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By: **Delegate Barve (Chairman, Subcommittee on Science and Technology)**  
**and Delegates Pendergrass, Eckardt, Fulton, Goldwater, Hill, J. Kelly,**  
**Love, and Walkup**

Introduced and read first time: February 26, 1999

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Business and Economic Development - Maryland Industrial Land Act and**  
3 **Maryland Industrial and Commercial Redevelopment Fund**

4 FOR the purpose of repealing the Maryland Industrial Land Act; repealing a  
5 reference to the Maryland Industrial Land Act as a fund within the Department  
6 of Business and Economic Development; providing that moneys on deposit in the  
7 Industrial Land Fund shall be transferred to the Maryland Industrial and  
8 Commercial Redevelopment Fund on a certain date; altering the amount of  
9 funds that may be held in the Redevelopment Fund; repealing a certain  
10 provision of law that requires a transfer of funds from the Redevelopment Fund  
11 to be made in accordance with a certain process; providing that a loan or grant  
12 from the Redevelopment Fund may be up to 100% of the eligible project cost;  
13 increasing the maximum amount of a loan made from the Redevelopment Fund;  
14 altering the interest rate that may be charged on a loan from the  
15 Redevelopment Fund; altering the full faith and credit requirements for certain  
16 loans made from the Redevelopment Fund; altering certain public hearing and  
17 approval requirements for certain loans or grants from the Redevelopment  
18 Fund; altering certain procedures for approving and extending the term of  
19 certain loans made from the Redevelopment Fund; repealing certain restrictions  
20 applicable to loans or grants made from the Redevelopment Fund to the  
21 Maryland Economic Development Corporation; authorizing the Secretary of  
22 Business and Economic Development to make certain grants from the  
23 Redevelopment Fund to local economic development funds under certain  
24 circumstances; requiring that a grant made to a local economic development  
25 fund be used for a certain purpose; requiring the Department to report to the  
26 Governor and the General Assembly on or before a certain date each year on  
27 grants awarded to local economic development funds during the preceding fiscal  
28 year; authorizing the Department to modify the terms of any financial  
29 assistance provided under the former Maryland Industrial Land Act in a certain  
30 manner; altering a certain definition; defining a certain term; making stylistic  
31 changes; providing for the termination of certain provisions of this Act; and  
32 generally relating to the Maryland Industrial Land Act and the Maryland  
33 Industrial and Commercial Redevelopment Fund.

1 BY repealing

2 Article 83A - Department of Business and Economic Development  
3 Section 5-701 through 5-718, inclusive, and the subtitle "Subtitle 7. Maryland  
4 Industrial Land Act"  
5 Annotated Code of Maryland  
6 (1998 Replacement Volume)

7 BY repealing and reenacting, with amendments,

8 Article 83A - Department of Business and Economic Development  
9 Section 5-102, 5-801, 5-802, 5-803(c), 5-804(b), 5-805(b), and 5-806  
10 Annotated Code of Maryland  
11 (1998 Replacement Volume)

12 BY repealing

13 Article 83A - Department of Business and Economic Development  
14 Section 5-808  
15 Annotated Code of Maryland  
16 (1998 Replacement Volume)

17 BY adding to

18 Article 83A - Department of Business and Economic Development  
19 Section 5-808 and 5-809  
20 Annotated Code of Maryland  
21 (1998 Replacement Volume)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That Section(s) 5-701 through 5-718, inclusive, and the subtitle  
24 "Subtitle 7. Maryland Industrial Land Act" of Article 83A - Department of Business  
25 and Economic Development of the Annotated Code of Maryland be repealed.

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

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

29 5-102.

30 The Department shall administer economic development and financial  
31 assistance programs and funds, including the following:

- 32 (1) Maryland Small Business Development Financing Authority;
- 33 (2) Maryland Industrial Development Financing Authority;
- 34 (3) Maryland Energy Financing Administration;

- 1 (4) Maryland Industrial and Commercial Redevelopment Fund;
- 2 [(5) Maryland Industrial Land Act;]
- 3 [(6)] (5) Enterprise Fund;
- 4 [(7)] (6) Maryland Enterprise Incentive Deposit Fund;
- 5 [(8)] (7) Enterprise Zone Venture Capital Guarantee Fund;
- 6 [(9)] (8) The Community Development Block Grant for Economic  
7 Development, jointly with the Department of Housing and Community Development;
- 8 [(10)] (9) Day Care Facilities Loan Guarantee Fund;
- 9 [(11)] (10) Child Care Facilities Direct Loan Fund;
- 10 [(12)] (11) Child Care Special Loan Fund;
- 11 [(13)] (12) Maryland Economic Adjustment Fund; and
- 12 [(14)] (13) Other programs or funds designated in law or by the Governor  
13 or Secretary.

14 5-801.

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

16 (b) "Applicant" means a political subdivision or private entity that is applying  
17 for a loan or grant under this subtitle.

18 (c) "Department" means the Department of Business and Economic  
19 Development.

20 (d) (1) "Eligible project cost" means the cost of planning, developing,  
21 executing, and making operative an industrial or commercial redevelopment project.

22 (2) "Eligible project cost" includes:

23 (i) The cost of purchasing, leasing, condemning, or otherwise  
24 acquiring land or other property, or an interest in them, in the designated project area  
25 or as necessary for a right-of-way or other easement to or from the project area OR  
26 FOR THE CONSTRUCTION OF RAILROAD TRACKS TO SERVE THE PROJECT AREA;

27 (ii) The cost incurred in connection with or incidental to acquisition  
28 and management of the land, property, or interest;

29 (iii) The cost incurred for or in connection with the relocation and  
30 moving of persons or other legal entities displaced by the acquisition;

31 (iv) The cost of development or redevelopment, including:



1 (d) The State Treasurer shall hold, and the State Comptroller shall account for  
2 the Fund.

3 (e) The Fund shall be invested and reinvested in the same manner as other  
4 State funds. Any investment earnings of the Fund may not be transferred or revert  
5 back to the General Fund, but shall remain in the Fund to be used for purposes  
6 specified in this subtitle.

7 (f) On July 1 of each year, moneys in the Fund in excess of [\$15,000,000]  
8 \$25,000,000 shall be paid over to the General Fund of the State.

9 (g) The moneys in the Fund may be expended to pay all expenses in  
10 connection with the administration of this subtitle, including expenses for  
11 administrative, legal, actuarial, and other services.

12 (h) [(1) Except to the Industrial Land Fund, the] THE Secretary may not  
13 transfer funds from the Fund to any of the various accounts within the Department or  
14 subject to its control.

15 [(2) The Secretary shall accomplish any transfer under this section in  
16 accordance with the appropriation amendment process under § 7-209 of the State  
17 Finance and Procurement Article.]

18 5-803.

19 (c) (1) A loan or grant may be for up to [90] 100 percent of the [nonfederal  
20 and nonprivate portion of the] eligible project costs. However, a loan that, as to  
21 principal, is to be repaid in full may not exceed [\$3,000,000] \$5,000,000. Any other  
22 loan or grant may not exceed \$2,000,000. The aggregate cumulative total of grants  
23 and outstanding principal balance of loans, made to or within any one county or,  
24 Baltimore City, may not exceed 40 percent of the aggregate cumulative total of  
25 appropriations and payments to the Fund, except that the aggregate cumulative total  
26 of grants and outstanding principal balance of loans may exceed the 40 percent  
27 limitation by an additional sum not to exceed 25 percent of such amount, if the  
28 additional sum is restricted to loans made to an applicant exclusively for use within  
29 an area designated an enterprise zone pursuant to § 5-402 of this [article] TITLE.  
30 Not more than 50 percent of the cumulative total of appropriations and payments to  
31 the Fund may be made available as grants or loans to all of the designated enterprise  
32 zones in the State.

33 (2) As determined by the Secretary, the principal of a loan:

34 (i) May be repayable, in whole or in part, from specified revenues  
35 or on a contingency;

36 (ii) May be noninterest bearing or bear interest at a rate  
37 DETERMINED BY THE DEPARTMENT [of not more than 1/8 of 1 percent plus the  
38 interest cost of the:

1                                   1.       Most recent State general obligation bond issue preceding  
2 approval by the Secretary of the application for the loan for a loan made from sources  
3 other than State general obligation bond proceeds; or

4                                   2.       State general obligation bond issue out of which the loan is  
5 made for a loan made from the proceeds of a State general obligation bond issue]; and

6                                   (iii)     To the extent that it is to be repaid, may be repayable in  
7 accordance with any schedule, with maturity of up to 25 years.

8                                   (3)     [Except as provided in paragraphs (4) and (5) of this subsection, the  
9 first 40 percent of the initial principal balance of] THE DEPARTMENT MAY REQUIRE  
10 THAT ALL OR ANY PORTION OF a loan made under this subtitle [is] BE a general  
11 obligation secured by the assets and revenues of the political subdivision in which the  
12 project is located as provided either in the loan documents between the Department  
13 and a borrowing political subdivision or, when a political subdivision is not the  
14 borrower, in a guarantee agreement between the Department and a political  
15 subdivision. However, notwithstanding any other provision of law, a loan to or  
16 guarantee by Baltimore City, Baltimore County, or Prince George's County, under this  
17 subtitle may be undertaken or entered into by the counties or Baltimore City  
18 pursuant to and within the limitations of this subtitle without regard to any  
19 limitations set forth in its charter or other applicable public local or public general  
20 law that would otherwise apply, and without complying with any procedures set forth  
21 in its charter or other applicable public local or public general law that would  
22 otherwise be required.

23                                   [(4)     Before executing a loan or guarantee agreement, the Secretary may  
24 increase the percent of the initial principal balance of a loan made under this subtitle  
25 that constitutes a general obligation of the subdivision in which the project is located  
26 if the Secretary determines that the requested financing is not sufficiently supported  
27 by:

28                                   (i)       The quality of the applicant's credit; or

29                                   (ii)      The expected revenue of the project.

30                                   (5)     Upon approval of the Secretary, a loan made under this subtitle does  
31 not constitute a general obligation of the political subdivision in which the project is  
32 located if:

33                                   (i)       The loan does not exceed \$100,000;

34                                   (ii)      The political subdivision in which the project is located provides  
35 cash funds for the project that equals 40 percent of the loan made under this subtitle;  
36 and

37                                   (iii)     The Secretary determines that the Department has adequate  
38 collateral to secure the loan or that the project is expected to generate revenue  
39 sufficient to repay the loan.]

1 5-804.

2 (b) As a further step towards and condition of approval of a grant or loan to an  
3 applicant by the Secretary, WHEN A POLITICAL SUBDIVISION OTHER THAN THE  
4 MARYLAND ECONOMIC DEVELOPMENT CORPORATION IS THE GRANTEE OR THE  
5 BORROWER, the general concept of the project plan, including a designation of the  
6 project area, shall be the subject of a public hearing on adequate notice and publicity  
7 and shall be endorsed by the chief executive officer of the political subdivision in  
8 which the project is located or, if there is no chief executive officer, by the governing  
9 body of the political subdivision.

10 5-805.

11 (b) In determining whether the expenditure of State funds shall be in the form  
12 of a loan or grant and in determining the terms of a loan, the Secretary shall consider,  
13 as additional factors:

14 (1) The fiscal situation of the applicant;

15 (2) The funds available in the [Industrial and Commercial  
16 Redevelopment] Fund; and

17 (3) The degree of State assistance needed for the project, with the  
18 objective of conserving the State's limited financial resources.

19 5-806.

20 (a) If an application for a grant or loan meets the general criterion and  
21 supporting factors and is justified in relation to competing applications and the  
22 amount of funds available, the Secretary shall make a preliminary finding of  
23 feasibility and communicate to the applicant any recommended changes in the project  
24 plan and any conditions to the loan or grant, not inconsistent with this subtitle or  
25 other law. WHEN THE APPLICANT IS A POLITICAL SUBDIVISION OTHER THAN THE  
26 MARYLAND ECONOMIC DEVELOPMENT CORPORATION, THE [The] project plan,  
27 including the terms of the loan or grant, as revised by the process of consultation  
28 between the applicant and the Department, shall be submitted to the local governing  
29 body in its final form. On approval of the final plan[,] by ordinance or resolution, IF  
30 REQUIRED, the Secretary shall recommend to the Board of Public Works approval of  
31 the loan or grant. The Board of Public Works may approve the loan or grant  
32 conditional on modifying its terms.

33 (b) The Secretary may extend the term of a loan or grant made in accordance  
34 with this subtitle with the prior approval of the Board of Public Works and the  
35 [political subdivision in which the project is located] APPLICANT.

36 [5-808.

37 Unless the proceeds of the loan or grant are to be expended directly by the  
38 Maryland Economic Development Corporation, a loan or grant may not be made to

1 the Maryland Economic Development Corporation under this subtitle unless the  
2 Secretary determines that:

3 (1) A county's or municipal corporation's pledge of full faith and credit  
4 would not be fiscally prudent due to the county's or municipal corporation's financial  
5 situation;

6 (2) The project constitutes a significant economic development  
7 opportunity for the State; and

8 (3) The project's expected revenue supports the requested financing.]

9 5-808.

10 THE DEPARTMENT MAY MODIFY THE TERMS OF ANY FINANCIAL ASSISTANCE  
11 PROVIDED UNDER THE FORMER MARYLAND INDUSTRIAL LAND ACT IN ANY MANNER  
12 THAT IS CONSISTENT WITH THE DEPARTMENT'S AUTHORITY TO MODIFY  
13 TRANSACTIONS UNDER THIS SUBTITLE.

14 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
15 read as follows:

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

17 5-809.

18 (A) IN THIS SECTION, "LOCAL ECONOMIC DEVELOPMENT FUND" MEANS A  
19 REVOLVING, NONLAPSING FUND THAT A POLITICAL SUBDIVISION ESTABLISHES FOR  
20 PURPOSES OF ECONOMIC DEVELOPMENT WITHIN THAT POLITICAL SUBDIVISION.

21 (B) (1) A POLITICAL SUBDIVISION MAY APPLY FOR AND THE SECRETARY  
22 MAY APPROVE A GRANT TO A LOCAL ECONOMIC DEVELOPMENT FUND.

23 (2) IN DECIDING WHETHER OR NOT TO APPROVE A GRANT, THE  
24 SECRETARY SHALL DETERMINE AND CONSIDER:

25 (I) THE AVERAGE RATE OF UNEMPLOYMENT FOR THE POLITICAL  
26 SUBDIVISION IN COMPARISON TO THE AVERAGE RATE OF UNEMPLOYMENT FOR THE  
27 STATE;

28 (II) WHETHER THE POLITICAL SUBDIVISION CURRENTLY  
29 ADMINISTERS A LOCAL ECONOMIC DEVELOPMENT FUND;

30 (III) THE ABILITY OF THE POLITICAL SUBDIVISION TO LEVERAGE  
31 PRIVATE MONEYS;

32 (IV) THE LEVEL OF FINANCIAL COMMITMENT PROVIDED BY THE  
33 POLITICAL SUBDIVISION; AND



1 (V) ANY OTHER FACTORS THAT THE SECRETARY CONSIDERS  
2 RELEVANT.

3 (C) TO QUALIFY FOR A GRANT, A POLITICAL SUBDIVISION SHALL PROVIDE AT  
4 LEAST AN EQUAL AND MATCHING GRANT OF FUNDS TO THE LOCAL ECONOMIC  
5 DEVELOPMENT FUND.

6 (D) (1) DURING A FISCAL YEAR:

7 (I) THE DEPARTMENT MAY NOT GRANT MORE THAN \$2,000,000  
8 UNDER THIS SECTION; AND

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

11 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A COUNTY MAY  
12 NOT RECEIVE A CUMULATIVE TOTAL OF MORE THAN \$500,000 FROM:

13 (I) A GRANT MADE TO A LOCAL ECONOMIC DEVELOPMENT FUND  
14 UNDER THE FORMER MARYLAND INDUSTRIAL LAND ACT; AND

15 (II) A GRANT MADE FROM THE FUND UNDER THIS SECTION.

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

21 (E) (1) A POLITICAL SUBDIVISION SHALL USE A GRANT OF FUNDS UNDER  
22 THIS SECTION FOR THE PURPOSE OF PROVIDING LOANS FOR FINANCING ECONOMIC  
23 DEVELOPMENT PROJECTS.

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

28 (F) THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO §  
29 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON OR  
30 BEFORE DECEMBER 31 OF EACH YEAR ON THE NUMBER, AMOUNT, USE, AND  
31 ECONOMIC BENEFITS OF GRANTS AWARDED UNDER THIS SECTION DURING THE  
32 PRECEDING FISCAL YEAR.

33 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
34 take effect July 1, 1999. It shall remain effective for a period of 4 years and, at the end  
35 of June 30, 2003, with no further action required by the General Assembly, Section 3  
36 of this Act shall be abrogated and of no further force and effect.

1 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to Section 4 of  
2 this Act, this Act shall take effect July 1, 1999.