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**By: Senators Pinsky and Currie**

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development Strategies and Accountability**

3 FOR the purpose of requiring the Secretary of the Department of Business and  
4 Economic Development to use best efforts to pursue a certain interstate compact;  
5 limiting the use of the Economic Development Opportunities Program Fund to  
6 certain economic development projects; requiring the Governor, when requesting a  
7 funds transfer from the Economic Development Opportunities Program Fund, to  
8 provide the Legislative Policy Committee with certain information about job  
9 creation, worker displacement, demographics, and the loan or grant applicant;  
10 defining a certain term; requiring the Secretary of the Department of Business and  
11 Economic Development to make a certain report to the General Assembly at a  
12 certain time; and generally relating to State economic development strategies and  
13 the Economic Development Opportunities Program Fund.

14 BY adding to

15 Article 83A - Department of Business and Economic Development  
16 Section 2-107  
17 Annotated Code of Maryland  
18 (1995 Replacement Volume)

19 BY repealing and reenacting, with amendments,

20 Article - State Finance and Procurement  
21 Section 7-314  
22 Annotated Code of Maryland  
23 (1995 Replacement Volume and 1995 Supplement)

24 Preamble

25 WHEREAS, The Economic Development Opportunities Program Fund is  
26 supported by the citizens of the State through tax dollars; and

27 WHEREAS, The use of the Economic Development Opportunities Program Fund  
28 to invest in commercial and business enterprises makes the citizens of the State investors  
29 in private ventures; and

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1 WHEREAS, Investments in commercial and business enterprises are risky and  
2 uncertain; and

3 WHEREAS, The citizens of the State, as investors in these commercial enterprises  
4 should receive adequate information about the nature and scope of the investments; and

5 WHEREAS, The investments of the citizens of the State should be reasonably  
6 protected; and

7 WHEREAS, The competition between states for commercial and business ventures  
8 has become extremely costly with uncertain results; now, therefore,

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

11 **Article 83A - Department of Business and Economic Development**

12 2-107.

13 THE SECRETARY SHALL USE BEST EFFORTS TO PURSUE AN INTERSTATE  
14 COMPACT THAT LIMITS OR RESTRICTS THE INTERSTATE COMPETITION FOR THE  
15 RECRUITMENT OF OUT-OF-STATE BUSINESSES.

16 **Article - State Finance and Procurement**

17 7-314.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) "Fund" means the Economic Development Opportunities Program  
20 Fund.

21 (3) "PENALTY" MEANS A CONTRACTUAL AGREEMENT BETWEEN AN  
22 EXECUTIVE AGENCY AND A LOAN OR GRANT RECIPIENT THAT REQUIRES THE  
23 RECIPIENT TO IMMEDIATELY REPAY A LOAN OR A GRANT IF THE RECIPIENT FAILS:

24 (I) TO SATISFY THE JOB CREATION, WAGE RATE, OR BENEFITS  
25 THRESHOLDS REQUIRED UNDER SUBSECTION (I) OF THIS SECTION; AND

26 (II) TO MEET ANY OTHER NEGOTIATED ECONOMIC DEVELOPMENT  
27 OUTCOME UNDER SUBSECTION (H) OF THIS SECTION.

28 [(3)] (4) "Private sector enterprise" means any commercial, industrial,  
29 educational, or research organization which is not a part of or controlled by a federal,  
30 State, or local government agency.

31 [(4)] (5) "Executive agency" means an executive department or agency in  
32 the Executive Branch of State government, including all offices of the Executive  
33 Department or agency directly responsible to the Governor.

34 (b) Subject to the provisions of this section, the Economic Development  
35 Opportunities Program Fund is established to maximize extraordinary economic  
36 development opportunities.

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1 (c) The Governor may provide an appropriation in the budget bill to the Fund for  
2 a specific or general purpose or purposes.

3 (d) After notice to and approval by the Legislative Policy Committee, the  
4 Governor may transfer funds by budget amendment from the Economic Development  
5 Opportunities Program Fund to the expenditure account of the appropriate executive  
6 agency.

7 (e) (1) The Fund is a continuing, nonlapsing fund which is not subject to §  
8 7-302 of this subtitle.

9 (2) The Treasurer shall separately hold, and the Comptroller shall account  
10 for, the Fund.

11 (3) The Fund shall be invested and reinvested in the same manner as other  
12 State funds.

13 (4) Except as provided in paragraph (5) of this subsection, any investment  
14 earnings shall be subject to § 7-311(d) of this subtitle.

15 (5) Any investment earnings on moneys transferred from the Fund to a  
16 second continuing, nonlapsing fund may be retained to the credit of this second fund.

17 (f) (1) Moneys appropriated or credited to the Fund do not revert to the  
18 Revenue Stabilization Account.

19 (2) Except as provided in paragraph (3) of this subsection, repayments of  
20 principal or interest on any loan from the Fund, as provided in subsection (h) of this  
21 section, shall be retained to the credit of the Fund.

22 (3) Repayments of principal or interest on any loan made from moneys  
23 transferred from the Fund to a second continuing, nonlapsing fund may be retained to the  
24 credit of the second fund.

25 (g) The Department of Business and Economic Development shall report to the  
26 Governor and, subject to § 2-1312 of the State Government Article, to the General  
27 Assembly before January 1 of each year the financial status of the program and a  
28 summary of its operations for the preceding fiscal year.

29 (h) Any funds transferred from the Economic Development Opportunities  
30 Program Fund shall be used only for extraordinary economic development opportunities  
31 that meet the criteria provided in this section.

32 (I) THE LEGISLATIVE POLICY COMMITTEE MAY NOT APPROVE THE  
33 TRANSFER OF FUNDS FROM THE ECONOMIC DEVELOPMENT OPPORTUNITIES  
34 PROGRAM FUND FOR A LOAN OR A GRANT UNLESS:

35 (1) THE LOAN OR GRANT APPLICANT AGREES TO:

36 (I) HIRE AT LEAST 100 EMPLOYEES WITHIN 2 YEARS AFTER  
37 RECEIVING A GRANT OR A LOAN UNDER THIS SECTION;

38 (II) PAY A MINIMUM WAGE RATE EQUAL TO AT LEAST TWO TIMES  
39 THE FEDERAL MINIMUM WAGE RATE TO ITS EMPLOYEES;

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1 (III) PROVIDE A HEALTH CARE BENEFITS PACKAGE TO ITS  
2 EMPLOYEES;

3 (IV) MAKE PREMIUM CONTRIBUTIONS TO THE HEALTH CARE  
4 BENEFITS PACKAGES OF ITS EMPLOYEES; AND

5 (V) MEET ANY OTHER ECONOMIC DEVELOPMENT OUTCOMES  
6 THAT ARE NEGOTIATED IN EXCHANGE FOR A GRANT OR LOAN UNDER THIS  
7 SECTION; AND

8 (2) THE PROPOSED USES OF FUNDS ARE CONSISTENT WITH THE  
9 ECONOMIC GROWTH, RESOURCE PROTECTION, AND PLANNING POLICY OF THE  
10 STATE DESCRIBED UNDER § 5-7A-01 OF THE STATE FINANCE AND PROCUREMENT  
11 ARTICLE.

12 (J) THE LEGISLATIVE POLICY COMMITTEE MAY NOT APPROVE THE  
13 TRANSFER OF FUNDS FROM THE ECONOMIC DEVELOPMENT OPPORTUNITIES  
14 PROGRAM FUND FOR AN ECONOMIC DEVELOPMENT PROJECT IN WHICH THE LOAN  
15 OR GRANT APPLICANT SEEKS TO PURCHASE AN EXISTING BUSINESS IN THE STATE  
16 OR RELOCATE A BUSINESS FACILITY TO THE STATE UNLESS THE APPLICANT  
17 AGREES TO:

18 (1) CONTINUE TO RECOGNIZE ANY EMPLOYEE ORGANIZATION,  
19 WHETHER INTERNATIONAL OR LOCAL, THAT IS A SIGNATORY TO ANY COLLECTIVE  
20 BARGAINING AGREEMENT IN EFFECT AT THE PREDECESSOR FACILITY AT THE TIME  
21 OF RELOCATION; AND

22 (2) MAINTAIN A NEUTRAL POSITION WITH RESPECT TO ITS EMPLOYEES'  
23 DETERMINATION OF COLLECTIVE BARGAINING REPRESENTATION.

24 [(i)] (K) Subject to the provisions of this subtitle, funds transferred from the  
25 Economic Development Opportunities Program Fund, to an executive agency, may be  
26 loaned or granted for:

27 (1) assisting in the retention or expansion of existing private sector  
28 enterprises, public or private institutions, or federal research and development institutes;

29 (2) assisting in the establishment or attraction of private sector enterprises,  
30 public or private institutions, or federal research and development institutes new to this  
31 State; or

32 (3) providing assistance where existing State or local programs lack  
33 sufficient resources or are constrained by timing or program design from being utilized.

34 [(j)] (L) Upon request for approval for the transfer of funds by budget  
35 amendment from the Fund, the Governor shall provide, subject to § 2-1312 of the State  
36 Government Article, to the Legislative Policy Committee:

37 (1) a detailed description of:

38 (i) the proposed use of the funds;

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1 (ii) the manner in which the proposed use meets the criteria as set  
2 forth in this section;

3 (iii) the degree to which the proposed use of funds will advance  
4 statewide or local economic development strategies and objectives; and

5 (iv) the degree to which available sources of federal, State, local, and  
6 private financial support has been sought and will be utilized;

7 (2) the terms and conditions of any grant or loan for which the funds are to  
8 be used;

9 (3) a comprehensive economic analysis of the proposed use of the funds  
10 which estimates:

11 (i) the economic impact to the State and the local jurisdictions  
12 affected;

13 (ii) a minimum level of net economic benefits to the public sector;  
14 [and]

15 (III) THE NUMBER OF JOBS THAT ARE EXPECTED TO BE CREATED  
16 AS A RESULT OF THE ECONOMIC DEVELOPMENT PROJECT;

17 (IV) THE WAGE RATES AND BENEFITS PACKAGES FOR THE JOBS  
18 EXPECTED TO BE CREATED AS A RESULT OF THE PROPOSED ECONOMIC  
19 DEVELOPMENT PROJECT;

20 (V) THE NUMBER OF WORKERS IN BUSINESSES SIMILAR OR  
21 RELATED TO THE GRANT OR LOAN APPLICANT THAT ARE EXPECTED TO BE  
22 DISPLACED AS A RESULT OF INCREASED COMPETITION FROM THE GRANT OR LOAN  
23 APPLICANT;

24 (VI) THE WAGE RATES AND BENEFITS PACKAGES OF THE WORKERS  
25 EXPECTED TO BE DISPLACED UNDER ITEM (V) OF THIS PARAGRAPH;

26 (VII) DEMOGRAPHIC CHARACTERISTICS OF THE ENTIRE AFFECTED  
27 WORKFORCE; AND

28 [(iii)] (VIII) any other appropriate financial or economic benefits;  
29 [and]

30 (4) ANY PAST RECORD OF THE LOAN OR GRANT APPLICANT CREATING  
31 JOBS IN EXCHANGE FOR PUBLIC EXPENDITURES WITHIN OR OUTSIDE OF THE  
32 STATE;

33 (5) ANY FORMAL COMPLAINTS TO ANY STATE, LOCAL, OR FEDERAL  
34 GOVERNMENTAL ENTITY CONCERNING LABOR OR ENVIRONMENTAL ISSUES THAT  
35 HAVE BEEN FILED AGAINST THE LOAN OR GRANT APPLICANT; AND

36 [(4)] (6) any other analysis or information that is requested by the  
37 Legislative Policy Committee.

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1 [(k)] (M) Funds appropriated to the Economic Development Opportunities  
2 Program Fund may not be loaned or granted for:

3 (1) substituting for funds from other State or local programs for which a  
4 project may be eligible and sufficient resources exist;

5 (2) projects which are not likely to attract or retain employment  
6 opportunities;

7 (3) funding projects located outside the State;

8 (4) construction or land acquisition by the Maryland Stadium Authority; or

9 (5) funding for any sports activity or facility.

10 SECTION 2. AND BE IT FURTHER ENACTED, That the Secretary of the  
11 Department of Business and Economic Development shall submit a written report to the  
12 General Assembly on December 31, 1997 on the efforts and progress that the Secretary  
13 has made in securing an interstate compact under Section 1 of this Act.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 1996.