

**Department of Legislative Services**  
**2024 Session**  
*Agency Explanation of Impact*

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**Bill number:** HB1203

**Cross file:**

**Bill title:** Economic Development - Strategic Infrastructure Revolving Loan Program - Established

**Agency:** MEDCO - (medco / 751)

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**Date:** 2/15/2024

To assist our department in preparing a fiscal and policy note for this proposed legislation, please provide detailed responses to the questions below.

If you have additional information that cannot be included in either this Word document or the provided Excel file, please send that information **in a separate email** to [fnotes@mlis.state.md.us](mailto:fnotes@mlis.state.md.us) **with the bill number included in the document and the email subject line.**

**1. Will this legislation have a fiscal and/or operational impact on your agency?**

YES \_\_\_\_\_ NO  X

*If yes*, please proceed to question #2 on page 2.

*If no*, please briefly indicate **why** below and then proceed to question #6 on page 4.

**2. General Operational/Fiscal Impact on Your Agency** – Please describe the operational and/or fiscal impact of the proposed legislation on your agency.

The Strategic Infrastructure Revolving Loan Program will generate positive revenues for the state by spurring private investment into real estate development, but we do not anticipate any fiscal impact on MEDCO. Any associated operating costs will be covered by the financing fees generated by making targeted investments into real estate and infrastructure projects that support transformative placemaking, transit-oriented development, community development and/or inclusive and equitable economic growth objectives, with a focus on bringing underperforming assets back into performance.

**3. Impact on Revenues** – Please estimate any increase or decrease in revenues (general, special, federal, or other funds) in each of the next five fiscal years. Enter the estimated amounts in the *Revenues* worksheet in the provided Excel file and describe in the space below.

- Please be aware of delayed effective dates or other factors that may cause revenue increases/decreases to begin in later years.
- Please explain the cause(s) of the revenue increase(s)/decrease(s), any assumptions and/or calculations used, and any variations if the revenue impact(s) are not constant.
- If federal funds are affected, please describe how (*e.g.*, loss of funds for noncompliance, availability of new funds, etc.)

N/A

**4. Impact on Expenditures** – Please estimate the increase or decrease in expenditures in each of the next five fiscal years using the *Expenditures* worksheet in the provided Excel file and describe in the space below.

- Please be aware of delayed effective dates or other factors that may cause expenditure increases/decreases to begin in later years.
- Please explain the need for the number and type of personnel (both permanent and contractual), including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type of employee will be; and (3) why existing personnel cannot absorb the additional work.
- Please describe the items included under “Other Operating Expenses” and explain any assumptions or calculations used in your estimates.
- Please specify the fund type (general, federal, special, or other) or combination of fund types of the expenditure increases and/or decreases.

N/A

**5. Anticipated in Proposed Operating/Capital Budget?** – Have funds been included in your agency’s proposed operating or capital budget in anticipation of this legislation? Or has your agency submitted a request for funding in a supplemental budget? If so, please indicate specific amount(s) budgeted and budget code(s).

N/A

**6. Other Information** – Please provide any other information that may be helpful in determining the fiscal effect of this legislation, even if the bill does not directly affect your agency.

The Revolving Loan Fund will serve as a critical financing tool that complements existing state programs intended to support infill, redevelopment and revitalization projects. This unique financial tool will provide a missing link to enable qualified developers to advance large, high-risk transformative projects.

Loans would be used to address significant predevelopment and initial infrastructure-related project costs. Without this assistance, the proposed project would not move forward given overall development costs and commercial lending constraints.

**7. Effect on Local Governments** – Will local government operations or finances (revenues or expenditures) be affected by this legislation? If yes, please describe how.

Local governments may benefit from increase in property taxes and related employment generation that will result in returning underperforming real property assets back into performance.

**8. Effect on Small Businesses** – Will existing small businesses be affected (either positively or negatively) by this legislation and/or will the legislation encourage or discourage new small business opportunities? If so, please describe.

*State law defines a small business as a corporation, partnership, sole proprietorship, or other business entity, including affiliates that: (1) is independently owned and operated; (2) is not dominant in its field; and (3) employs 50 or fewer full-time employees.*

N/A