

# SENATE BILL 67

C8

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(PRE-FILED)

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By: **Chair, Finance Committee (By Request – Departmental – Commerce)**

Requested: October 13, 2017

Introduced and read first time: January 10, 2018

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Department of Commerce – Maryland Economic Development Assistance**  
3 **Authority and Fund – Renaming and Revising**

4 FOR the purpose of renaming the Maryland Economic Development Assistance Authority  
5 and the Maryland Economic Development Assistance Fund to be the Advantage  
6 Maryland Fund Authority and the Advantage Maryland Fund; altering the  
7 composition of the Fund; altering the financial assistance authorized under the  
8 Fund; altering the authorized uses of the Fund; altering certain limits on providing  
9 financial assistance from the Fund for certain entities or purposes; altering the  
10 required terms and interest rates on a loan or other financial assistance from the  
11 Fund; requiring the publisher of the Annotated Code of Maryland, in consultation  
12 with and subject to the approval of the Department of Legislative Services, to correct  
13 any cross-references or terminology rendered incorrect by this Act; altering certain  
14 definitions; making conforming changes; and generally relating to the renaming of  
15 and revisions to the Maryland Economic Development Assistance Authority and  
16 Fund.

17 BY repealing and reenacting, with amendments,

18 Article – Economic Development

19 Section 5–102; 5–301(g), (n), and (w) to be under the amended subtitle “Subtitle 3.

20 Advantage Maryland Fund Authority and Fund”; 5–305 to be under the

21 amended part “Part II. Advantage Maryland Fund Authority”; 5–310, 5–313,

22 and 5–316 to be under the amended part “Part III. Advantage Maryland

23 Fund”; 5–322(a), 5–324(c) and (d), 5–408(a), 10–104(a), and 11–302(a)

24 Annotated Code of Maryland

25 (2008 Volume and 2017 Supplement)

26 BY repealing

27 Article – Economic Development

28 Section 5–325(c) through (e)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2008 Volume and 2017 Supplement)

3 BY adding to  
4 Article – Economic Development  
5 Section 5–325(c) and (d)  
6 Annotated Code of Maryland  
7 (2008 Volume and 2017 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Economic Development  
10 Section 5–401(a) and (b)  
11 Annotated Code of Maryland  
12 (2008 Volume and 2017 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article – State Finance and Procurement  
15 Section 5–7B–01(c)(1)  
16 Annotated Code of Maryland  
17 (2015 Replacement Volume and 2017 Supplement)

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

20 **Article – Economic Development**

21 5–102.

22 The Department shall administer the State’s economic development and financial  
23 assistance programs and funds including:

24 (1) the BRAC Revitalization and Incentive Zone Program, under Subtitle  
25 13 of this title;

26 (2) the Enterprise Fund, under Subtitle 6 of this title;

27 (3) the Enterprise Zones Program, under Subtitle 7 of this title;

28 (4) the Make Office Vacancies Extinct Program, under Subtitle 15 of this  
29 title;

30 (5) the Maryland Economic Adjustment Fund, under Subtitle 2 of this title;

31 (6) the [Maryland Economic Development Assistance] **ADVANTAGE**  
32 **MARYLAND FUND** Authority and Fund, under Subtitle 3 of this title;

33 (7) the Maryland Industrial Development Financing Authority, under

1 Subtitle 4 of this title;

2 (8) the Maryland Small Business Development Financing Authority, under  
3 Subtitle 5 of this title;

4 (9) the Appalachian Regional Development Program, under Title 13,  
5 Subtitle 1 of this article;

6 (10) jointly with the Department of Housing and Community Development,  
7 the Community Development Block Grant for Economic Development;

8 (11) the Regional Institution Strategic Enterprise Zone Program under  
9 Subtitle 14 of this title; and

10 (12) any other programs or funds designated by statute, the Governor, or  
11 the Secretary.

12 Subtitle 3. [Maryland Economic Development Assistance] **ADVANTAGE MARYLAND**  
13 **FUND** Authority and Fund.

14 5-301.

15 (g) “Authority” means the [Maryland Economic Development Assistance]  
16 **ADVANTAGE MARYLAND FUND** Authority.

17 (n) “Fund” means the [Maryland Economic Development Assistance]  
18 **ADVANTAGE MARYLAND** Fund.

19 (w) **(1)** “Working capital” means money to be used for current operations of a  
20 business.

21 **(2) “WORKING CAPITAL” DOES NOT INCLUDE ACCOUNTS**  
22 **RECEIVABLE, INVENTORY, OR ANY INVESTMENTS.**

23 Part II. [Maryland Economic Development Assistance] **ADVANTAGE MARYLAND FUND**  
24 Authority.

25 5-305.

26 There is [a Maryland Economic Development Assistance] **AN ADVANTAGE**  
27 **MARYLAND FUND** Authority in the Department.

28 Part III. [Maryland Economic Development Assistance] **ADVANTAGE MARYLAND** Fund.

29 5-310.

1           There is [a Maryland Economic Development Assistance] **AN ADVANTAGE**  
2 **MARYLAND** Fund in the Department.

3 5–313.

4           The Fund consists of:

5                   (1)     money appropriated in the State budget to the Fund;

6                   (2)     money made available to the Fund through federal programs or private  
7 contributions;

8                   (3)     repayments of principal and interest from loans made from the Fund;

9                   (4)     proceeds from the sale, disposition, lease, or rental of collateral related  
10 to financial assistance provided by the Department under this subtitle;

11                   (5)     application or other fees paid to the Fund to process requests for  
12 financial assistance;

13                   (6)     recovery of an investment made by the Department in a business,  
14 including an arrangement under which part of the investment is recovered through:

15                           (i)     a requirement that the Department receive a proportion of cash  
16 flow, commissions, royalties, or license fees;

17                           (ii)    the repurchase from the Department of any of its investment  
18 interest; or

19                           (iii)  the sale of an appreciated asset;

20                   (7)     repayments received from recipients of conditional grants from the  
21 Department;

22                   (8)     money collected under § 9–229 of the Tax – Property Article;

23                   (9)     repayments on or recoveries from financial assistance provided from  
24 the former:

25                           (i)     Brownfields Revitalization Incentive Fund;

26                           (ii)    Child Care Facilities Direct Loan Fund;

27                           (iii)  Child Care Special Loan Fund;

28                   (IV)  **MARYLAND ECONOMIC DEVELOPMENT ASSISTANCE FUND;**

1                    [(iv)] (V)     Maryland Industrial and Commercial Redevelopment  
2 Fund;

3                    [(v)] (VI)     Maryland Industrial Land Fund;

4                    [(vi)] (VII)    Maryland Seafood and Aquaculture Loan Fund; and

5                    [(vii)] (VIII) Smart Growth Economic Development Infrastructure  
6 Fund; and

7                    (10)    any other money made available to the Fund.

8    5–316.

9                    Financial assistance is deemed authorized under this subtitle if it was provided, or  
10 approved to be provided, from the following programs that have been incorporated into the  
11 Fund:

12                    (1)    the Brownfields Revitalization Incentive Fund;

13                    (2)    the Child Care Facilities Direct Loan Fund;

14                    (3)    the Child Care Special Loan Fund;

15                    (4)    **THE MARYLAND ECONOMIC DEVELOPMENT ASSISTANCE FUND;**

16                    [(4)] (5)     the Maryland Industrial and Commercial Redevelopment Fund;

17                    [(5)] (6)     the Maryland Industrial Land Act;

18                    [(6)] (7)     the Maryland Seafood and Aquaculture Loan Fund; and

19                    [(7)] (8)     the Smart Growth Economic Development Infrastructure Fund.

20    5–322.

21                    (a)    Financial assistance from the Fund may be used only to finance costs incurred  
22 for:

23                    (1)    construction or acquisition of a building or real property, and associated  
24 development and carrying costs;

25                    (2)    construction, acquisition, or installation of equipment, furnishings,  
26 fixtures, leasehold improvements, site improvements, or infrastructure improvements,  
27 including rail line enhancements on or to the site of an economic development project, and  
28 associated development and carrying costs;

1 (3) working capital [for significant strategic economic development  
2 opportunities, arts and entertainment enterprises, or arts and entertainment projects];

3 (4) redevelopment of qualified brownfields sites;

4 (5) subject to § 5–325(b)(3) of this subtitle, construction, purchase, or  
5 renovation of real property, fixtures, or equipment related to a child care facility;

6 (6) if supported by a resolution adopted by the governing body of the  
7 jurisdiction in which a project may be located, feasibility studies;

8 (7) subject to § 5–325(b)(4) of this subtitle, preparation of a county’s or  
9 municipal corporation’s strategy or plan for economic development; and

10 (8) a project intended to assist businesses in areas that are declared to be  
11 federal disaster areas, but only if the Department receives an application for financial  
12 assistance within 1 year after the declaration of the federal disaster area.

13 5–324.

14 (c) If the Department or Authority determines a project to be a local economic  
15 development opportunity, the Department or Authority may provide financial assistance  
16 from the Fund for the project to an individual, private business, nonprofit entity, or the  
17 Corporation in an amount not exceeding[:

18 (1)] \$5,000,000 for a **GRANT**, loan, or investment[; and

19 (2) \$2,000,000 for a grant].

20 (d) (1) Financial assistance provided to a local government or the Corporation  
21 to finance a project may be:

22 (i) in the form of a grant, loan, or investment; and

23 (ii) except as provided in paragraph (2) of this subsection, in an  
24 amount not exceeding [~~\$3,000,000~~] **\$5,000,000**.

25 (2) Financial assistance for a qualified distressed county project may be in  
26 an amount determined by the Department.

27 (3) A grant to a local economic development fund is subject to the  
28 requirements of Part V of this subtitle.

29 5–325.

1            [(c) (1) A loan from the Fund shall bear an interest rate below the market rate  
2 of interest, as determined by the Department, if the loan is for:

3                    (i) a significant strategic economic development opportunity; or

4                    (ii) a specialized economic development opportunity.

5            (2) A loan from the Fund for a qualified distressed county project shall bear  
6 an interest rate determined by the Department or the Authority.

7            (3) A loan from the Fund shall bear an interest rate not exceeding  
8 one-eighth of 1% plus the net interest cost of the most recent State general obligation bond  
9 issue preceding the approval of the loan if the loan is:

10                   (i) for a local economic development opportunity; or

11                   (ii) to a local government.

12            (4) A loan from the Fund may not bear an interest rate of less than 3%  
13 unless:

14                   (i) the project funded by the loan is located in an area of high  
15 unemployment; or

16                   (ii) the Department determines that the borrower is carrying out a  
17 compelling economic development initiative.

18            (d) (1) The Department may waive interest during the first 2 years of the term  
19 of a loan from the Fund.

20            (2) If a borrower defaults on a loan from the Fund, the Department may  
21 impose an interest rate that exceeds the limits set forth in subsection (c)(1) or (3) of this  
22 section.

23            (e) The term of a loan from the Fund may not exceed:

24                   (1) for working capital, 3 years;

25                   (2) for financing equipment, furnishings, or fixtures, the lesser of 15 years  
26 or the useful life of the asset, as determined by the Department;

27                   (3) for financing the construction or acquisition of buildings and real  
28 property, 25 years; and

29                   (4) for financing the redevelopment of a qualified brownfields site or a  
30 qualified distressed county project, a term approved by the Department or Authority.]

1           **(C) THE DEPARTMENT SHALL DETERMINE THE TERMS OF FINANCIAL**  
2 **ASSISTANCE, INCLUDING ESTABLISHING TERMS OF REPAYMENT AND INTEREST**  
3 **RATES OF LOANS.**

4           **(D) (1) THE DEPARTMENT MAY IMPOSE A 0% INTEREST RATE ON A LOAN**  
5 **FROM THE FUND.**

6                   **(2) IF A BORROWER DEFAULTS ON A LOAN FROM THE FUND, THE**  
7 **DEPARTMENT MAY IMPOSE A DEFAULT INTEREST RATE ON THE LOAN.**

8 5–401.

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

10           (b) “Authority” means the Maryland Industrial Development Financing  
11 Authority.

12 5–408.

13           (a) The members of the Authority are also the members of the [Maryland  
14 Economic Development Assistance] **ADVANTAGE MARYLAND FUND** Authority under §  
15 5–306 of this title.

16 10–104.

17           (a) The General Assembly finds that:

18                   (1) the State’s economy continues to experience technological change and  
19 restructuring;

20                   (2) technological change may result in economic contraction and  
21 dislocation, but affords opportunities to expand productive employment and expand the  
22 State’s economy and tax base;

23                   (3) the establishment of a public corporation to acquire or improve projects:

24                           (i) serves the public interest by accomplishing one or more of the  
25 Corporation’s legislative purposes listed in subsection (b) of this section; and

26                           (ii) complements existing State marketing programs administered  
27 by the Department and through the Department’s financial assistance programs including  
28 the Maryland Industrial Development Financing Authority and the [Maryland Economic  
29 Development Assistance] **ADVANTAGE MARYLAND FUND** Authority under Title 5 of this  
30 article; and

31                   (4) the State lacks and needs direct property development capability for



1 economic development purposes.

2 11-302.

3 (a) The General Assembly finds that:

4 (1) the economy of the State and its local governments will be greatly  
5 impacted by the closure or realignment of any military installation through any base  
6 realignment or closing action;

7 (2) although a closure or realignment will result in economic contraction  
8 and dislocation, it also affords opportunities to expand productive employment and expand  
9 the State's economy and tax base;

10 (3) for this reason, the General Assembly enacted the Maryland Military  
11 Installation Strategic Planning Council Act; and

12 (4) the establishment of State-chartered public corporations to develop  
13 military installations slated for closure or realignment in the State would:

14 (i) serve the public interest;

15 (ii) complement existing State marketing programs administered by  
16 the Department through:

17 1. its Division of Business Development; and

18 2. financial assistance programs such as those of the  
19 [Maryland Economic Development Assistance] **ADVANTAGE MARYLAND FUND**  
20 Authority and Fund and the Maryland Industrial Development Financing Authority; and

21 (iii) serve as an additional means to achieve the mission of the  
22 Maryland Military Installation Council.

23 **Article – State Finance and Procurement**

24 5-7B-01.

25 (c) (1) "Growth-related project" means only the items set forth below:

26 (i) any major capital project as defined in § 2-103.1(a)(4) of the  
27 Transportation Article, except existing transportation facilities projects as defined in §  
28 4-101(h) of the Transportation Article, project planning as defined in § 8-610(i) of the  
29 Transportation Article, or initial project planning as defined in § 8-610(e) of the  
30 Transportation Article;

31 (ii) funding by the Department of Housing and Community

1 Development for:

2 1. construction or purchase of newly constructed single  
3 family homes or purchase of loans for newly constructed single family homes under Title 4,  
4 Subtitle 2, Subtitle 3, or Subtitle 8 of the Housing and Community Development Article;

5 2. acquisition or construction of newly constructed  
6 multifamily rental housing under Title 4, Subtitle 2, Subtitle 4, or Subtitle 15 of the  
7 Housing and Community Development Article; or

8 3. State-funded neighborhood revitalization projects under  
9 Title 6 of the Housing and Community Development Article;

10 (iii) funding by the Department of Commerce under any of the  
11 following:

12 1. the Maryland Industrial Development Financing  
13 Authority, authorized under Title 5, Subtitle 4 of the Economic Development Article;

14 2. the Maryland Small Business Development Financing  
15 Authority, authorized under Title 5, Subtitle 5 of the Economic Development Article;

16 3. the former Maryland Energy Financing Act, authorized  
17 under former Article 83A, Title 6, Subtitle 4 of the Code, succeeded by the Maryland  
18 Industrial Development Financing Authority;

19 4. the Economic Development Opportunities Program Fund,  
20 authorized under § 7-314 of this article;

21 5. the former Maryland Competitive Advantage Financing  
22 Fund, authorized under former Article 83A, Title 5, Subtitle 13 of the Code; and

23 6. the [Maryland Economic Development Assistance]  
24 **ADVANTAGE MARYLAND FUND** Authority and Fund, authorized under Title 5, Subtitle  
25 3 of the Economic Development Article;

26 (iv) funding by the Department of the Environment, for any project  
27 under:

28 1. §§ 9-1601 through 9-1605 (Water Quality Revolving Loan  
29 Fund) of the Environment Article except for funding nonpoint source pollution projects;

30 2. §§ 9-420 through 9-426 (Water Supply Financial  
31 Assistance Program) of the Environment Article; and

32 3. the supplemental assistance program authorized under  
33 Title 9, Subtitle 3, Part VI of the Environment Article; and

1 (v) except as provided in paragraph (2) of this subsection,  
2 procurement or funding of projects by the Department of General Services for:

3 1. leases of property by the State governed by §§ 4-318  
4 through 4-321 of this article; and

5 2. land acquisition governed by §§ 4-411 through 4-416 of  
6 this article.

7 SECTION 2. AND BE IT FURTHER ENACTED, That the publisher of the  
8 Annotated Code of Maryland, in consultation with and subject to the approval of the  
9 Department of Legislative Services, shall correct, with no further action required by the  
10 General Assembly, cross-references and terminology rendered incorrect by this Act. The  
11 publisher shall adequately describe any correction that is made in an editor's note following  
12 the section affected.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
14 1, 2018.