
By: **Senators Hafer, Stoltzfus, Colburn, and Sfikas**
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Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
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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
20 Annotated Code of Maryland
21 (1998 Replacement Volume)

22 BY adding to
23 Article 83A - Department of Business and Economic Development
24 Section 5-719
25 Annotated Code of Maryland

1 (1998 Replacement Volume)

2 BY repealing and reenacting, without amendments,

3 Article - State Finance and Procurement

4 Section 5-7B-01(d)(1)(iii)

5 Annotated Code of Maryland

6 (1995 Replacement Volume and 1998 Supplement)

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

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

10 5-103.

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

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

20 5-715.

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

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

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

37 (C) ANY MONEYS RECEIVED IN PAYMENT OF INTEREST AND REPAYMENT OF
38 PRINCIPAL FOR LOANS PROVIDED UNDER THE SMART GROWTH ECONOMIC

1 DEVELOPMENT INFRASTRUCTURE FUND ESTABLISHED UNDER § 5-719 OF THIS
 2 SUBTITLE SHALL BE CREDITED TO THE SMART GROWTH ECONOMIC DEVELOPMENT
 3 INFRASTRUCTURE FUND.

4 5-719.

5 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 6 INDICATED.

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

9 (3) "QUALIFIED DISTRESSED COUNTY" MEANS A COUNTY, INCLUDING
 10 BALTIMORE CITY;

11 ~~(H)~~ (I) THAT HAS DEVELOPED IN CONSULTATION WITH THE
 12 MUNICIPAL CORPORATIONS LOCATED WITHIN THE COUNTY AND SUBMITTED TO THE
 13 SECRETARY A LOCAL STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT THAT HAS
 14 BEEN APPROVED BY THE SECRETARY; ~~AND~~ AND:

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

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

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

25 (2) THE FUND CONSISTS OF:

26 (I) APPROPRIATIONS TO THE FUND;

27 (II) ANY INVESTMENT EARNINGS OF THE FUND;

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

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

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

1 ECONOMIC DEVELOPMENT CORPORATION FOR PROJECTS LOCATED IN QUALIFIED
 2 DISTRESSED 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 QUALIFIED~~ DISTRESSED COUNTIES FOR THE PURPOSES OF FINANCING
 11 THE COSTS OF ACQUISITION, IMPROVEMENTS, AND REHABILITATION OF LAND FOR
 12 INDUSTRIAL SITES AND PARKS, DEVELOPMENT OF WATER AND SEWER LINES, SHELL
 13 BUILDINGS, INFRASTRUCTURE SERVING EXISTING RETAIL AND OFFICE ORIENTED
 14 CENTERS OCCUPYING AT LEAST 400,000 SQUARE FEET ON A LIMITED BASIS OF NO
 15 MORE THAN ONE PER JURISDICTION, AND OTHER NEEDED INFRASTRUCTURE
 16 PROJECTS, AS SET FORTH IN §§ 5-704 THROUGH 5-709 OF THIS SUBTITLE.

17 ~~(2) (4) A LOAN UNDER THIS SECTION MAY BE MADE ONLY FOR A~~
 18 ~~PROJECT THAT IS LOCATED WITHIN A PRIORITY FUNDING AREA UNDER TITLE 5,~~
 19 ~~SUBTITLE 7B OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

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

24 ~~(3) (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A~~
 25 ~~LOAN FINANCIAL ASSISTANCE UNDER THIS SECTION:~~

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

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

31 ~~(4) (3) (I)~~ IN ADDITION TO ANY OTHER REQUIREMENTS FOR AN
 32 APPLICATION FOR ~~A LOAN~~ FINANCIAL ASSISTANCE UNDER THIS SUBTITLE, AN
 33 APPLICATION FOR A LOAN UNDER THIS SECTION SHALL INCLUDE, FOR EACH
 34 PROJECT:

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

1 2. A SITE PLAN FOR THE PROJECT THAT IS CONSISTENT
2 WITH THE COUNTY'S LOCAL STRATEGIC ECONOMIC DEVELOPMENT PLAN AS TO THE
3 LOCATION AND TYPE OF PROJECT.

4 (II) THE SECRETARY MAY NOT APPROVE ~~A LOAN FINANCIAL~~
5 ASSISTANCE FOR A PROJECT UNDER THIS SECTION UNLESS THE SECRETARY
6 APPROVES THE MARKETING PLAN AND SITE PLAN FOR THE PROJECT SUBMITTED
7 WITH THE APPLICATION.

8 ~~(5)~~ (4) (I) EACH LOAN AGREEMENT UNDER THIS SECTION SHALL
9 INCLUDE A PROVISION FOR REPAYMENT OF PRINCIPAL TO BEGIN ONLY AFTER THE
10 PROJECT IS INITIALLY OCCUPIED.

11 (II) THE SECRETARY MAY INCLUDE IN A LOAN AGREEMENT UNDER
12 THIS SECTION A PROVISION FOR PAYMENT OF INTEREST TO BEGIN ONLY AFTER THE
13 PROJECT IS INITIALLY OCCUPIED.

14 (5) (I) TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THIS
15 SECTION, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION SHALL ENLIST
16 AS A CO-APPLICANT FOR THE FINANCIAL ASSISTANCE THE QUALIFIED DISTRESSED
17 COUNTY OR MUNICIPAL CORPORATION APPLYING UNDER SUBSECTION (E) OF THIS
18 SECTION IN WHICH THE PROJECT TO BE FUNDED IN THIS SECTION IS LOCATED.

19 (II) AS THE CO-APPLICANT, THE QUALIFIED DISTRESSED COUNTY
20 OR MUNICIPAL CORPORATION APPLYING SHALL:

21 1. CERTIFY THAT IT SUPPORTS THE PROJECT AND THAT THE
22 PROPOSED FINANCIAL ASSISTANCE IS CONSISTENT WITH THE QUALIFIED
23 DISTRESSED COUNTY'S PLAN FOR ECONOMIC DEVELOPMENT; AND

24 2. PROVIDE TO THE DEPARTMENT DETAILS OF THE
25 QUALIFIED DISTRESSED COUNTY'S SUPPORT FOR AND PARTICIPATION IN THE
26 PROJECT.

27 (6) IN APPROVING FINANCIAL ASSISTANCE, THE SECRETARY SHALL
28 CONSIDER THE AGGREGATE AMOUNT OF FINANCIAL ASSISTANCE THAT MAY
29 ALREADY HAVE BEEN PROVIDED FOR A PARTICULAR QUALIFIED DISTRESSED
30 COUNTY UNDER THIS SECTION AND UNDER ANY OTHER STATE ECONOMIC
31 DEVELOPMENT PROGRAM TO ENSURE THAT NO PARTICULAR QUALIFIED
32 DISTRESSED COUNTY BENEFITS DISPROPORTIONATELY FROM FINANCIAL
33 ASSISTANCE UNDER THIS SECTION.

34 (D) THE DEPARTMENT MAY DEVELOP A LOCAL STRATEGIC PLAN FOR
35 ECONOMIC DEVELOPMENT IN A QUALIFIED DISTRESSED COUNTY IN CONSULTATION
36 WITH A MUNICIPAL CORPORATION IN THAT COUNTY IF:

37 (1) THE QUALIFIED DISTRESSED COUNTY HAS NOT DEVELOPED A
38 LOCAL STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT; OR

1 (2) IF A QUALIFIED 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 **Article - State Finance and Procurement**

10 5-7B-01.

11 (d) (1) "Growth-related project" means only the items set forth below:

12 (iii) funding by the Department of Business and Economic
13 Development under any of the following:

14 1. the Maryland Industrial Land Act, authorized under
15 Article 83A, Title 5, Subtitle 7 of the Code;

16 2. the Maryland Industrial and Commercial Redevelopment
17 Fund, authorized under Article 83A, Title 5, Subtitle 8 of the Code;

18 3. the Maryland Industrial Development Financing
19 Authority, authorized under Article 83A, Title 5, Subtitle 9 of the Code;

20 4. the Maryland Small Business Development Financing
21 Authority, authorized under Article 83A, Title 5, Subtitle 10 of the Code;

22 5. the Maryland Energy Financing Act, authorized under
23 Article 83A, Title 6, Subtitle 4 of the Code; and

24 6. the Economic Development Opportunities Program Fund,
25 authorized under § 7-314 of this article;

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

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 July 1, 1999. It shall remain effective for a period of 5 years and, at the end of June
35 30, 2004, with no further action required by the General Assembly, this Act shall be
36 abrogated and of no further force and effect.

