

SENATE BILL 30

C8

4lr1106

(PRE-FILED)

By: **Senator Ellis**

Requested: October 23, 2023

Introduced and read first time: January 10, 2024

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Economic Development Assistance Authority and Fund – High Impact**
3 **Development Project Program**

4 FOR the purpose of establishing the High Impact Development Project Program within the
5 Department of Commerce to provide certain financial assistance to certain industrial
6 development agencies or enterprises undertaking high impact, placemaking projects
7 that will support certain manufacturing activities; requiring the Department to
8 award financial assistance to certain entities carrying out high impact development
9 projects under certain circumstances and subject to certain limitations; establishing
10 a High Impact Development Project Account within the Maryland Economic
11 Development Assistance Fund; and generally relating to the Maryland Economic
12 Development Assistance Authority and Fund and the High Impact Development
13 Project Program.

14 BY renumbering

15 Article – Economic Development
16 Section 5–301(o) through (w)
17 to be Section 5–301(q) through (y), respectively
18 Annotated Code of Maryland
19 (2018 Replacement Volume and 2023 Supplement)

20 BY repealing and reenacting, without amendments,

21 Article – Economic Development
22 Section 5–301(a), (g), and (l) through (n), 5–319(a)(2), 5–320(a) and (c), and 5–325(a)
23 and (b)(1)
24 Annotated Code of Maryland
25 (2018 Replacement Volume and 2023 Supplement)

26 BY adding to

27 Article – Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 5–301(o) and (p); and 5–352 through 5–354 to be under the new part “Part
 2 VIII. High Impact Development Project Program”
 3 Annotated Code of Maryland
 4 (2018 Replacement Volume and 2023 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Article – Economic Development
 7 Section 5–311, 5–313, 5–321(b), 5–323, 5–324(a), and 5–325(b)(2)
 8 Annotated Code of Maryland
 9 (2018 Replacement Volume and 2023 Supplement)

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 11 That Section(s) 5–301(o) through (w) of Article – Economic Development of the Annotated
 12 Code of Maryland be renumbered to be Section(s) 5–301(q) through (y), respectively.

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

15 Article – Economic Development

16 5–301.

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

18 (g) “Authority” means the Maryland Economic Development Assistance
 19 Authority.

20 (l) “Corporation” means the Maryland Economic Development Corporation.

21 (m) “Financial assistance” means a grant, loan, or investment provided under this
 22 subtitle.

23 (n) “Fund” means the Maryland Economic Development Assistance Fund.

24 **(O) “HIGH IMPACT DEVELOPMENT PROJECT” MEANS A MANUFACTURING**
 25 **PROJECT IN WHICH AN INDUSTRIAL DEVELOPMENT AGENCY OR ENTERPRISE**
 26 **UNDERTAKING THE PROJECT WILL PRIVATELY INVEST AN AMOUNT OF AT LEAST**
 27 **\$50,000,000.**

28 **(P) “INDUSTRIAL DEVELOPMENT AGENCY” MEANS ANY INCORPORATED**
 29 **ORGANIZATION, FOUNDATION, ASSOCIATION, OR AGENCY:**

30 **(1) THAT HAS AS ITS PRIMARY FUNCTION THE PROMOTION,**
 31 **ENCOURAGEMENT, AND DEVELOPMENT OF INDUSTRIAL, COMMERCIAL,**
 32 **MANUFACTURING, AND TOURIST ENTERPRISES OR PROJECTS IN THE STATE; AND**

1 **(2) TO WHOSE MEMBERS OR SHAREHOLDERS NO PROFIT INURES.**

2 5-311.

3 The purposes of the Fund are to:

4 (1) expand employment opportunities in the State by providing financial
5 assistance to businesses that are engaged in eligible industry sectors, including financial
6 assistance for:

7 (i) aquaculture projects;

8 (ii) arts and entertainment enterprises;

9 (iii) arts and entertainment projects; and

10 (iv) creation and expansion of child care facilities;

11 (2) provide financial assistance for the redevelopment of qualified
12 brownfields sites;

13 (3) provide financial assistance to local governments and the Corporation
14 for economic development projects; **[and]**

15 (4) provide grants to local economic development funds; **AND**

16 **(5) PROVIDE FINANCIAL ASSISTANCE FOR HIGH IMPACT**
17 **DEVELOPMENT PROJECTS.**

18 5-313.

19 **(A)** The Fund consists of:

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

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

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

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

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

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

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

5 (ii) the repurchase from the Department of any of its investment
6 interest; or

7 (iii) the sale of an appreciated asset;

8 (7) repayments received from recipients of conditional grants from the
9 Department;

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

11 (9) repayments on or recoveries from financial assistance provided from
12 the former:

13 (i) Brownfields Revitalization Incentive Fund;

14 (ii) Child Care Facilities Direct Loan Fund;

15 (iii) Child Care Special Loan Fund;

16 (iv) Maryland Industrial and Commercial Redevelopment Fund;

17 (v) Maryland Industrial Land Fund;

18 (vi) Maryland Seafood and Aquaculture Loan Fund; and

19 (vii) Smart Growth Economic Development Infrastructure Fund;

20 [and]

21 (10) **MONEY IN THE HIGH IMPACT DEVELOPMENT PROJECT ACCOUNT**
22 **ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION; AND**

23 (11) any other money made available to the Fund.

24 **(B) (1) WITHIN THE FUND IS A HIGH IMPACT DEVELOPMENT PROJECT**
25 **ACCOUNT.**

26 **(2) THE ACCOUNT CONSISTS OF REPAYMENTS ON OR RECOVERIES**
27 **FROM FINANCIAL ASSISTANCE PROVIDED FOR HIGH IMPACT DEVELOPMENT**
28 **PROJECTS UNDER PART VIII OF THIS SUBTITLE.**

1 **(3) FOR FISCAL YEAR 2026, THE GOVERNOR SHALL INCLUDE IN THE**
2 **ANNUAL BUDGET BILL AN APPROPRIATION OF \$600,000,000 TO THE FUND TO BE**
3 **USED FOR FINANCIAL ASSISTANCE UNDER THE HIGH IMPACT DEVELOPMENT**
4 **PROJECT ACCOUNT.**

5 5–319.

6 (a) (2) Except as provided in paragraph (3) of this subsection, financial
7 assistance from the Fund exceeding \$2,500,000 requires approval by the Authority.

8 5–320.

9 (a) To be eligible for financial assistance from the Fund, an applicant shall be:

10 (1) a local economic development fund that meets the criteria set forth in
11 Part V of this subtitle; or

12 (2) an individual, private business, nonprofit entity, or local government,
13 or the Corporation that intends to use the requested financial assistance for a project that:

14 (i) except as provided in subsection (b) of this section, is in an
15 eligible industry sector under § 5–321 of this subtitle; and

16 (ii) has a strong potential for expanding or retaining employment
17 opportunities in the State.

18 (c) In form and content acceptable to the Department, an applicant for financial
19 assistance from the Fund shall submit to the Department an application that contains:

20 (1) the information that the Department or Authority considers necessary
21 to evaluate the request for financial assistance; and

22 (2) for a Tier I county project:

23 (i) a marketing plan designed to market the project to prospective
24 businesses;

25 (ii) a statement of planned marketing expenditures as a percent of
26 the total financial assistance amount requested; and

27 (iii) a plan for the project that is consistent with the county's local
28 strategic economic development plan as to the location and type of project.

29 5–321.

30 (b) (1) For the purpose of providing financial assistance under this subtitle,
31 the following are deemed to be in eligible industry sectors:

- 1 (i) aquaculture projects;
- 2 (ii) arts and entertainment enterprises;
- 3 (iii) arts and entertainment projects;
- 4 (iv) redevelopment of qualified brownfields sites;
- 5 (v) creation or expansion of child care facilities;
- 6 (vi) projects in areas that are declared to be federal disaster areas
7 within 1 year before the Department receives an application for financial assistance under
8 this subtitle; [and]
- 9 (vii) feasibility studies; **AND**

10 **(VIII) HIGH IMPACT DEVELOPMENT PROJECTS.**

11 (2) The requirements specifically imposed on significant strategic economic
12 development opportunities and local economic development opportunities under this
13 subtitle do not apply to the items listed in paragraph (1) of this subsection.

14 5–323.

15 **[Financial] EXCEPT AS PROVIDED IN § 5–354 OF THIS SUBTITLE, FINANCIAL**
16 **assistance from the Fund may not exceed the lesser of:**

- 17 (1) \$10,000,000; or
- 18 (2) 20% of the Fund balance.

19 5–324.

20 **(a) (1) THIS SECTION DOES NOT APPLY TO A HIGH IMPACT**
21 **DEVELOPMENT PROJECT.**

22 **(2)** Each subsection of this section is subject to § 5–323 of this subtitle.

23 5–325.

24 (a) Subject to the restrictions of this subtitle, the Department or Authority may
25 impose the terms and conditions on financial assistance from the Fund as either considers
26 appropriate.

1 (b) (1) Except as provided in paragraph (2), (3), or (4) of this subsection,
2 financial assistance from the Fund may not exceed 70% of the total costs of the project being
3 financed.

4 (2) Financial assistance from the Fund may constitute 100% of the total
5 costs of the project being financed if:

6 (i) the recipient is the Corporation; or

7 (ii) the financial assistance is for:

8 1. an arts and entertainment enterprise;

9 2. an arts and entertainment project; [or]

10 3. a Tier I county project; OR

11 4. A HIGH IMPACT DEVELOPMENT PROJECT.

12 **5-350. RESERVED.**

13 **5-351. RESERVED.**

14 **PART VIII. HIGH IMPACT DEVELOPMENT PROJECT PROGRAM.**

15 **5-352.**

16 (A) **THERE IS A HIGH IMPACT DEVELOPMENT PROJECT PROGRAM IN THE**
17 **DEPARTMENT.**

18 (B) **THE PURPOSE OF THE HIGH IMPACT DEVELOPMENT PROJECT**
19 **PROGRAM IS TO PROVIDE FINANCIAL ASSISTANCE TO INDUSTRIAL DEVELOPMENT**
20 **AGENCIES OR ENTERPRISES UNDERTAKING HIGH IMPACT, PLACEMAKING**
21 **PROJECTS THAT WILL SUPPORT THE BUSINESS FORMATION, EXPANSION, OR**
22 **RETENTION OF MANUFACTURERS IN THE STATE.**

23 **5-353.**

24 (A) **TO CARRY OUT THE PURPOSE OF THE HIGH IMPACT DEVELOPMENT**
25 **PROJECT PROGRAM, THE DEPARTMENT SHALL AWARD FINANCIAL ASSISTANCE IN**
26 **ACCORDANCE WITH THIS PART TO APPROVED RECIPIENTS CARRYING OUT HIGH**
27 **IMPACT DEVELOPMENT PROJECTS INTENDED TO SUPPORT BUSINESS FORMATION,**
28 **EXPANSION, OR RETENTION OF MANUFACTURERS IN THE STATE.**

1 **(B) (1) IN ORDER TO OBTAIN FINANCIAL ASSISTANCE THROUGH THE**
2 **PROGRAM, THE INDUSTRIAL DEVELOPMENT AGENCY OR ENTERPRISE**
3 **UNDERTAKING THE HIGH IMPACT DEVELOPMENT PROJECT SHALL SUBMIT TO THE**
4 **DEPARTMENT AN APPLICATION IN THE FORM THAT THE DEPARTMENT SPECIFIES.**

5 **(2) THE APPLICATION REQUIRED UNDER PARAGRAPH (1) OF THIS**
6 **SUBSECTION SHALL INCLUDE A SIGNED, WRITTEN REFERRAL TO THE PROGRAM BY**
7 **THE GOVERNOR.**

8 **(C) THE DEPARTMENT SHALL EVALUATE A REQUEST FOR FINANCIAL**
9 **ASSISTANCE UNDER THE HIGH IMPACT DEVELOPMENT PROJECT PROGRAM,**
10 **DETERMINE WHETHER TO APPROVE THE REQUEST, DETERMINE THE AMOUNT OF**
11 **THE FINANCIAL ASSISTANCE, AND SET THE TERMS AND CONDITIONS OF THE**
12 **FINANCIAL ASSISTANCE.**

13 **5-354.**

14 **(A) A SINGLE ENTITY MAY BE ISSUED NOT MORE THAN \$50,000,000 IN**
15 **FINANCIAL ASSISTANCE UNDER THIS PART IN A FISCAL YEAR.**

16 **(B) SUBJECT TO THE AVAILABILITY OF MONEY WITHIN THE HIGH IMPACT**
17 **DEVELOPMENT PROJECT ACCOUNT ESTABLISHED UNDER § 5-313 OF THIS**
18 **SUBTITLE, THE DEPARTMENT MAY ISSUE FINANCIAL ASSISTANCE:**

19 **(1) NOT EXCEEDING \$500,000,000 ANNUALLY, ON A ROLLING BASIS,**
20 **FOR BUSINESS FORMATION OR EXPANSION IN THE STATE; OR**

21 **(2) NOT EXCEEDING \$100,000,000 ANNUALLY, ON A ROLLING BASIS,**
22 **FOR THE RETENTION OF BUSINESSES IN THE STATE.**

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2024. It shall remain effective for a period of 20 years and, at the end of June 30, 2044,
25 this Act, with no further action required by the General Assembly, shall be abrogated and
26 of no further force and effect.