

## Chapter 636

**(House Bill 1492)**

AN ACT concerning

**Housing and Community Development – Food Deserts – Small Loans**

FOR the purpose of authorizing the Department of Housing and Community Development to meet certain funding obligations under the Business Development Program by using certain financial assistance under certain circumstances; authorizing financial assistance under the Business Development Program to be used for certain small loans; authorizing the Department of ~~Housing and Community Development~~ to provide small loans that are not more than a certain amount to certain entities for a certain purpose; authorizing the Department to work with intermediaries to administer small loans under certain circumstances; and generally relating to small loans for food desert projects under the Business Development Program.

BY repealing and reenacting, with amendments,  
 Article – Housing and Community Development  
 Section ~~6-307~~ 6-305(e), 6-307, and 6-308.3  
 Annotated Code of Maryland  
 (2006 Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,  
 Article – Housing and Community Development  
 Section 6-308(c) and 6-308.1(a)  
 Annotated Code of Maryland  
 (2006 Volume and 2016 Supplement)

Preamble

WHEREAS, The Supplemental Nutrition Assistance Program (SNAP) Retailer Regulations Final Rule requires all food retailers, including corner and convenience stores, to significantly increase the number of staple foods in order to maintain SNAP eligibility; and

WHEREAS, As a result stores may be required to purchase additional equipment; now, therefore, ~~be it~~

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

**Article – Housing and Community Development**6-305.

(e) **(1)** 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.

**(2) THE DEPARTMENT MAY MEET THE FUNDING OBLIGATIONS FOR SUSTAINABLE COMMUNITIES AND FOOD DESERTS BY USING ANY FINANCIAL ASSISTANCE AVAILABLE TO THE DEPARTMENT THAT IS AUTHORIZED TO BE USED FOR THESE PROJECTS.**

6–307.

(a) Financial assistance under the Business Development Program shall be on the terms that the Department considers necessary to make the project financially feasible.

(b) Financial assistance under the Business Development Program may be used for:

(1) a part of the development costs of a project; [or]

(2) the development costs, working capital, or business expenses of a microenterprise project; **OR**

**(3) IN ACCORDANCE WITH § 6–308.3 OF THIS SUBTITLE, SMALL LOANS FOR FOOD DESERT PROJECTS.**

(c) The Department may require that financial assistance under the Business Development Program be secured by a mortgage or other security instrument, which may be subordinate to other security interests.

(d) The Department may modify the interest rate, the time or amount of payment, or any other term of a grant or loan to facilitate the successful completion or operation of a project.

(e) The Department may contract for services related to the Business Development Program.

6–308.

(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 financial assistance under the Program, the entity may originate and administer financial assistance in accordance with standards the Department adopts by regulation.

6-308.3.

(a) If the Department determines that an entity is capable of administering a food desert project, the entity may originate and administer financial assistance to a food desert project in accordance with standards the Department adopts by regulation.

(b) The Department may:

(1) pay an approved entity a reasonable origination, application, and processing fee for each food desert project that is originated by the approved entity;

(2) directly fund the financial assistance for a food desert project that is originated by an approved entity; **[and]**

(3) provide financial assistance to an approved entity for the purpose of the approved entity providing financial assistance for a food desert project in accordance with this subtitle; **AND**

**(4) (I) PROVIDE SMALL LOANS IN AMOUNTS THAT ARE NOT MORE THAN \$50,000 PER LOAN TO AN APPROVED ENTITY FOR ASSISTANCE IN PROVIDING BETTER ACCESS TO HEALTHY FOOD IN FOOD DESERTS, INCLUDING BY PROVIDING LOANS FOR REFRIGERATORS, FREEZERS, AND OTHER EQUIPMENT; AND**

**(II) ~~IN CARRYING OUT THIS ITEM,~~ WORK WITH INTERMEDIARIES TO ADMINISTER THE SMALL LOANS AUTHORIZED UNDER ITEM (I) OF THIS PARAGRAPH.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2017.

**Approved by the Governor, May 25, 2017.**