
By: **Senator Ruben**

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 1998

CHAPTER _____

1 AN ACT concerning

2 **Economic Development - Assistance to Local Governments**

3 FOR the purpose of authorizing the Secretary of Business and Economic Development
4 to ~~transfer funds from certain accounts within the Department of Business and~~
5 ~~Economic Development or under the control of the Department to a certain local~~
6 ~~economic development fund established by a local government for certain~~
7 ~~purposes; requiring, as a condition to the transfer of certain funds by the~~
8 ~~Secretary, a certain local government to make a certain equal and matching~~
9 ~~appropriation; requiring the Secretary to make a certain transfer in accordance~~
10 ~~with a certain appropriation amendment process; grant funds from the~~
11 ~~Maryland Industrial Land Fund to local economic development funds to be used~~
12 ~~for certain purposes; requiring the Secretary to consider certain factors before~~
13 ~~granting funds under this Act; requiring a local government to provide a~~
14 ~~matching fund under certain circumstances; establishing certain limitations on~~
15 ~~the granting of funds under this Act; requiring the Department of Business and~~
16 ~~Economic Development to make a certain annual report regarding the grants~~
17 ~~under this Act; stating a certain intent of the General Assembly; defining certain~~
18 ~~terms; providing for the termination of this Act; and generally relating to~~
19 economic development assistance to local governments.

20 BY ~~repealing and reenacting, without amendments, adding to~~
21 Article 83A - Department of Business and Economic Development
22 ~~Section 1-101(a), (b), and (d), 5-103, and 5-104~~
23 ~~Section 5-702(4) and 5-718~~
24 Annotated Code of Maryland
25 (1995 Replacement Volume and 1997 Supplement)

1 BY ~~adding to~~ repealing and reenacting, with amendments,
2 Article 83A - Department of Business and Economic Development
3 Section ~~5-105~~ 5-703
4 Annotated Code of Maryland
5 (1995 Replacement Volume and 1997 Supplement)

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

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

9 ~~4-101.~~

10 (a) ~~In this article the following words have the meanings indicated.~~

11 (b) ~~"Department" means the Department of Business and Economic~~
12 ~~Development.~~

13 (d) ~~"Secretary" means the Secretary of Business and Economic Development.~~

14 ~~5-103.~~

15 (a) ~~Notwithstanding any other provision of law except for §§ 5-715 and 5-802~~
16 ~~of this article, the Secretary may transfer funds among any of the various accounts~~
17 ~~within the Department or subject to its control, that are used to provide financial~~
18 ~~support of any kind.~~

19 (b) ~~Notwithstanding any other provision of law except for §§ 5-715 and 5-802~~
20 ~~of this article, the Secretary may transfer funds from any of the accounts described in~~
21 ~~subsection (a) of this section to the Economic Development Opportunities Program~~
22 ~~Fund established under § 7-314 of the State Finance and Procurement Article.~~

23 (c) ~~Where applicable, transfers under this section must comply with the~~
24 ~~provisions of §§ 5-930(g) and 5-932(h) of this article.~~

25 (d) ~~The Secretary shall accomplish any transfer under this section in~~
26 ~~accordance with the appropriation amendment process under § 7-209 of the State~~
27 ~~Finance and Procurement Article.~~

28 ~~5-104.~~

29 (a) ~~The Secretary is authorized to invest in one or more specialized small~~
30 ~~business investment companies created pursuant to the federal Small Business~~
31 ~~Investment Act of 1958.~~

32 (b) ~~The Secretary is authorized to do all things necessary or convenient in~~
33 ~~order to participate fully in the formation and operation of specialized small business~~
34 ~~investment companies, to the extent permitted by federal law.~~

1 (e) Notwithstanding any other provision of law, the Secretary may use funds
 2 from the following accounts within the Department to finance specialized small
 3 business investment companies:

4 (1) The Maryland Small Business Development Financing Authority
 5 created pursuant to Subtitle 10 of this title; and

6 (2) The Enterprise Fund created pursuant to Subtitle 5 of this title.

7 ~~5-105.~~

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 9 INDICATED.

10 ~~5-702.~~

11 The General Assembly makes the following declarations as a statement of its
 12 legislative intent in the enactment of this subtitle:

13 (4) THERE IS A NEED FOR ADDITIONAL CAPITAL TO FUND LOCAL
 14 ECONOMIC DEVELOPMENT FUNDS TO ALLOW SUCH FUNDS TO BECOME
 15 SELF-SUSTAINING.

16 ~~5-703.~~

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

18 (b) "Borrower" means a political subdivision or private entity that borrows
 19 funds under this subtitle.

20 (c) "County" includes the City of Baltimore.

21 (d) "Department" means the Department of Business and Economic
 22 Development.

23 (2) (E) "LOCAL ECONOMIC DEVELOPMENT FUND" MEANS A
 24 REVOLVING, NONLAPSING FUND THAT A LOCAL GOVERNMENT ESTABLISHES FOR
 25 PURPOSES OF ECONOMIC DEVELOPMENT WITHIN THAT LOCAL JURISDICTION.

26 (3) (F) "LOCAL GOVERNMENT" ~~INCLUDES:~~ MEANS

27 (4) A COUNTY OR MUNICIPAL CORPORATION ~~AND OR ITS~~
 28 DESIGNATED AGENCY OR INSTRUMENTALITY; ~~OR~~

29 (H) ~~A MULTIJURISDICTIONAL REGIONAL ENTITY.~~

30 [(e)] (G) "Political subdivision" or "subdivision" means:

31 (1) A county;

1 (2) A municipal corporation subject to the provisions of Article XI-E of
2 the Maryland Constitution; or

3 (3) The Maryland Economic Development Corporation.

4 [(f)] (H) "Secretary" means the Secretary of Business and Economic
5 Development.

6 (4) ~~"STATE ECONOMIC DEVELOPMENT FUND" MEANS AN ACCOUNT IN~~
7 ~~THE DEPARTMENT, OR SUBJECT TO THE CONTROL OF THE DEPARTMENT, THAT IS~~
8 ~~USED TO PROVIDE FINANCIAL SUPPORT OF ANY KIND.~~

9 (B) ~~NOTWITHSTANDING ANY OTHER LAW EXCEPT FOR §§ 5-715 AND 5-802 OF~~
10 ~~THIS TITLE, THE SECRETARY MAY TRANSFER FUNDS FROM A STATE ECONOMIC~~
11 ~~DEVELOPMENT FUND TO A LOCAL ECONOMIC DEVELOPMENT FUND IF THE LOCAL~~
12 ~~GOVERNMENT THAT ESTABLISHES THE LOCAL ECONOMIC DEVELOPMENT FUND~~
13 ~~PROVIDES AN EQUAL AND MATCHING APPROPRIATION.~~

14 (C) ~~THE SECRETARY SHALL MAKE A TRANSFER UNDER THIS SECTION IN~~
15 ~~ACCORDANCE WITH THE APPROPRIATION AMENDMENT PROCESS UNDER § 7-209 OF~~
16 ~~THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

17 5-718.

18 (A) (1) A LOCAL GOVERNMENT MAY APPLY FOR AND THE SECRETARY MAY
19 APPROVE A GRANT TO A LOCAL ECONOMIC DEVELOPMENT FUND.

20 (2) IN JUDGING WHETHER OR NOT TO APPROVE A GRANT, THE
21 SECRETARY SHALL CONSIDER AND DETERMINE:

22 (I) THE AVERAGE RATE OF UNEMPLOYMENT FOR THE LOCAL
23 JURISDICTION IN COMPARISON TO THE AVERAGE RATE OF UNEMPLOYMENT FOR
24 THE STATE;

25 (II) WHETHER THE LOCAL GOVERNMENT CURRENTLY
26 ADMINISTERS A LOCAL ECONOMIC DEVELOPMENT FUND;

27 (III) THE ABILITY OF THE LOCAL GOVERNMENT TO LEVERAGE
28 PRIVATE MONEYS;

29 (IV) THE LEVEL OF FINANCIAL COMMITMENT PROVIDED BY THE
30 LOCAL GOVERNMENT; AND

31 (V) ANY OTHER FACTORS THAT THE SECRETARY CONSIDERS
32 RELEVANT.

33 (B) TO QUALIFY FOR A GRANT, A LOCAL GOVERNMENT SHALL PROVIDE AT
34 LEAST AN EQUAL AND MATCHING GRANT OF FUNDS TO THE LOCAL ECONOMIC
35 DEVELOPMENT FUND.

36 (C) (1) DURING A FISCAL YEAR:

1 (I) THE DEPARTMENT MAY NOT GRANT MORE THAN \$2 MILLION
2 UNDER THIS SECTION; AND

3 (II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A COUNTY
4 MAY NOT RECEIVE MORE THAN \$250,000 UNDER THIS SECTION.

5 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, DURING THE
6 PERIOD FROM OCTOBER 1, 1998 THROUGH JUNE 30, 2003, A COUNTY MAY NOT
7 RECEIVE A TOTAL OF MORE THAN \$500,000 UNDER THIS SECTION.

8 (3) FOR PURPOSES OF THE LIMITATIONS UNDER PARAGRAPHS (1)(II)
9 AND (2) OF THIS SUBSECTION, ANY FUNDS RECEIVED UNDER THIS SECTION BY A
10 MUNICIPAL CORPORATION OR A DESIGNATED AGENCY OR INSTRUMENTALITY SHALL
11 BE DEEMED TO BE FUNDS GRANTED TO THE COUNTY WITHIN WHICH THE
12 MUNICIPAL CORPORATION, AGENCY, OR INSTRUMENTALITY IS LOCATED.

13 (D) (1) A LOCAL GOVERNMENT SHALL UTILIZE A GRANT OF FUNDS UNDER
14 THIS SECTION FOR THE PURPOSE OF PROVIDING LOANS FOR FINANCING ECONOMIC
15 DEVELOPMENT PROJECTS.

16 (2) AT THE DISCRETION OF THE SECRETARY, FUNDS GRANTED UNDER
17 THIS SECTION MAY REVERT TO THE DEPARTMENT IF THE LOCAL ECONOMIC
18 DEVELOPMENT FUND IS INACTIVE FOR MORE THAN 2 YEARS AFTER THE DATE ON
19 WHICH A GRANT OF FUNDS UNDER THIS SECTION IS MADE.

20 (E) THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO §
21 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY BEFORE
22 JANUARY 1 OF EACH YEAR ON THE NUMBER, AMOUNT, USE, AND ECONOMIC
23 BENEFITS OF GRANTS AWARDED UNDER THIS SECTION.

24 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
25 General Assembly that the Department of Business and Economic Development
26 develop policy guidelines and procedures for implementing the grant program
27 established under Section 1 of this Act by October 1, 1998.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 1998. It shall remain effective for a period of 4 years and 9 months and, at
30 the end of June 30, 2003, with no further action required by the General Assembly,
31 this Act shall be abrogated and of no further force and effect.