal law unless the Secretary and the Board of Public Works
35 shall consent to the designation.

36 (g) An application by a political subdivision and the designation by the
37 Secretary of an area as an enterprise zone shall constitute the State approval that
38 may be required for designation as an enterprise zone under federal law.

39 (h) Before designating an enterprise zone, the Secretary shall consult with
40 and ask the advice of the appropriate individuals and advisors.

1 (i) (1) A political subdivision may apply to the Secretary for the expansion
2 of an existing enterprise zone in the same manner as the political subdivision would
3 apply for the designation of a new enterprise zone.

4 (2) The Secretary may grant an expansion of an enterprise zone into any
5 area that meets the requirements of § 5-403 of this subtitle.

6 (3) IF THE GEOGRAPHIC AREA OF A PROPOSED EXPANSION AREA DOES
7 NOT EXCEED 50% OF THE EXISTING GEOGRAPHIC AREA OF THE ENTERPRISE ZONE,
8 THE EXPANSION MAY NOT COUNT TOWARDS THE LIMITATIONS, PROVIDED UNDER
9 SUBSECTION (E) OF THIS SECTION, ON THE NUMBER OF ENTERPRISE ZONES THAT
10 THE SECRETARY MAY DESIGNATE IN A CALENDAR YEAR OR THAT A COUNTY MAY
11 RECEIVE IN A CALENDAR YEAR.

12 (j) (1) The Secretary may grant an extraordinary expansion of an enterprise
13 zone into any area that:

14 (i) Meets the requirements of § 5-403 of this subtitle; and

15 (ii) In the determination of the Secretary, has suffered a significant
16 loss of economic base.

17 (2) The extraordinary expansion of an enterprise zone may not count
18 towards the limitations, provided under subsection (e) of this section, on the number
19 of enterprise zones that the Secretary may designate in a [12-month period]
20 CALENDAR YEAR or that a county may receive in a calendar year.

21 (3) The Secretary may not grant more than one extraordinary expansion
22 of an enterprise zone throughout the State in any [12-month period] CALENDAR
23 YEAR.

24 (k) (1) A political subdivision may request the Secretary to designate all or
25 part of an enterprise zone as a focus area for the lesser of:

26 (i) 5 years; or

27 (ii) The remainder of the 10-year term of the applicable enterprise
28 zone.

29 (2) The request may be made on or before any submission date either at
30 the time the political subdivision applies for the designation of a new enterprise zone
31 or after an enterprise zone has been designated by the Secretary.

32 (3) The Secretary may grant the request if the area is located in an
33 enterprise zone designated by the Secretary and meets at least three of the following
34 criteria:

35 (i) The average rate of unemployment in the area, or within a
36 reasonable proximity to the area but within the same county, for the most recent
37 18-month period for which data are available is at least 150 percent of the average

1 rate of unemployment in either the State or the United States, whichever average
2 rate is greater during the same period;

3 (ii) The population in the area or within a reasonable proximity to
4 the area but within the same county has an incidence of poverty that is 150 percent of
5 the national average;

6 (iii) The crime rate in the area or within a reasonable proximity to
7 the area but within the same county is at least 150 percent of the crime rate in the
8 political subdivision in which the area is located;

9 (iv) The percentage of substandard housing in the area or within a
10 reasonable proximity to the area but within the same county is at least 200 percent of
11 the percentage of housing units in the State that are substandard, according to data
12 from the U.S. Bureau of the Census, or other State or federal government data
13 deemed appropriate by the Secretary; or

14 (v) The percentage of square footage of commercial property that is
15 vacant in the area or within a reasonable proximity of the area but within the same
16 county is at least 20 percent, according to data from the U.S. Bureau of the Census, or
17 other State or federal government data deemed appropriate by the Secretary.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
19 effect July 1, 2006.