

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 509 (Senator Peters)

Education, Health, and Environmental Affairs
and Budget and Taxation

Appropriations

National Capital Strategic Economic Development Program - Eligibility

This bill redefines the “national capital region” for the purposes of eligibility for funding from the National Capital Strategic Economic Development Program to mean areas of the State located within a sustainable community in Montgomery or Prince George’s counties. For fiscal 2022 and 2023, at least 75% of program funding must be used for community enhancement projects in sustainable communities located, at least in part, within the boundary created by Interstate 495 in the State and the District of Columbia. In fiscal 2024 and thereafter, 100% of the funding must be used for community enhancement projects in those communities. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: Overall, the bill does not affect total funding for Montgomery and Prince George’s counties; however, some municipalities in those counties may benefit from the changes while others may be disadvantaged.

Small Business Effect: Minimal.

Analysis

Current Law:

National Capital Strategic Economic Development Program

Chapter 732 of 2019 established the National Capital Strategic Economic Development Program. The program provides financial assistance to specified government agencies, entities controlled by housing authorities, and community development organizations in the “national capital region” for community enhancement projects. The “national capital region” is defined as the areas of the State located within both (1) the boundary created by Interstate 495 in the State and the District of Columbia and (2) a qualified opportunity zone or enterprise zone in Montgomery or Prince George’s counties. For fiscal 2021 through 2025, the Governor is required to include annual appropriations of \$200,000 in the operating budget to administer the program and \$7.0 million in either the operating or capital budget to be distributed under the program.

Sustainable Communities and Priority Funding Areas

A sustainable community is defined as a part of a priority funding area that (1) is designated by the Smart Growth Subcabinet on the recommendation of the Secretary of Housing and Community Development; (2) has been designated as a Base Realignment and Closure Revitalization Incentive Zone; or (3) has been designated a transit-oriented development.

Chapter 759 of 1997 established that State spending on certain growth-related activities must be directed to priority funding areas. Growth-related projects include most State programs that encourage or support growth and development such as highways, sewer and water construction, economic development assistance, and State leases or construction of new office facilities. Priority funding areas include all municipalities that existed in the State in 1997; areas inside the Washington Beltway and the Baltimore Beltway; and areas designated as enterprise zones, neighborhood revitalization areas, heritage areas, and certain industrial areas. Areas that were annexed by a municipality after 1997 may also be designated priority funding areas, as long as the areas satisfy specified requirements in statute generally related to density, water and sewer access, and other related factors.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1253 (Delegate Washington) - Appropriations.

Information Source(s): Montgomery and Prince George's counties; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 7, 2021
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