

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 691

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Healey” and substitute “Healey, Barve, Brown, Busch, Cryor, Donoghue, Fulton, Hill, Howard, Kach, McHale, McIntosh, McKee, Mitchell, Pendergrass, and Rosso”; strike in their entirety lines 8 and 9; in line 10, strike “laws” and substitute “requiring the Secretary to adopt certain regulations; authorizing certain financial assistance to be provided from the Maryland Economic Development Financing Assistance Fund within the Department to arts and entertainment enterprises and for arts and entertainment projects; defining certain terms; altering certain definitions”; in line 12 after “apply” insert “and to the provision of financial assistance to arts and entertainment enterprises and for arts and entertainment projects”; in line 16, after “Districts” insert “; and 5-1401(d), (e), and (f) and 5-1410”; after line 18, insert:

“BY repealing and reenacting, with amendments,

Article 83A - Department of Business and Economic Development

Section 5-1401(d) through (s), 5-1402, 5-1405(b) and (c), 5-1410, and 5-1411

Annotated Code of Maryland

(1998 Replacement Volume and 2000 Supplement)”;

and in line 21, strike “, 10-207(v), and 11-229”.

AMENDMENT NO. 2

On page 3, strike in their entirety lines 18 through 22, inclusive; in lines 23 and 25, strike “(3)” and “(4)”, respectively, and substitute “(1)” and “(2)”, respectively; and in line 33, strike “(1)”.

On page 4, strike in their entirety lines 1 through 7, inclusive.

On page 7, strike in their entirety lines 12 through 31, inclusive.

(Over)

AMENDMENT NO. 3

On pages 5 through 7, strike beginning with line 11 on page 5 through line 2 on page 7 and substitute:

“THE SECRETARY SHALL ADOPT REGULATIONS TO SPECIFY CRITERIA AND PROCEDURES FOR APPLICATION FOR AND DESIGNATION OF ARTS AND ENTERTAINMENT DISTRICTS.

5-1401.

(D) “ARTS AND ENTERTAINMENT DISTRICT” MEANS AN AREA DESIGNATED UNDER TITLE 4, SUBTITLE 7 OF THIS ARTICLE.

(E) “ARTS AND ENTERTAINMENT ENTERPRISE” MEANS A FOR PROFIT OR NONPROFIT ENTITY LOCATED IN AN ARTS AND ENTERTAINMENT DISTRICT AND DEDICATED TO THE VISUAL OR PERFORMING ARTS.

(F) “ARTS AND ENTERTAINMENT PROJECT” MEANS A PROJECT THAT PROMOTES OR ENHANCES THE DEVELOPMENT OF AN ARTS AND ENTERTAINMENT DISTRICT.

[(d)] (G) “Authority” means the Maryland Economic Development Assistance Authority.

[(e)] (H) “Brownfields Revitalization Incentive Program” means the Program within the Department under which financial assistance from the Fund is provided for the redevelopment of qualified brownfields sites, as set forth in § 5-1408 of this subtitle.

[(f)] (I)(1) “Brownfields site” means:

(i) An eligible property, as defined in § 7-501 of the Environment Article,
that is:

1. Owned or operated by:

A. An inculpable person, as defined in § 7-501 of the Environment Article; or

B. An innocent purchaser that meets the requirements set forth in § 7-201(x)(2)(i) of the Environment Article; and

2. Located in a county or municipal corporation that has elected to participate in the Brownfields Revitalization Incentive Program in accordance with § 5-1408(a) of this subtitle; or

(ii) Property where there is a release, discharge, or threatened release of oil, as defined in § 4-401 of the Environment Article, that is:

1. Subject to a corrective action plan approved by the Department of the Environment in accordance with Title 4 of the Environment Article; and

2. Located in a county or municipal corporation that has elected to participate in the Brownfields Revitalization Incentive Program in accordance with § 5-1408(a) of this subtitle.

(2) “Brownfields site” does not include property that is owned or operated by a responsible person or a person responsible for the discharge.

[(g)] (J) “Child care facility” means a facility that is required to be licensed as a child care center under §§ 5-570 through 5-585 of the Family Law Article.

[(h)] (K) “Child care special loan” means a direct loan for the expansion or improvement of child care services at child care facilities in the State, which is governed by the terms of § 5-1409 of this subtitle.

[(i)] (L) “Fund” means the Maryland Economic Development Assistance Fund.

[(j)] (M) “Financial assistance” means a grant, loan, or investment provided under this

subtitle.

[(k)] (N) “Local Economic Development Fund” means a revolving, nonlapsing fund that one or more local governments establish for purposes of economic development within the areas under their jurisdictions.

[(l)] (O) “Local economic development opportunity” means a project that the Department determines provides a valuable economic development opportunity to the jurisdiction in which the project is located and which is a priority for and endorsed by the governing body of that jurisdiction.

[(m)] (P) “Local government” means a county or municipality or its designated agency or instrumentality or the Maryland Economic Development Corporation.

[(n)] (Q) “Person responsible for the discharge” has the meaning stated in § 4-401 of the Environment Article.

[(o)] (R) “Qualified brownfields site” means a brownfields site that has been determined by the Department of Business and Economic Development to be eligible for financial incentives under this subtitle.

[(p)] (S) “Responsible person” has the meaning stated in § 7-201 of the Environment Article.

[(q)] (T) “Significant strategic economic development opportunity” means a project that the Department determines provides a valuable economic development opportunity of statewide, regional, or strategic industry impact.

[(r)] (U) “Specialized economic development opportunity” means an animal waste technology project, an aquaculture project, redevelopment of a qualified brownfields site, [or] a project to create or expand a child care facility, OR ASSISTANCE TO AN ARTS AND ENTERTAINMENT ENTERPRISE OR FOR AN ARTS AND ENTERTAINMENT PROJECT.

[(s)] (V) “Working capital” means funds to be used for current operations of a business.

5-1402.

The purposes of the Maryland Economic Development Assistance Fund are to:

(1) Expand employment opportunities in the state by providing financial assistance to businesses that are engaged in eligible industry sectors, including financial assistance for creation and expansion of child care facilities, animal waste technology projects, [and] aquaculture projects, AND TO ARTS AND ENTERTAINMENT ENTERPRISES OR FOR ARTS AND ENTERTAINMENT PROJECTS;

(2) Provide financial incentives for redevelopment of qualified brownfields sites;
and

(3) Provide financial assistance to local governments for economic development projects and grants for local economic development funds.

5-1405.

(b) Financial assistance from the Fund may be used only to finance costs incurred for:

(1) Acquisition or construction of a building or real estate;

(2) Acquisition, construction, or installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements, including rail line enhancements on or to the site of an economic development project;

(3) Working capital for significant strategic economic development opportunities;

(4) Redevelopment of qualified brownfields sites;

(5) (i) Except as provided in item (ii) of this paragraph, up to 50% of the costs of renovations, construction, or purchase of real property, fixtures, or equipment related to a

(Over)

child care facility, but not for refinancing existing loans, working capital, supplies, or inventory; or

(ii) A business that has received or will receive a day care loan insured by the Maryland Industrial Development Financing Authority; such businesses shall be limited to financial assistance from the Fund of not more than 20% of the costs described in item (i) of this paragraph;

(6) If incurred by a local government, costs of feasibility studies; [and]

(7) Up to 50% of the costs of preparing a county's or municipality's strategy or plan for economic development, not to exceed a total of \$50,000 in a 3-year period; AND

(8) FINANCIAL ASSISTANCE PROVIDED TO AN ARTS AND ENTERTAINMENT ENTERPRISE OR FOR AN ARTS AND ENTERTAINMENT PROJECT IN ACCORDANCE WITH § 5-1410 OF THIS SUBTITLE.

(c) (1) Financial assistance from the Fund:

(i) May not exceed the lesser of \$10,000,000 or 20% of the Fund balance;

(ii) Except as provided in item (iii) of this paragraph, may not exceed 70% of the total costs of the project being financed;

(iii) May constitute 100% of the total costs of the project being financed if the recipient is the Maryland Economic Development Corporation OR IF THE ASSISTANCE IS FOR AN ARTS AND ENTERTAINMENT ENTERPRISE OR AN ARTS AND ENTERTAINMENT PROJECT;

(iv) If a loan for a significant strategic economic development opportunity or for a specialized economic development opportunity, shall carry an interest rate below the market rate of interest, as determined by the Department;

(v) If a loan for a local economic development opportunity or to a local government, shall carry an interest rate not exceeding one-eighth of one percent plus the net interest cost of the most recent State general obligation bond issue preceding the approval of the loan;

(vi) Shall not bear a rate of interest less than 3% unless the project funded by a loan is located in an area of high unemployment or the Department determines that the borrower is carrying out a compelling economic development initiative; and

(vii) May not be used to refinance existing debt.

(2) Loans from the Fund may not be for a term exceeding:

(i) For working capital - 3 years;

(ii) For financing machinery, equipment, furnishings, or fixtures - the lesser of 15 years or the useful life of the asset, as determined by the Department;

(iii) For financing the construction or acquisition of buildings and real estate - 25 years; and

(iv) For financing redevelopment of a qualified brownfields site - a term approved by the Department or the Authority.

(3) For loans from the Fund the Department may:

(i) Waive interest during the first 2 years of a loan term; or

(ii) Upon a default by the borrower, impose an interest rate that exceeds the limits set forth in paragraph (1) of this subsection.

(4) Investments from the Fund may be made only in conjunction with a loan or a grant from the Fund.

5-1410.

(Over)

(A) THE DEPARTMENT MAY USE THE FUND TO PROVIDE FINANCIAL ASSISTANCE TO AN ARTS AND ENTERTAINMENT ENTERPRISE OR FOR AN ARTS AND ENTERTAINMENT PROJECT.

(B) IN ADDITION TO FINANCING COSTS ENUMERATED IN § 5-1405 (B) OF THIS SUBTITLE, FINANCIAL ASSISTANCE AUTHORIZED UNDER THIS SECTION MAY BE USED FOR WORKING CAPITAL COSTS INCURRED BY AN ARTS AND ENTERTAINMENT ENTERPRISE OR EXPENDED FOR AN ARTS AND ENTERTAINMENT PROJECT.

[5-1410] 5-1411.

(a) Annually, after considering the recommendation of the Maryland Economic Development Commission, the Authority shall establish a list of industry sectors that will be eligible for loans from the Fund.

(b) Before making its recommendation to the Authority, the Maryland Economic Development Commission shall:

(1) Consult with the Department and the Department of Labor, Licensing, and Regulation; and

(2) Evaluate the potential employment and economic growth of Maryland's industry sectors.

(c) In determining whether an applicant is engaged in an eligible industry sector, the Department shall consider the definitions set forth in the standard industrial classification manual.

(d) The provisions of this section do not apply to financial assistance to a local government that uses the financial assistance provided under this subtitle to carry out a project that does not benefit a particular private sector entity.

(e) For the purpose of providing financial assistance under this subtitle, the following shall be deemed to be in eligible industry sectors and are not subject to the requirements specifically

imposed on significant strategic economic development opportunities and local economic development opportunities:

(1) Animal waste technology projects;

(2) Aquaculture projects;

(3) Redevelopment of qualified brownfields sites; [and]

(4) Creation or expansion of child care facilities; AND

(5) FINANCING OF ARTS AND ENTERTAINMENT ENTERPRISES AND ARTS AND ENTERTAINMENT PROJECTS.

[5-1411] 5-1412.

(a) Financial assistance provided, or approved to be provided, from the former Animal Waste Technology Fund, the former Maryland Seafood and Aquaculture Loan Fund, the former Brownfields Revitalization Incentive Fund, the former Child Care Facilities Direct Loan Fund, the former Child Care Special Loan Fund, the former Maryland Industrial Land Act, or the former Maryland Industrial and Commercial Redevelopment Fund shall be deemed authorized under this subtitle.

(b) Moneys on deposit in the former Animal Waste Technology Fund, the former Maryland Seafood and Aquaculture Loan Fund, the former Brownfields Revitalization Incentive Fund, the former Child Care Facilities Direct Loan Fund, the former Child Care Special Loan Fund, the former Maryland Industrial Land Fund, and the former Maryland Industrial and Commercial Redevelopment Fund shall be transferred to the Fund on July 1, 2000.”.

(Over)