

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 586

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Sfikas” and substitute “Sfikas, Currie, Lawlah, Madden, McFadden, Ruben, and Van Hollen”; strike beginning with “establishing” in line 8 down through “laws” in line 10 and substitute “requiring the Secretary to adopt certain regulations; authorizing the use of the Maryland Economic Development Assistance Fund for certain purposes relating to arts and entertainment enterprises and arts and entertainment projects”; in line 12, after “apply” insert “and to the provision of financial assistance to arts and entertainment enterprises and arts and entertainment projects”; in line 16, after “Districts”“ insert “and 5-1410”; after line 18, insert:

“BY repealing and reenacting, with amendments,

Article 83A - Department of Business and Economic Development

Section 5-1401, 5-1402, 5-1405(b) and (c), and 5-1410

Annotated Code of Maryland

(1998 Replacement Volume and 2000 Supplement)”;

in line 21, strike “4-104(e), 10-207(v), and 11-229” and substitute “4-104(e) and 10-207(v)”; and after line 23, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 9-229(a)(3) and 14-902(a)(2)

Annotated Code of Maryland

(1994 Replacement Volume and 2000 Supplement)”.

AMENDMENT NO. 2

On page 3, in lines 11 and 12, strike “ANOTHER INDIVIDUAL” and substitute “ONE OR

(Over)

MORE OTHER INDIVIDUALS “.

AMENDMENT NO. 3

On page 3, strike beginning with the first “THE” in line 21 through “(3)” in line 23; and in line 25, strike “(4)” and substitute “(3)”.

On page 4, strike in their entirety lines 5 through 7, inclusive.

On page 7, strike in their entirety lines 25 through 30, inclusive.

AMENDMENT NO. 4

On pages 5 through 7, strike in their entirety the lines beginning with line 7 on page 5 through line 2 on page 7, inclusive, and substitute:

“4-703.

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

AMENDMENT NO. 5

On page 7, after line 2, insert:

“5-1401.

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

(b) "Animal waste technology project" means the research, development, implementation, or market development of technology that is intended to:

(1) Reduce the amount of nutrients in animal waste;

(2) Alter the composition of animal waste;

(3) Develop alternative waste management strategies; or

(4) Use animal waste in a production process.

(c) "Aquaculture project" means a project that encourages innovation, expansion, and modernization of the seafood processing industry or the aquaculture industry.

(d) "ARTS AND ENTERTAINMENT DISTRICT" MEANS AN AREA DESIGNATED UNDER TITLE 4, SUBTITLE 7 OF THIS ARTICLE AS AN ARTS AND ENTERTAINMENT DISTRICT.

(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.

(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

(Over)

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, AN ARTS AND ENTERTAINMENT ENTERPRISE, OR 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:

(Over)

(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, ARTS AND ENTERTAINMENT ENTERPRISES, AND 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, ARTS AND ENTERTAINMENT ENTERPRISES, OR ARTS AND ENTERTAINMENT PROJECTS;

(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 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.

(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]:

1. THE RECIPIENT is the Maryland Economic Development Corporation; OR

2. THE FINANCIAL ASSISTANCE IS FOR AN ARTS AND ENTERTAINMENT ENTERPRISE OR 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

(Over)

(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.

(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) ARTS AND ENTERTAINMENT ENTERPRISES AND ARTS AND ENTERTAINMENT PROJECTS.”.

On page 7, after line 31, insert:
“9-229.

(a) (3) “Qualified brownfields site” has the meaning stated in Article 83A,

(Over)

[§ 5-1401(o)] § 5-1401 of the Code.”.

On page 8, after line 9, insert:

“14-902.

(a) (2) “Qualified brownfields site” has the meaning stated in Article 83A,
[§ 5-1401(o)] § 5-1401 of the Code.”.