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

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Committee Report: Favorable with amendments
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CHAPTER _____

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; providing that assets,
9 liabilities, and equity attributable to the Industrial Land Fund shall be
10 transferred to the Redevelopment Fund on a certain date; altering the amount of
11 funds that may be held in the Redevelopment Fund; repealing a certain
12 provision of law that requires a transfer of funds from the Redevelopment Fund
13 to be made in accordance with a certain process; providing that a loan or grant
14 from the Redevelopment Fund may be up to 100% of the eligible project cost;
15 increasing the maximum amount of a loan made from the Redevelopment Fund;
16 altering the interest rate that may be charged on a loan from the
17 Redevelopment Fund; altering the full faith and credit requirements for certain
18 loans made from the Redevelopment Fund; altering certain public hearing and
19 approval requirements for certain loans or grants from the Redevelopment
20 Fund; altering certain procedures for approving and extending the term of
21 certain loans made from the Redevelopment Fund; repealing certain restrictions
22 applicable to loans or grants made from the Redevelopment Fund to the
23 Maryland Economic Development Corporation; authorizing the Secretary of
24 Business and Economic Development to make certain grants from the
25 Redevelopment Fund to local economic development funds under certain

1 circumstances; requiring that a grant made to a local economic development
2 fund be used for a certain purpose; requiring the Department to report to the
3 Governor and the General Assembly on or before a certain date each year on
4 grants awarded to local economic development funds during the preceding fiscal
5 year; authorizing the Department to modify the terms of any financial
6 assistance provided under the former Maryland Industrial Land Act in a certain
7 manner; altering a certain definition; defining a certain term; making stylistic
8 changes; providing for the termination of certain provisions of this Act; and
9 generally relating to the Maryland Industrial Land Act and the Maryland
10 Industrial and Commercial Redevelopment Fund.

11 BY repealing

12 Article 83A - Department of Business and Economic Development
13 Section 5-701 through 5-718, inclusive, and the subtitle "Subtitle 7. Maryland
14 Industrial Land Act"
15 Annotated Code of Maryland
16 (1998 Replacement Volume)

17 BY repealing and reenacting, with amendments,

18 Article 83A - Department of Business and Economic Development
19 Section 5-102, 5-801, 5-802, 5-803(c), 5-804(b), 5-805(b), and 5-806
20 Annotated Code of Maryland
21 (1998 Replacement Volume)

22 BY repealing

23 Article 83A - Department of Business and Economic Development
24 Section 5-808
25 Annotated Code of Maryland
26 (1998 Replacement Volume)

27 BY adding to

28 Article 83A - Department of Business and Economic Development
29 Section 5-808 and 5-809
30 Annotated Code of Maryland
31 (1998 Replacement Volume)

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

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

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

2 5-102.

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

- 5 (1) Maryland Small Business Development Financing Authority;
- 6 (2) Maryland Industrial Development Financing Authority;
- 7 (3) Maryland Energy Financing Administration;
- 8 (4) Maryland Industrial and Commercial Redevelopment Fund;
- 9 [(5) Maryland Industrial Land Act;]
- 10 [(6)] (5) Enterprise Fund;
- 11 [(7)] (6) Maryland Enterprise Incentive Deposit Fund;
- 12 [(8)] (7) Enterprise Zone Venture Capital Guarantee Fund;
- 13 [(9)] (8) The Community Development Block Grant for Economic
14 Development, jointly with the Department of Housing and Community Development;
- 15 [(10)] (9) Day Care Facilities Loan Guarantee Fund;
- 16 [(11)] (10) Child Care Facilities Direct Loan Fund;
- 17 [(12)] (11) Child Care Special Loan Fund;
- 18 [(13)] (12) Maryland Economic Adjustment Fund; and
- 19 [(14)] (13) Other programs or funds designated in law or by the Governor
20 or Secretary.

21 5-801.

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

23 (b) "Applicant" means a political subdivision or private entity that is applying
24 for a loan or grant under this subtitle.25 (c) "Department" means the Department of Business and Economic
26 Development.27 (d) (1) "Eligible project cost" means the cost of planning, developing,
28 executing, and making operative an industrial or commercial redevelopment project.

29 (2) "Eligible project cost" includes:

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

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

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

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

10 1. The comprehensive renovation or rehabilitation of the
11 land, property, or interest in them; and

12 2. The disposition of land or other property for these
13 purposes;

14 (v) The cost of demolishing, removing, relocating, renovating,
15 altering, constructing, reconstructing, installing, or repairing any land or any
16 building, street, highway, alley, utility, service, RAILROAD TRACKS, or other structure
17 or improvement;

18 (vi) The cost incurred for or incidental to doing anything
19 enumerated in this paragraph, including the cost and expense of securing:

20 1. Administrative, appraisal, economic, and environmental
21 analysis;

22 2. Engineering service;

23 3. Planning service;

24 4. Design service;

25 5. Architectural service;

26 6. Surveying service; and

27 7. Other professional service.

28 (e) "Fund" means the Industrial and Commercial Redevelopment Fund.

29 (f) "Political subdivision" includes:

30 (1) A county or municipal corporation and its designated agency or
31 instrumentality; and

32 (2) The Maryland Economic Development Corporation.

1 (g) "Secretary" means the Secretary of Business and Economic Development.

2 5-802.

3 (a) There is an Industrial and Commercial Redevelopment Fund.

4 (b) The Fund is a continuing, nonlapsing special fund that consists of moneys
5 appropriated by the State to the Fund and of any repayment of principal or interest
6 on a loan made from the Fund OR FROM THE INDUSTRIAL LAND FUND. MONEYS ON
7 DEPOSIT IN THE INDUSTRIAL LAND FUND, AS WELL AS ALL ASSETS, LIABILITIES, AND
8 EQUITY ATTRIBUTABLE TO THE INDUSTRIAL LAND FUND, SHALL BE TRANSFERRED
9 TO THE FUND ON JULY 1, 1999.

10 (c) The Department shall manage and supervise the Fund.

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

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

17 (f) On July 1 of each year, moneys in the Fund in excess of [\$15,000,000]
18 \$25,000,000 shall be paid over to the General Fund of the State.

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

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

25 [(2) 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 5-803.

29 (c) (1) A loan or grant may be for up to [90] 100 percent of the [nonfederal
30 and nonprivate portion of the] eligible project costs. However, a loan that, as to
31 principal, is to be repaid in full may not exceed [\$3,000,000] \$5,000,000. Any other
32 loan or grant may not exceed \$2,000,000. The aggregate cumulative total of grants
33 and outstanding principal balance of loans, made to or within any one county or,
34 Baltimore City, may not exceed 40 percent of the aggregate cumulative total of
35 appropriations and payments to the Fund, except that the aggregate cumulative total
36 of grants and outstanding principal balance of loans may exceed the 40 percent
37 limitation by an additional sum not to exceed 25 percent of such amount, if the
38 additional sum is restricted to loans made to an applicant exclusively for use within

1 an area designated an enterprise zone pursuant to § 5-402 of this [article] TITLE.
2 Not more than 50 percent of the cumulative total of appropriations and payments to
3 the Fund may be made available as grants or loans to all of the designated enterprise
4 zones in the State.

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

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

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

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

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

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

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

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

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

39 (ii) The expected revenue of the project.

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

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

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

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

11 5-804.

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

20 5-805.

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

24 (1) The fiscal situation of the applicant;

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

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

29 5-806.

30 (a) If an application for a grant or loan meets the general criterion and
31 supporting factors and is justified in relation to competing applications and the
32 amount of funds available, the Secretary shall make a preliminary finding of
33 feasibility and communicate to the applicant any recommended changes in the project
34 plan and any conditions to the loan or grant, not inconsistent with this subtitle or
35 other law. WHEN THE APPLICANT IS A POLITICAL SUBDIVISION OTHER THAN THE
36 MARYLAND ECONOMIC DEVELOPMENT CORPORATION, THE [The] project plan,
37 including the terms of the loan or grant, as revised by the process of consultation

1 between the applicant and the Department, shall be submitted to the local governing
2 body in its final form.

3 (B) On approval of the final plan[,] by ordinance or resolution, IF REQUIRED;

4 (1) FOR A LOAN EXCEEDING \$2,000,000, AND FOR A GRANT EXCEEDING
5 \$250,000, the Secretary shall recommend to the Board of Public Works approval of the
6 loan or grant; AND

7 (2) FOR A LOAN NOT EXCEEDING \$2,000,000, INCLUDING A LOAN
8 CONVERTIBLE TO A GRANT UPON THE SATISFACTION OF SPECIFIED CONDITIONS,
9 AND FOR A GRANT NOT EXCEEDING \$250,000, THE SECRETARY HAS THE AUTHORITY
10 TO APPROVE THE LOAN OR GRANT.

11 (C) The Board of Public Works may approve the loan or grant conditional on
12 modifying its terms.

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

16 [5-808.

17 Unless the proceeds of the loan or grant are to be expended directly by the
18 Maryland Economic Development Corporation, a loan or grant may not be made to
19 the Maryland Economic Development Corporation under this subtitle unless the
20 Secretary determines that:

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

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

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

27 5-808.

28 THE DEPARTMENT MAY MODIFY THE TERMS OF ANY FINANCIAL ASSISTANCE
29 PROVIDED UNDER THE FORMER MARYLAND INDUSTRIAL LAND ACT IN ANY MANNER
30 THAT IS CONSISTENT WITH THE DEPARTMENT'S AUTHORITY TO MODIFY
31 TRANSACTIONS UNDER THIS SUBTITLE.

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

Article 83A - Department of Business and Economic Development

2 5-809.

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

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

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

10 (I) THE AVERAGE RATE OF UNEMPLOYMENT FOR THE POLITICAL
11 SUBDIVISION IN COMPARISON TO THE AVERAGE RATE OF UNEMPLOYMENT FOR THE
12 STATE;

13 (II) WHETHER THE POLITICAL SUBDIVISION CURRENTLY
14 ADMINISTERS A LOCAL ECONOMIC DEVELOPMENT FUND;

15 (III) THE ABILITY OF THE POLITICAL SUBDIVISION TO LEVERAGE
16 PRIVATE MONEYS;

17 (IV) THE LEVEL OF FINANCIAL COMMITMENT PROVIDED BY THE
18 POLITICAL SUBDIVISION; AND

19 (V) ANY OTHER FACTORS THAT THE SECRETARY CONSIDERS
20 RELEVANT.

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

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

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

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

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

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

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

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

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

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

13 (F) THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO §
14 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON OR
15 BEFORE DECEMBER 31 OF EACH YEAR ON THE NUMBER, AMOUNT, USE, AND
16 ECONOMIC BENEFITS OF GRANTS AWARDED UNDER THIS SECTION DURING THE
17 PRECEDING FISCAL YEAR.

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

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