

Chapter 482

(House Bill 326)

AN ACT concerning

Housing and Community Development – Business Lending and Neighborhood Revitalization

FOR the purpose of authorizing the Maryland Housing Fund in the Department of Housing and Community Development to provide certain insurance or credit enhancement on business projects under certain circumstances; altering certain findings related to the Maryland Housing Fund to include certain business projects; specifying certain criteria for a project to qualify as a business project; providing for certain types of financial assistance to business projects by the Community Development Administration under certain circumstances; authorizing the Administration to purchase or issue securities for certain business projects; altering certain definitions; defining certain terms; authorizing the Department to charge certain fees for certain financial assistance provided under the Division of Neighborhood Revitalization; requiring the Department to provide certain notice of certain projects under the Division to certain local jurisdictions; altering the circumstances in which the Department may approve certain projects; altering the standards for receipt of certain financial assistance to certain businesses under the Division; altering the type of financial assistance that the Department may provide through certain entities under certain circumstances; expanding the areas in which the Neighborhood Business Development Program is authorized to provide financial assistance; requiring the Department to reserve a certain amount of money to make financial assistance available to certain projects located in sustainable communities; repealing certain requirements for applicants for financial assistance for projects in certain areas; repealing a requirement for the Department to establish certain minimum percentages for certain types of funding; altering certain limits on the amount of certain loans that the Department may sell; authorizing the Department to purchase certain financial assistance from certain entities for certain business purposes; authorizing the Department to pledge certain loans for certain purposes; altering where certain unencumbered funds in the Neighborhood Business Development Fund may be transferred for certain uses under certain circumstances; declaring the intent of the General Assembly; requiring the Department to report to certain committees of the General Assembly on or before a certain date; and generally relating to business lending and neighborhood revitalization in the Department of Housing and Community Development.

BY renumbering

Article – Housing and Community Development

Section 3–201(b) through (j), respectively, and 4–201(b) through (u), respectively to be Section 3–201(c) through (k), respectively, and 4–201(c) through (v), respectively

Annotated Code of Maryland

(2006 Volume and 2015 Supplement)

BY repealing and reenacting, without amendments,
 Article – Housing and Community Development
 Section 3–201(a) and 4–201(a)
 Annotated Code of Maryland
 (2006 Volume and 2015 Supplement)

BY adding to
 Article – Housing and Community Development
 Section 3–201(b), 4–201(b), and 4–223
 Annotated Code of Maryland
 (2006 Volume and 2015 Supplement)

BY repealing and reenacting, with amendments,
 Article – Housing and Community Development
 Section 3–202, 3–206(a), 4–201(e), 4–211(a)(12), 4–225(a), 4–234, 6–102, 6–206(b),
 6–301, 6–302, 6–303, 6–304(b), 6–305, 6–308, 6–308.1, 6–310, and 6–405(c)
 Annotated Code of Maryland
 (2006 Volume and 2015 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That Section(s) 3–201(b) through (j), respectively, and 4–201(b) through (u), respectively,
 of Article – Housing and Community Development of the Annotated Code of Maryland be
 renumbered to be Section(s) 3–201(c) through (k), respectively, and 4–201(c) through (v),
 respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 as follows:

Article – Housing and Community Development

3–201.

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

(B) “BUSINESS PROJECT” HAS THE MEANING STATED IN § 4–201 OF THIS ARTICLE.

3–202.

(a) (1) The General Assembly finds that:

(i) the flow of private investment capital into **BUSINESSES AND**
 adequate housing can be stimulated by a system insuring qualified lending institutions

against losses resulting from nonpayment of money owed under the terms of a note, bond, or other evidence of indebtedness; and

(ii) the insurance can help State and local activity to finance **BUSINESSES**, housing, and rehabilitation.

(2) The General Assembly also finds that adequate housing can and should be provided by private capital under our free enterprise system and in accordance with sound investment practices.

(3) The General Assembly finds as a subject of concern that:

(i) many residents of the State are living in substandard housing; and

(ii) there is a shortage of housing at reasonable costs for various income levels.

(b) The General Assembly finds that it is in the public interest to promote energy conservation projects and solar energy projects by providing insurance for:

(1) loans made by qualified lending institutions; and

(2) bonds or notes issued to finance the projects.

(c) The General Assembly finds that the sale of pooled mortgages or securities backed by mortgages to private or public investors, including public and private pension funds, is in the public interest and could increase the investment capital available to make mortgage loans to:

(1) acquire, construct, and rehabilitate housing; AND

(2) ACQUIRE, OPERATE, CONSTRUCT, AND REHABILITATE BUSINESSES.

(d) (1) In this subsection, “distressed area” has the meaning stated in § 4–201 of this article.

(2) The General Assembly finds that it is in the public interest to encourage the financing of, and otherwise to support, the planning, acquisition, development, construction, reconstruction, rehabilitation, repair, renovation, and other improvement of:

(i) public purpose projects in distressed areas in the State; and

(ii) infrastructure projects.

(e) The General Assembly finds that the flow of public and private capital to support the activities specified in this section will be encouraged and expanded by:

- (1) insuring:
 - (i) loans made by qualified lending institutions;
 - (ii) bonds or notes issued by qualified issuers; and
 - (iii) obligations backed by mortgages; and
- (2) providing other credit enhancements.

3–206.

(a) In offering insurance and other forms of credit enhancement, the Department shall adopt eligibility standards that are reasonable to aid in:

- (1) financing the purchase, construction, or rehabilitation of:
 - (i) housing projects;
 - (ii) special housing facility projects, consisting of the acquisition, rehabilitation, improvement, renovation, construction, financing, or refinancing of a building that:
 - 1. provides common, shared, or independent living, dining, kitchen, sanitary, and sleeping facilities;
 - 2. may include supportive services or supervisory live-in personnel for individuals with specialized housing needs; and
 - 3. may include nonresidential facilities to serve individuals with special needs who may or may not be residents of the special housing facility;
 - (iii) rehabilitation projects, as defined in § 4–901 of this article;
 - (iv) energy conservation projects;
 - (v) solar energy projects;
 - (vi) public purpose projects; [or]
 - (vii) infrastructure projects; [and] **OR**
- (VIII) BUSINESS PROJECTS; AND**

(2) the sale or other transfer of an obligation that is:

(i) denoted as a bond, note, collateralized obligation, grantor trust, conduit, or other form of security or obligation; and

(ii) backed directly or indirectly by a mortgage or a payment derived from a mortgage.

4-201.

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

(B) “BUSINESS PROJECT” MEANS A PROJECT THAT QUALIFIES UNDER § 4-223 OF THIS SUBTITLE.

(e) (1) “Development costs” means the costs that the Department considers reasonable and necessary to carry out:

(i) a community development project;

(ii) an energy conservation project;

(iii) a home improvement project;

(iv) an infrastructure project;

(v) a public purpose project;

(vi) a solar energy project; [or]

(vii) a special housing facility; **OR**

(VIII) A BUSINESS PROJECT.

(2) “Development costs” includes:

(i) the costs of:

1. studies, surveys, plans and specifications, and architectural, engineering, or other special services;

2. acquisition of land and any buildings on the land;

3. site preparation and development, construction, reconstruction, rehabilitation, and improvement; and

4. acquisition of machinery, equipment, and furnishings;

(ii) expenses incurred in connection with initial occupancy or operation of the project;

(iii) an allocable portion of the administrative and operating expenses of the Department;

(iv) the cost of financing the project, including interest on bonds and notes issued to finance the project from the date issued to the date the Department determines that the project is substantially occupied or substantially in operation; [and]

(v) the cost of other items, including indemnity and surety bonds, premiums on insurance, fees, relocation costs, and charges and expenses of trustees, depositories, and paying agents for bonds and notes issued; **AND**

(VI) OPERATING AND EXPANSION COSTS FOR BUSINESS PROJECTS.

4-211.

(a) The Administration shall:

(12) provide money to programs eligible to receive funding from the Neighborhood Business Development Fund under § [6-309] **6-310** of this article.

4-223.

(A) A PROJECT QUALIFIES AS A BUSINESS PROJECT IF THE PROJECT IS:

(1) LOCATED IN AN AREA DESIGNATED AS A PRIORITY FUNDING AREA UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

(2) (I) ACQUIRED, OWNED, DEVELOPED, CONSTRUCTED, RECONSTRUCTED, REHABILITATED, OR IMPROVED BY A PERSON OR AN ENTITY FOR THE PURPOSES OF CARRYING ON A BUSINESS WHETHER OR NOT FOR PROFIT; OR

(II) ELIGIBLE FOR FUNDING FROM THE NEIGHBORHOOD BUSINESS DEVELOPMENT FUND UNDER § 6-310 OF THIS ARTICLE.

(B) REPAYMENT OF PRINCIPAL AND INTEREST FOR A BUSINESS PROJECT MAY BE SECURED BY:

(1) REAL PROPERTY;

- (2) PERSONAL PROPERTY;**
- (3) BANK ACCOUNTS;**
- (4) CERTIFICATES OF DEPOSIT, STOCKS, AND BONDS;**
- (5) CREDIT ENHANCEMENT, ASSURANCE, OR GUARANTY; OR**
- (6) ANY OTHER COLLATERAL ACCEPTABLE TO THE ADMINISTRATION.**

4-225.

- (a) The Administration shall administer a program of financial assistance for:
 - (1) community development projects;
 - (2) energy conservation projects;
 - (3) home improvement projects;
 - (4) public purpose projects;
 - (5) solar energy projects; [and]
 - (6) special housing facilities; AND
 - (7) BUSINESS PROJECTS.**

4-234.

(a) In this section, “government-sponsored enterprise” means the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, or other agency or instrumentality of or chartered by the federal government that has similar powers.

(b) **(1)** To finance community development projects, public purpose projects, or residential mortgage loans, the Administration may purchase or issue securities that are backed by mortgage loans and guaranteed by the Government National Mortgage Association or a government-sponsored enterprise.

(2) TO FINANCE BUSINESS PROJECTS, THE ADMINISTRATION MAY PURCHASE OR ISSUE SECURITIES THAT ARE BACKED BY LOANS OR OTHER OBLIGATIONS.

(c) (1) Notwithstanding inconsistent provisions of this subtitle relating to bonds or notes that the Administration purchases or issues, the issuance, terms, and conditions of a security that the Administration issues under this section may be as the Administration finds necessary or desirable for guaranty by:

(I) the Government National Mortgage Association or a government-sponsored enterprise, **FOR PROJECTS OR LOANS DESCRIBED UNDER SUBSECTION (B)(1) OF THIS SECTION; OR**

(II) **THE MARYLAND HOUSING FUND, A PRIVATE ENTITY, OR A GOVERNMENT-SPONSORED ENTERPRISE, FOR PROJECTS DESCRIBED UNDER SUBSECTION (B)(2) OF THIS SECTION.**

(2) Except as provided by paragraph (1) of this subsection, the provisions of this subtitle that relate to bonds or notes issued by the Administration apply to securities purchased or issued under this section.

6-102.

(a) The Division of Neighborhood Revitalization shall administer commercial and mixed-use revitalization programs to encourage physical and organizational improvements to business areas.

(b) To carry out commercial and mixed-use revitalization programs, the Division of Neighborhood Revitalization shall administer State and federal grants and loans and other financial assistance to:

(1) political subdivisions, local public agencies, nonprofit organizations, neighborhood or community organizations, or private parties; or

(2) corporations or foundations whose net earnings are invested to foster, encourage, help, or carry out community assistance activities, projects, or programs.

(C) THE DEPARTMENT MAY:

(1) CHARGE AND COLLECT FROM A PROJECT APPLICANT OR RECIPIENT OF FINANCIAL ASSISTANCE UNDER THIS TITLE:

(I) ORIGINATION, APPLICATION, AND PROCESSING FEES; AND

(II) ANY OTHER CHARGES, FEES, OR REIMBURSEMENTS INCIDENTAL TO A PROJECT APPLICATION OR PROVIDING FINANCIAL ASSISTANCE; AND

(2) INCLUDE THE FEES AND CHARGES LISTED IN THIS SECTION IN THE AMOUNT OF FINANCIAL ASSISTANCE.

~~6-206.~~

~~(b) (1) The Department may not approve an application [unless] UNTIL THE DEPARTMENT HAS PROVIDED WRITTEN NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT TO the political subdivision in which the proposed project is located [approves the application by:~~

~~(i) resolution; or~~

~~(ii) letter, delivered to the Department by the political subdivision's authorized designee, expressing support for the plan or project].~~

~~(2) If an application affects a sustainable community entirely within a municipal corporation, the [approval must come from] DEPARTMENT MUST PROVIDE NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT TO the municipal corporation rather than the surrounding county.~~

~~(3) If an application affects a sustainable community within more than one political subdivision, THE DEPARTMENT MUST PROVIDE NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT TO each political subdivision [must approve it by:~~

~~(i) resolution; or~~

~~(ii) letter, delivered to the Department by the political subdivision's authorized designee, expressing support for the plan or project].~~

6-206.

(b) (1) The Department SHALL PROVIDE WRITTEN NOTICE TO THE POLITICAL SUBDIVISION IN WHICH THE PROPOSED PROJECT IS LOCATED.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS SUBSECTION, THE DEPARTMENT may not approve an application unless the political subdivision in which the proposed project is located approves the application by:

(i) resolution; or

(ii) letter, delivered to the Department by the political subdivision's authorized designee, expressing support for the plan or project.

[(2)] (3) If an application affects a sustainable community entirely within a municipal corporation, the approval must come from the municipal corporation rather than the surrounding county.

[(3)] (4) If an application affects a sustainable community within more than one political subdivision, each political subdivision must approve it by:

(i) resolution; or

(ii) letter, delivered to the Department by the political subdivision's authorized designee, expressing support for the plan or project.

(5) IF THE DEPARTMENT DOES NOT RECEIVE NOTICE OF APPROVAL OR DENIAL OF AN APPLICATION FROM THE AFFECTED JURISDICTIONS WITHIN 45 DAYS AFTER NOTICE OF THE PROPOSED PROJECT IS GIVEN IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, THE DEPARTMENT MAY APPROVE THE APPLICATION.

6–301.

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

(b) (1) “Development costs” means the costs incurred to [construct or rehabilitate] **DEVELOP, REDEVELOP, OR EXPAND** a neighborhood business development project.

(2) “Development costs” includes the costs of:

(i) necessary studies, surveys, plans, and specifications;

(ii) architectural, engineering, or other special services, including flood plain studies, environmental audits, and critical area or wetland assessments;

(iii) land and improvements;

(iv) site preparation;

(v) construction, reconstruction, and rehabilitation;

(vi) machinery, equipment, and furnishings;

(vii) essential [start-up] operating costs, including working capital and [initial] occupancy expenses;

(viii) indemnity and surety bonds and premiums on insurance;

(ix) temporary relocation expenses; and

(x) other [necessary fees] **COSTS DETERMINED TO BE ACCEPTABLE BY THE DEPARTMENT.**

(c) “Food desert” means the part of a priority funding area designated by the Secretary under § 6–308(c) of this subtitle.

(d) “Fund” means the Neighborhood Business Development Fund.

(e) “Microenterprise” means a business [with not more than five employees that:

(1) requires not more than \$35,000 in total start–up capital or financial assistance; and

(2) does not have access to the traditional commercial banking sector] **THAT QUALIFIES AS A MICROENTERPRISE UNDER § 6–302 OF THIS SUBTITLE.**

(F) “PRIORITY FUNDING AREA” MEANS AN AREA DESIGNATED AS A PRIORITY FUNDING AREA UNDER § 5–7B–02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

[(f)] (G) “Program” means the Neighborhood Business Development Program.

[(g)] (H) (1) “Project” means a neighborhood business development project that receives financial assistance from the Fund.

(2) “Project” includes a microenterprise project that receives financial assistance from the Fund.

[(h)] (I) “Small business” means a business that qualifies as a small business under § 6–302 of this subtitle.

[(i)] (J) “Sustainable community” means the part of a priority funding area that:

(1) as determined by the Smart Growth Subcabinet, satisfies the requirements of § 6–205 of this title;

(2) has been designated as a BRAC Revitalization and Incentive Zone under Title 5, Subtitle 13 of the Economic Development Article; or

(3) has been designated a transit–oriented development under § 7–101 of the Transportation Article.

6–302.

[(a)] A business qualifies as a small business **OR A MICROENTERPRISE** if the number of its employees and the amount of its annual receipts do not exceed limits that the Department sets by regulation **FOR A SMALL BUSINESS OR A MICROENTERPRISE**.

[(b)] The limits that the Department sets may not be less restrictive than those that the federal Small Business Administration sets.]

6–303.

(a) There is a Neighborhood Business Development Program.

(b) The purposes of the Program are:

(1) in [sustainable communities] **PRIORITY FUNDING AREAS**, to:

(i) help develop, redevelop, or expand small businesses and microenterprises;

(ii) stimulate investment by the private sector;

(iii) invest in revitalization projects for small businesses and microenterprises; and

(iv) stimulate political subdivisions to participate in developing and expanding small businesses and microenterprises; and

(2) in food deserts **OR PARTS OF PRIORITY FUNDING AREAS THAT SERVE FOOD DESERTS**, to help create small businesses and other food–related enterprises that provide fresh fruits, vegetables, and other healthy foods to residents in the food desert.

(c) The Program includes:

(1) the Business Development Program; and

(2) the Capital Access Program.

6–304.

(b) The Business Development Program shall provide financial assistance to projects in [sustainable communities and food deserts] **PRIORITY FUNDING AREAS**.

6–305.

(a) (1) A small business, nonprofit organization, or microenterprise may apply for financial assistance under the Business Development Program.

(2) The Department shall review each application.

(b) An applicant may qualify for financial assistance for a project in a [sustainable community or food desert] **PRIORITY FUNDING AREA** if the application demonstrates that:

(1) [except for a microenterprise project, the project has significant commitments for financing from other private and nonstate public sources that are sufficient to complete the project with the money from the Fund;

(2) the financial assistance from the Fund is the minimum amount necessary to make the project financially feasible;

[(3) (2) the project is ready to proceed when it receives financial assistance from the Business Development Program; AND

~~[(4) (3) the political subdivision has [adopted a resolution, or its authorized designee has delivered a letter to the Business Development Program, that expresses support for the project] **BEEN PROVIDED WITH WRITTEN NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT**; and~~

[(5) (4) (3) any food desert project includes a plan to seek out sources of Maryland-grown produce and Maryland produced foods.

(c) **(1) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO THE POLITICAL SUBDIVISION IN WHICH THE PROPOSED PROJECT IS LOCATED.**

(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE DEPARTMENT MAY NOT APPROVE AN APPLICATION UNLESS THE POLITICAL SUBDIVISION IN WHICH THE PROPOSED PROJECT IS LOCATED APPROVES THE APPLICATION BY:

(I) RESOLUTION; OR

(II) LETTER, DELIVERED TO THE DEPARTMENT BY THE POLITICAL SUBDIVISION'S AUTHORIZED DESIGNEE, EXPRESSING SUPPORT OF THE PLAN OR PROJECT.

(3) IF THE DEPARTMENT DOES NOT RECEIVE NOTICE OF APPROVAL OR DENIAL OF AN APPLICATION FROM THE AFFECTED JURISDICTIONS WITHIN 45 DAYS AFTER NOTICE OF THE PROPOSED PROJECT IS GIVEN IN ACCORDANCE WITH

PARAGRAPH (1) OF THIS SUBSECTION, THE DEPARTMENT MAY APPROVE THE APPLICATION.

(D) Financial assistance under the Business Development Program may be provided to a small business, nonprofit organization, or microenterprise as:

- (1) a grant;
- (2) a loan;
- (3) a reduction in the principal obligation of or interest rate on a loan or portion of a loan;
- (4) a prepayment of interest on a subordinate or superior loan or portion of a loan;
- (5) an assurance;
- (6) a guarantee; or
- (7) any other form of credit enhancement.

(E) THE DEPARTMENT SHALL RESERVE AT LEAST THE LESSER OF \$5,000,000 OR THE ANNUAL CAPITAL APPROPRIATION FOR THE FUND TO MAKE FINANCIAL ASSISTANCE AVAILABLE TO PROJECTS LOCATED IN SUSTAINABLE COMMUNITIES.

6-308.

(a) The Department shall:

- (1) administer the Business Development Program;
- (2) adopt regulations to carry out the Business Development Program, including a process to designate an area as a food desert under subsection (c) of this section; **AND**
- (3) [establish, for each category of financing described in § 6-306(c) of this subtitle, minimum percentages or amounts of private and nonstate public financing that an applicant for the Business Development Program must secure; and
- (4)] make a reasonable, good faith effort to make 25% of the Business Development Program loans and grants to microenterprises.

(b) The Department may:

(1) sell, assign, or otherwise dispose of a Program loan or revenue from a loan on terms and conditions acceptable to the Department, including selling loans at a discount, if the maximum sale proceeds in any fiscal year do not exceed **[\$4,000,000] LIMITS THAT THE DEPARTMENT SETS BY REGULATION; [and]**

(2) apply the proceeds received from a sale, assignment, or other disposition under item (1) of this subsection to the Fund; **AND**

(3) PLEDGE A PROGRAM LOAN AS SECURITY FOR ANY:

(I) BUSINESS PROJECT LOAN, BOND, OR SECURITY THAT IS ISSUED, MADE, OR PURCHASED BY THE COMMUNITY DEVELOPMENT ADMINISTRATION UNDER TITLE 4 OF THIS ARTICLE; OR

(II) INSURANCE, GUARANTY, OR CREDIT ENHANCEMENT ON A PROGRAM LOAN OR BUSINESS PROJECT UNDER § 4-223 OF THIS ARTICLE.

(c) The Secretary, on the recommendation of the Interagency Food Desert Advisory Committee established under § 6-308.2 of this subtitle, may designate an area as a food desert after considering the following factors:

- (1) availability of fresh fruit, vegetables, and other healthy foods in the area;
- (2) income levels of local residents;
- (3) transportation needs of local residents and the availability of public transportation;
- (4) comments from local governments; and
- (5) any other factors that the Department considers relevant.

6-308.1.

(a) If the Department determines that an entity is capable of administering [a microenterprise loan program] **FINANCIAL ASSISTANCE UNDER THE PROGRAM**, the entity may originate and administer [loans to microenterprises] **FINANCIAL ASSISTANCE** in accordance with standards the Department adopts by regulation.

(b) (1) The Department shall adopt regulations to establish standards for determining the eligibility of an entity to administer [a microenterprise loan program] **FINANCIAL ASSISTANCE UNDER THE PROGRAM**.

(2) The standards shall include provisions on:

(i) the size, training, and experience of the professional staff that would administer the [program] **FINANCIAL ASSISTANCE**; and

(ii) the capability of the professional staff to:

1. determine financial capacity of a borrower;

2. originate [a loan] **FINANCIAL ASSISTANCE**; and

3. evaluate applications for [program loans] **FINANCIAL ASSISTANCE**.

(c) The Department may:

(1) help train employees of an approved entity to administer [a microenterprise loan program] **FINANCIAL ASSISTANCE** in accordance with standards that the Department adopts;

(2) charge and collect from a borrower:

(i) reasonable origination, application, and processing fees; and

(ii) other charges, fees, or reimbursements incidental to [microenterprise loans] **THE FINANCIAL ASSISTANCE**;

(3) include the fees and charges listed in item (2) of this subsection in the [loan] amount **OF FINANCIAL ASSISTANCE**;

(4) pay an approved entity a reasonable origination, application, and processing fee for [each loan to a microenterprise] **THE FINANCIAL ASSISTANCE** that is originated by the approved entity;

(5) directly fund [a loan to a microenterprise] **THE FINANCIAL ASSISTANCE** that is originated by an approved entity; [and]

(6) provide financial assistance to an approved entity for the purpose of the approved entity making [a loan to a microenterprise] **THE FINANCIAL ASSISTANCE** in accordance with this subtitle;

(7) PURCHASE OR COMMIT TO PURCHASE FROM APPROVED ENTITIES ANY FORM OF FINANCIAL ASSISTANCE THAT MEETS THE REQUIREMENTS OF THIS SUBTITLE AND ANY REGULATIONS ADOPTED UNDER THIS SUBTITLE; AND

(8) ENTER INTO AGREEMENTS WITH APPROVED ENTITIES TO COLLECTIVELY LEND MONEY ON A PROJECT THAT MEETS THE REQUIREMENTS OF THIS SUBTITLE AND ANY REGULATIONS ADOPTED UNDER THIS SUBTITLE.

6-310.

- (a) There is a Neighborhood Business Development Fund.
- (b) The Department shall use the Fund to:
 - (1) operate and pay expenses of the Program; and
 - (2) provide financial assistance to small businesses, nonprofit organizations, and microenterprises.
- (c)
 - (1) The Department shall administer the Fund.
 - (2) The State Treasurer shall hold and the Comptroller shall account for the Fund.
- (d) The Fund is a continuing, nonlapsing special fund that is not subject to § 7-302 of the State Finance and Procurement Article.
- (e) The Fund consists of:
 - (1) money appropriated in the State budget for the Program;
 - (2) any repayment or prepayment of financial assistance under this subtitle or under the State Action Loans for Targeted Areas Program under former Article 83B, Title 4, Subtitle 6, of the Code;
 - (3) money transferred to the Fund from any other fund as provided in this article;
 - (4) money received from the sale, assignment, or other disposition of Program loans;
 - (5) other money received by the Program under this subtitle or from the Community Development Administration under Subtitle 2 of this title; and
 - (6) investment earnings of the Fund.
- (f) The Fund shall be invested in the same way as other State money.

(g) With the approval of the Legislative Policy Committee and, subject to § 7-209 of the State Finance and Procurement Article, after the first 8 months of a fiscal year, the Department may transfer unencumbered money in the Fund to:

(1) any other fund established under this title;

(2) **THE COMMUNITY DEVELOPMENT ADMINISTRATION TO PROVIDE FINANCIAL ASSISTANCE TO BUSINESS PROJECTS; AND**

(3) **THE MARYLAND HOUSING FUND UNDER TITLE 3 OF THIS ARTICLE TO PROVIDE INSURANCE, CREDIT ENHANCEMENT, OR A GUARANTY ON:**

(I) **A PROGRAM LOAN; OR**

(II) **A BUSINESS PROJECT LOAN, BOND, OR SECURITY THAT IS ISSUED, MADE, OR PURCHASED BY THE COMMUNITY DEVELOPMENT ADMINISTRATION UNDER TITLE 4 OF THIS ARTICLE.**

6-405.

~~(e) (1) The Department may not approve a proposal submitted under this section [unless the proposal is approved by] UNTIL AFTER IT HAS PROVIDED WRITTEN NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT TO the governing body [or authorized designee] of:~~

~~(i) each county that includes any of the priority funding area that benefits from the project, if the project is not in a municipal corporation;~~

~~(ii) each municipal corporation that includes any of the priority funding area that benefits from the project; or~~

~~(iii) each political subdivision that includes any of the priority funding area that benefits from the project, if the priority funding area is partly within and partly outside of any municipal corporation.~~

~~(2) An approval shall:~~

~~(i) be in writing; and~~

~~(ii) state the maximum amount of contributions to the approved project that are eligible for a tax credit under § 6-404 of this subtitle.~~

~~(3) The sum of contributions eligible for a tax credit under § 6-404 of this subtitle for all approved projects for a fiscal year may not exceed \$3,500,000.~~

(c) (1) The DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO THE POLITICAL SUBDIVISION IN WHICH THE PROPOSED PROJECT IS LOCATED.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, THE Department may not approve a proposal submitted under this section unless the proposal is approved by the governing body or authorized designee of:

(i) each county that includes any of the priority funding area that benefits from the project, if the project is not in a municipal corporation;

(ii) each municipal corporation that includes any of the priority funding area that benefits from the project; or

(iii) each political subdivision that includes any of the priority funding area that benefits from the project, if the priority funding area is partly within and partly outside of any municipal corporation.

[(2)] (3) An approval shall:

(i) be in writing; and

(ii) state the maximum amount of contributions to the approved project that are eligible for a tax credit under § 6–404 of this subtitle.

(4) IF THE DEPARTMENT DOES NOT RECEIVE NOTICE OF APPROVAL OR DENIAL OF AN APPLICATION FROM THE AFFECTED JURISDICTIONS WITHIN 45 DAYS AFTER NOTICE OF THE PROPOSED PROJECT IS GIVEN IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, THE DEPARTMENT MAY APPROVE THE APPLICATION.

[(3)] (5) The sum of contributions eligible for a tax credit under § 6–404 of this subtitle for all approved projects for a fiscal year may not exceed \$3,500,000.

SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that in implementing this Act the Department of Housing and Community Development fund, to the greatest extent possible, a number of business projects located in sustainable communities that is comparable to the number of business projects located in priority funding areas outside sustainable communities.

SECTION 4. AND BE IT FURTHER ENACTED, That, on or before December 31, 2018, the Department of Housing and Community Development shall report to the Senate Education, Health, and Environmental Affairs Committee and the House Environment and Transportation Committee, in accordance with § 2–1246 of the State Government Article, on the financial assistance provided to business projects after the effective date of this Act, including:

- (1) the total number of projects assisted and applications received;
- (2) the amount and type of financial assistance provided by the Department including the Maryland Housing Fund and the Community Development Administration;
- (3) the amount of financial assistance provided in sustainable communities and priority funding areas; and
- (4) information on each project, including location, recipient's name, and the amount of financial assistance received from each program.

SECTION ~~3~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2016.

Approved by the Governor, May 10, 2016.