

HOUSE BILL 5

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C8

1999 Regular Session  
9lr0433  
CF 9lr1873

(PRE-FILED)

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By: **Delegates Taylor, Hixson, Arnick, Busch, Dewberry, Doory, Guns, Harrison, Howard, Hurson, Kopp, Menes, Montague, Owings, Rawlings, Rosenberg, Vallario, ~~and Wood Wood~~, Edwards, W. Baker, Bozman, Bronrott, Brown, Cadden, C. Davis, Donoghue, Eckardt, Finifter, Fulton, Giannetti, Goldwater, Gordon, Healey, Hecht, A. Jones, V. Jones, Kagan, Kirk, Krysiak, Love, Marriott, McIntosh, McClenahan, McHale, Nathan-Pulliam, Petzold, Rosso, Rudolph, Shriver, Slade, Turner, and ~~Walkup~~ Walkup, Schisler, and Cane**

Requested: November 20, 1998  
Introduced and read first time: January 13, 1999  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted with floor amendments  
Read second time: February 16, 1999

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **One Maryland Economic Development Program for Distressed Counties**

3 FOR the purpose of establishing a Smart Growth Economic Development  
4 Infrastructure Fund as a nonlapsing fund within the Department of Business  
5 and Economic Development, to be used for ~~making certain loans~~ providing  
6 financial assistance to certain qualified economically distressed counties or the  
7 Maryland Economic Development Corporation for the purposes of financing  
8 certain economic development projects; providing that a municipal corporation  
9 may apply for financial assistance from the Fund under certain circumstances;  
10 authorizing the Department to develop certain economic development plans  
11 under certain circumstances; providing for the termination of this Act; requiring  
12 the Department of Business and Economic Development to submit an annual  
13 written report to certain committees; and generally relating to establishment of  
14 a Smart Growth Economic Development Infrastructure Fund to encourage  
15 capital investment and job creation in certain qualified economically distressed  
16 counties.

17 BY repealing and reenacting, with amendments,  
18 Article 83A - Department of Business and Economic Development  
19 Section 5-103(a) and (b) and 5-715

1 Annotated Code of Maryland  
2 (1998 Replacement Volume)

3 BY adding to  
4 Article 83A - Department of Business and Economic Development  
5 Section 5-719  
6 Annotated Code of Maryland  
7 (1998 Replacement Volume)

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

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

11 5-103.

12 (a) Notwithstanding any other provision of law except for §§ [5-715] 5-715,  
13 5-719, and 5-802 of this article, the Secretary may transfer funds among any of the  
14 various accounts within the Department or subject to its control, that are used to  
15 provide financial support of any kind.

16 (b) Notwithstanding any other provision of law except for §§ [5-715] 5-715,  
17 5-719, and 5-802 of this article, the Secretary may transfer funds from any of the  
18 accounts described in subsection (a) of this section to the Economic Development  
19 Opportunities Program Fund established under § 7-314 of the State Finance and  
20 Procurement Article.

21 5-715.

22 (a) [Any] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ANY  
23 investment earnings of the Fund, and any moneys received in payment of interest and  
24 repayment of principal under loan agreements provided for in this subtitle shall be  
25 deposited in the treasury and shall constitute a permanent special fund to be known  
26 as the "Industrial Land Fund". The moneys in the Industrial Land Fund from time to  
27 time may be expended (1) for the same purposes as the proceeds of the loan  
28 authorized by this subtitle, and (2) to pay any and all expenses in connection with the  
29 administration of this subtitle including, by way of example, expenses for  
30 administration, legal, actuarial, and other services, and such moneys shall be used for  
31 no other purpose.

32 (b) (1) Except to the Industrial and Commercial Redevelopment Fund, the  
33 Secretary may not transfer funds from the Fund to any of the various accounts within  
34 the Department or subject to its control.

35 (2) The Secretary shall accomplish any transfer under this section in  
36 accordance with the appropriation amendment process under § 7-209 of the State  
37 Finance and Procurement Article.

1 (C) ANY MONEYS RECEIVED IN PAYMENT OF INTEREST AND REPAYMENT OF  
 2 PRINCIPAL FOR LOANS PROVIDED UNDER THE SMART GROWTH ECONOMIC  
 3 DEVELOPMENT INFRASTRUCTURE FUND ESTABLISHED UNDER § 5-719 OF THIS  
 4 SUBTITLE SHALL BE CREDITED TO THE SMART GROWTH ECONOMIC DEVELOPMENT  
 5 INFRASTRUCTURE FUND.

6 5-719.

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

9 (2) "FUND" MEANS THE SMART GROWTH ECONOMIC DEVELOPMENT  
 10 INFRASTRUCTURE FUND ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION.

11 (3) "QUALIFIED DISTRESSED COUNTY" MEANS A COUNTY, INCLUDING  
 12 BALTIMORE CITY;

13 ~~(4)~~ THAT HAS DEVELOPED AND SUBMITTED TO THE SECRETARY A  
 14 LOCAL STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT THAT HAS BEEN APPROVED  
 15 BY THE SECRETARY; ~~AND~~ AND:

16 ~~(4)~~ (I) FOR WHICH THE AVERAGE RATE OF UNEMPLOYMENT FOR  
 17 THE MOST RECENT 18-MONTH PERIOD FOR WHICH DATA ARE AVAILABLE IS  
 18 GREATER THAN 150% OF THE AVERAGE RATE OF UNEMPLOYMENT FOR THE ENTIRE  
 19 STATE DURING THAT SAME PERIOD; OR

20 (II) FOR WHICH THE AVERAGE PER CAPITA PERSONAL INCOME FOR  
 21 THE MOST RECENT 24-MONTH PERIOD FOR WHICH DATA ARE AVAILABLE IS EQUAL  
 22 TO OR LESS THAN 67% OF THE AVERAGE PERSONAL PER CAPITA INCOME FOR THE  
 23 ENTIRE STATE DURING THAT SAME PERIOD.

24 (B) (1) THERE IS A SMART GROWTH ECONOMIC DEVELOPMENT  
 25 INFRASTRUCTURE FUND.

26 (2) THE FUND CONSISTS OF:

27 (I) APPROPRIATIONS TO THE FUND;

28 (II) ANY INVESTMENT EARNINGS OF THE FUND;

29 (III) MONEYS RECEIVED IN PAYMENT OF INTEREST AND  
 30 REPAYMENT OF PRINCIPAL FOR LOANS PROVIDED FROM THE FUND; AND

31 (IV) MONEYS MADE AVAILABLE TO THE FUND FROM ANY OTHER  
 32 SOURCE.

33 (3) THE FUND SHALL BE ADMINISTERED BY THE SECRETARY AND  
 34 SHALL BE USED EXCLUSIVELY FOR THE PURPOSE OF ~~MAKING LOANS~~ PROVIDING  
 35 FINANCIAL ASSISTANCE IN THE MANNER PROVIDED UNDER SUBSECTION (C) OF THIS  
 36 SECTION TO QUALIFYING DISTRESSED COUNTIES, OR TO THE MARYLAND ECONOMIC

1 DEVELOPMENT CORPORATION FOR PROJECTS LOCATED IN QUALIFYING DISTRESSED  
2 COUNTIES, UNDER THIS SECTION.

3 (4) THE SECRETARY MAY NOT TRANSFER FUNDS FROM THE FUND TO  
4 ANY OF THE VARIOUS ACCOUNTS WITHIN THE DEPARTMENT OR SUBJECT TO ITS  
5 CONTROL.

6 (5) THE FUND IS A CONTINUING, NONLAPSING FUND WHICH IS NOT  
7 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

8 (C) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE  
9 SECRETARY MAY APPROVE ~~LOANS~~ FINANCIAL ASSISTANCE FROM THE FUND TO  
10 QUALIFYING DISTRESSED COUNTIES FOR THE PURPOSES OF FINANCING THE COSTS  
11 OF ACQUISITION, IMPROVEMENTS, AND REHABILITATION OF LAND FOR INDUSTRIAL  
12 SITES AND PARKS, DEVELOPMENT OF WATER AND SEWER LINES, SHELL BUILDINGS,  
13 AND OTHER NEEDED INFRASTRUCTURE PROJECTS, AS SET FORTH IN §§ 5-704  
14 THROUGH 5-709 OF THIS SUBTITLE.

15 (2) (I) ~~A LOAN~~ FINANCIAL ASSISTANCE UNDER THIS SECTION MAY BE  
16 MADE ONLY FOR A PROJECT THAT IS LOCATED WITHIN A PRIORITY FUNDING AREA  
17 UNDER TITLE 5, SUBTITLE 7B OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

18 (II) THE EXCEPTIONS UNDER §§ 5-7B-05 AND 5-7B-06 OF THE STATE  
19 FINANCE AND PROCUREMENT ARTICLE ALLOWING FUNDING OUTSIDE OF PRIORITY  
20 FUNDING AREAS UNDER CERTAIN CIRCUMSTANCES DO NOT APPLY TO ~~LOANS~~  
21 FINANCIAL ASSISTANCE UNDER THIS SECTION.

22 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, ~~A LOAN~~  
23 FINANCIAL ASSISTANCE UNDER THIS SECTION:

24 (I) IS SUBJECT TO THE APPLICABLE REQUIREMENTS, TERMS, AND  
25 CONDITIONS OF ~~LOANS~~ FINANCIAL ASSISTANCE UNDER §§ 5-704 THROUGH 5-709 OF  
26 THIS SUBTITLE; AND

27 (II) MAY BE IN THE FORM OF A LOAN, AN INVESTMENT, OR A LOAN  
28 CONVERTIBLE IN WHOLE OR IN PART TO A GRANT UPON THE SATISFACTION OF  
29 SPECIFIED CONDITIONS, ALL UPON TERMS SPECIFIED BY THE DEPARTMENT.

30 (4) (I) IN ADDITION TO ANY OTHER REQUIREMENTS FOR AN  
31 APPLICATION FOR ~~A LOAN~~ FINANCIAL ASSISTANCE UNDER THIS SUBTITLE, AN  
32 APPLICATION FOR ~~A LOAN~~ FINANCIAL ASSISTANCE UNDER THIS SECTION SHALL  
33 INCLUDE, FOR EACH PROJECT:

34 1. A MARKETING PLAN DESIGNED TO MARKET THE PROJECT  
35 TO PROSPECTIVE BUSINESSES AND A STATEMENT OF PLANNED MARKETING  
36 EXPENDITURES AS A PERCENT OF THE TOTAL ~~LOAN~~ FINANCIAL ASSISTANCE  
37 AMOUNT REQUESTED; AND



1           (2)     THE QUALIFYING DISTRESSED COUNTY HAS DEVELOPED A LOCAL  
2 STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT BUT IS NOT ACTIVELY PURSUING  
3 FINANCIAL ASSISTANCE FROM THE FUND.

4     ~~(E)     IF A QUALIFIED DISTRESSED COUNTY HAS DEVELOPED A LOCAL~~  
5 ~~STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT BUT IS NOT ACTIVELY PURSUING~~  
6 ~~FINANCIAL ASSISTANCE FROM THE FUND, A MUNICIPAL CORPORATION MAY APPLY~~  
7 ~~FOR FINANCIAL ASSISTANCE FROM THE FUND IN A MANNER CONSISTENT WITH THE~~  
8 ~~PLAN DEVELOPED BY THE QUALIFIED DISTRESSED COUNTY.~~

9     (E)     A MUNICIPAL CORPORATION LOCATED IN A QUALIFIED DISTRESSED  
10 COUNTY MAY:

11           (1)     APPLY FOR FINANCIAL ASSISTANCE FROM THE FUND IN A MANNER  
12 CONSISTENT WITH THE PLAN DEVELOPED BY THE DEPARTMENT IN CONSULTATION  
13 WITH THE MUNICIPAL CORPORATION IF THE QUALIFIED DISTRESSED COUNTY HAS  
14 NOT DEVELOPED A LOCAL STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT; OR

15           (2)     APPLY FOR FINANCIAL ASSISTANCE FROM THE FUND IN A MANNER  
16 CONSISTENT WITH THE PLAN DEVELOPED BY THE QUALIFIED DISTRESSED COUNTY  
17 IF THE QUALIFIED DISTRESSED COUNTY HAS DEVELOPED A LOCAL STRATEGIC PLAN  
18 FOR ECONOMIC DEVELOPMENT BUT IS NOT ACTIVELY PURSUING FINANCIAL  
19 ASSISTANCE FROM THE FUND.

20     SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
21 Business and Economic Development shall submit a written report annually, in  
22 accordance with § 2-1246 of the State Government Article, to the House Economic  
23 Matters Committee and the Senate Budget and Taxation Committee of the Maryland  
24 General Assembly on the status of the Smart Growth Economic Development  
25 Infrastructure Fund. The Department's report shall be made by December 1 of each  
26 year, beginning in 1999.

27     SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take  
28 effect July 1, 1999. It shall remain effective for a period of 5 years and, at the end of  
29 June 30, 2004, with no further action required by the General Assembly, this Act shall  
30 be abrogated and of no further force and effect.