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By: **Chairman, Economic Matters Committee (Departmental - Business and Economic Development)**

Introduced and read first time: January 22, 2001

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: February 13, 2001

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Grants to Local Economic Development Funds - Matching Funds**  
3 **Requirement**

4 FOR the purpose of altering the amount of matching funds that must be provided in  
5 certain circumstances by a local government to a local economic development  
6 fund to qualify for a grant from the Maryland Economic Development Assistance  
7 Fund to the local economic development fund; and generally relating to grants  
8 from the Maryland Economic Development Assistance Fund to local economic  
9 development funds.

10 BY repealing and reenacting, without amendments,  
11 Article 83A - Department of Business and Economic Development  
12 Section 5-701(a) and 5-1401(i), (k), and (m)  
13 Annotated Code of Maryland  
14 (1998 Replacement Volume and 2000 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article 83A - Department of Business and Economic Development  
17 Section 5-1407  
18 Annotated Code of Maryland  
19 (1998 Replacement Volume and 2000 Supplement)

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

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

2 5-701.

3 (a) (1) In this section the following words have the meanings indicated.

4 (2) "Fund" means the Smart Growth Economic Development  
5 Infrastructure Fund established under subsection (b) of this section.

6 (3) "Qualified distressed county" means a county, including Baltimore  
7 City, that has developed in consultation with the municipal corporations located  
8 within the county and submitted to the Secretary a local strategic plan for economic  
9 development that has been approved by the Secretary and:

10 (i) For which the average rate of unemployment for the most  
11 recent 18-month period for which data are available is greater than 150% of the  
12 average rate of unemployment for the entire State during that same period; or

13 (ii) For which the average per capita personal income for the most  
14 recent 24-month period for which data are available is equal to or less than 67% of  
15 the average personal per capita income for the entire State during that same period.  
16 5-1401.

17 (i) "Fund" means the Maryland Economic Development Assistance Fund.

18 (k) "Local economic development fund" means a revolving, nonlapsing fund  
19 that one or more local governments establish for purposes of economic development  
20 within the areas under their jurisdictions.

21 (m) "Local government" means a county or municipality or its designated  
22 agency or instrumentality or the Maryland Economic Development Corporation.

23 5-1407.

24 (a) (1) A local government may apply for a grant from the Fund to a local  
25 economic development fund.

26 (2) In judging whether or not to approve a grant to a local economic  
27 development fund, the Department or the Authority shall consider and determine:

28 (i) The average rate of unemployment for the local jurisdiction in  
29 comparison to the average rate of unemployment for the State;

30 (ii) Whether the local government currently administers a local  
31 economic development fund;

32 (iii) The ability of the local government to leverage private moneys;

33 (iv) The level of financial commitment provided by the local  
34 government; and

1 (v) Any other factors that the Department or the Authority  
2 considers relevant.

3 (b) (1) [To] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,  
4 TO qualify for a grant, a local government shall provide at least an equal and  
5 matching grant of funds to the local economic development fund.

6 (2) A LOCAL GOVERNMENT THAT IS, OR IS LOCATED IN, A QUALIFIED  
7 DISTRESSED COUNTY, AS DEFINED IN § 5-701 OF THIS TITLE, MAY QUALIFY FOR A  
8 GRANT UNDER THIS SECTION BY PROVIDING A GRANT TO THE LOCAL ECONOMIC  
9 DEVELOPMENT FUND IN AN AMOUNT EQUAL TO AT LEAST 50% OF THE GRANT MADE  
10 UNDER THIS SECTION.

11 (c) (1) During a fiscal year:

12 (i) The Department may not grant more than \$2,000,000 under  
13 this section; and

14 (ii) Subject to paragraph (3) of this subsection, a county may not  
15 receive more than \$250,000 under this section.

16 (2) Subject to paragraph (3) of this subsection, during the period from  
17 October 1, 1998 through June 30, 2003, a county may not receive a total of more than  
18 \$500,000 under this section or under the former Maryland Industrial Land Act  
19 provisions governing grants to local economic development funds.

20 (3) For purposes of the limitations under paragraphs (1)(ii) and (2) of  
21 this subsection:

22 (i) Any funds received under this section by a municipal  
23 corporation or a designated agency or instrumentality shall be deemed to be funds  
24 granted to the county within which the municipal corporation, agency, or  
25 instrumentality is located; and

26 (ii) If more than one county administers or capitalizes a local  
27 economic development fund, each county may receive the maximum permitted for a  
28 county.

29 (d) (1) A local government shall utilize a grant of funds under this section  
30 for the purpose of providing loans or loan guarantees, or subsidizing the interest rate  
31 on loans, for financing economic development projects or loans to small businesses.

32 (2) At the discretion of the Department, funds granted under this section  
33 may revert to the Department if the local economic development fund is inactive for  
34 more than 2 years after the date on which a grant of funds under this section is made.

35 (e) The Department shall report to the Governor and, subject to § 2-1246 of  
36 the State Government Article, to the General Assembly before January 1 of each year  
37 on the number, amount, use, and economic benefits of grants awarded under this  
38 section.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect July 1, 2001.