

SENATE BILL 586

Unofficial Copy  
C8

2001 Regular Session  
(11r1900)

*ENROLLED BILL*

-- Budget and Taxation/Economic Matters and Ways and Means --

Introduced by Senators Hoffman, Munson, and Sfikas Sfikas, Currie, Lawlah, Madden, McFadden, Ruben, and Van Hollen Van Hollen, Green, and Dorman

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Smart Growth - Arts and Entertainment Districts**

3 FOR the purpose of authorizing the Secretary of the Department of Business and  
4 Economic Development to designate one or more arts and entertainment  
5 districts within which certain tax benefits would apply; establishing an  
6 application process for a county or municipal corporation to apply to the  
7 Secretary to designate an area as an arts and entertainment district;  
8 ~~establishing the Art and Entertainment Districts Fund; authorizing certain uses~~  
9 ~~of the moneys in the Fund; exempting certain projects from certain procurement~~  
10 ~~laws requiring the Secretary to adopt certain regulations; authorizing the use of~~  
11 ~~the Maryland Economic Development Assistance Fund for certain purposes~~  
12 ~~relating to arts and entertainment enterprises and arts and entertainment~~  
13 ~~projects; defining certain terms; altering certain definitions;~~ limiting property  
14 tax credits under this Act to ten years; and generally relating to the  
15 establishment of arts and entertainment districts in which certain tax benefits

1 would apply and to the provision of financial assistance to arts and  
 2 entertainment enterprises and arts and entertainment projects.

3 BY adding to  
 4 Article 83A - Department of Business and Economic Development  
 5 Section 4-701 through 4-703, inclusive, to be under the new subtitle "Subtitle 7.  
 6 Arts and Entertainment Districts" and 5-1410  
 7 Annotated Code of Maryland  
 8 (1998 Replacement Volume and 2000 Supplement)

9 BY repealing and reenacting, with amendments,  
 10 Article 83A - Department of Business and Economic Development  
 11 Section 5-1401, 5-1402, 5-1405(b) and (c), and 5-1410  
 12 Annotated Code of Maryland  
 13 (1998 Replacement Volume and 2000 Supplement)

14 BY adding to  
 15 Article - Tax - General  
 16 Section ~~4-104(e), 10-207(v), and 11-229~~ 4-104(e) and 10-207(v)  
 17 Annotated Code of Maryland  
 18 (1997 Replacement Volume and 2000 Supplement)

19 BY repealing and reenacting, with amendments,  
 20 Article - Tax - Property  
 21 Section 9-229(a)(3) and 14-902(a)(2)  
 22 Annotated Code of Maryland  
 23 (1994 Replacement Volume and 2000 Supplement)

24 BY adding to  
 25 Article - Tax - Property  
 26 Section 9-239  
 27 Annotated Code of Maryland  
 28 (1994 Replacement Volume and 2000 Supplement)

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

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

32 **SUBTITLE 7. ARTS AND ENTERTAINMENT DISTRICTS.**

33 4-701.

34 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
 35 INDICATED.

1 (2) (I) "ARTISTIC WORK" MEANS AN ORIGINAL AND CREATIVE WORK,  
2 WHETHER WRITTEN, COMPOSED, OR EXECUTED, THAT FALLS INTO ONE OF THE  
3 FOLLOWING CATEGORIES:

- 4 1. A BOOK OR OTHER WRITING;
- 5 2. A PLAY OR PERFORMANCE OF A PLAY;
- 6 3. A MUSICAL COMPOSITION OR THE PERFORMANCE OF A  
7 MUSICAL COMPOSITION;
- 8 4. A PAINTING OR OTHER PICTURE;
- 9 5. A SCULPTURE;
- 10 6. TRADITIONAL OR FINE CRAFTS;
- 11 7. THE CREATION OF A FILM OR THE ACTING WITHIN A FILM;  
12 OR
- 13 8. THE CREATION OF A DANCE OR THE PERFORMANCE OF A  
14 DANCE.

15 (II) "ARTISTIC WORK" INCLUDES ANY PRODUCT GENERATED AS A  
16 RESULT OF ANY OF THE CATEGORIES LISTED UNDER SUBPARAGRAPH (I) OF THIS  
17 PARAGRAPH.

18 (III) "ARTISTIC WORK" DOES NOT INCLUDE ANY PIECE OR  
19 PERFORMANCE CREATED OR EXECUTED FOR INDUSTRY-ORIENTED OR  
20 INDUSTRY-RELATED PRODUCTION.

21 (3) "ARTS AND ENTERTAINMENT DISTRICT" MEANS A DEVELOPED  
22 DISTRICT OF PUBLIC AND PRIVATE USES THAT:

23 (I) RANGES IN SIZE FROM A PORTION OF A COUNTY OR MUNICIPAL  
24 CORPORATION TO A REGIONAL DISTRICT WITH A SPECIAL COHERENCE; AND

25 (II) IS DISTINGUISHED BY PHYSICAL AND CULTURAL RESOURCES  
26 THAT PLAY A VITAL ROLE IN THE LIFE AND DEVELOPMENT OF THE COMMUNITY AND  
27 CONTRIBUTE TO THE PUBLIC THROUGH INTERPRETIVE, EDUCATIONAL, AND  
28 RECREATIONAL USES.

29 (4) "ARTS AND ENTERTAINMENT ENTERPRISE" MEANS A FOR PROFIT OR  
30 NONPROFIT ENTITY DEDICATED TO VISUAL OR PERFORMING ARTS.

31 (5) "QUALIFYING RESIDING ARTIST" MEANS AN INDIVIDUAL WHO:

32 (I) ~~RESIDES AT LEAST 180 DAYS ANNUALLY~~ OWNS OR RENTS  
33 RESIDENTIAL REAL PROPERTY IN AN ARTS AND ENTERTAINMENT DISTRICT AND  
34 CONDUCTS A BUSINESS IN THE ARTS AND ENTERTAINMENT DISTRICT; AND

1 (II) DERIVES INCOME FROM THE SALE OR PERFORMANCE WITHIN  
 2 THE ARTS AND ENTERTAINMENT DISTRICT OF AN ARTISTIC WORK THAT THE  
 3 INDIVIDUAL WROTE, COMPOSED, OR EXECUTED, EITHER SOLELY OR WITH ANOTHER  
 4 INDIVIDUAL ONE OR MORE OTHER INDIVIDUALS.

5 (B) SUBJECT TO THE REQUIREMENTS OF THIS SECTION, THE MAYOR AND  
 6 CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR  
 7 MUNICIPAL CORPORATION MAY APPLY TO THE SECRETARY FOR DESIGNATION OF AN  
 8 ARTS AND ENTERTAINMENT DISTRICT IN THE COUNTY OR MUNICIPAL CORPORATION  
 9 IN WHICH:

10 (1) QUALIFYING RESIDING ARTISTS ARE ELIGIBLE FOR THE INCOME  
 11 TAX SUBTRACTION MODIFICATION UNDER § 10-207(V) OF THE TAX - GENERAL  
 12 ARTICLE;

13 ~~(2) THE SALES AND USE TAX EXEMPTION UNDER § 11-229 OF THE TAX -~~  
 14 ~~GENERAL ARTICLE APPLIES;~~

15 ~~(3)~~ A PROPERTY TAX CREDIT UNDER § 9-239 OF THE TAX - PROPERTY  
 16 ARTICLE APPLIES; AND

17 ~~(4)~~ (3) AN EXEMPTION FROM THE ADMISSIONS AND AMUSEMENT TAX  
 18 UNDER § 4-104 OF THE TAX - GENERAL ARTICLE APPLIES.

19 (C) AN ARTS AND ENTERTAINMENT DISTRICT SHALL BE A CONTIGUOUS  
 20 GEOGRAPHIC AREA OF A COUNTY THAT IS:

21 (1) WHOLLY WITHIN A PRIORITY FUNDING AREA AS PROVIDED UNDER §  
 22 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR

23 (2) WHOLLY WITHIN A DESIGNATED NEIGHBORHOOD AS DEFINED  
 24 UNDER ARTICLE 83B, § 4-202 OF THE CODE.

25 (D) (1) THE SECRETARY SHALL GIVE THE COMPTROLLER NOTICE OF THE  
 26 ESTABLISHMENT OF AN ARTS AND ENTERTAINMENT DISTRICT ON OR BEFORE JULY 1  
 27 PRIOR TO THE EFFECTIVE DATE OF ITS ESTABLISHMENT.

28 (2) THE SUBTRACTION MODIFICATION UNDER § 10-207(V) OF THE TAX -  
 29 GENERAL ARTICLE SHALL BE APPLICABLE TO ALL TAXABLE YEARS BEGINNING  
 30 AFTER DECEMBER 31 OF THE YEAR IN WHICH THE NOTICE REQUIRED UNDER  
 31 PARAGRAPH (1) OF THIS SUBSECTION IS PROVIDED.

32 ~~(3) THE SALES AND USE TAX EXEMPTION UNDER § 11-229 OF THE TAX -~~  
 33 ~~GENERAL ARTICLE SHALL TAKE EFFECT THE FIRST JANUARY 1 AFTER THE NOTICE~~  
 34 ~~UNDER PARAGRAPH (1) OF THIS SUBSECTION IS PROVIDED.~~

35 4-702.

36 (A) A COUNTY OR MUNICIPAL CORPORATION MAY APPLY TO THE SECRETARY  
 37 FOR DESIGNATION OF AN AREA WITHIN THAT POLITICAL SUBDIVISION AS AN ARTS

1 AND ENTERTAINMENT DISTRICT, BUT IF A COUNTY SEEKS TO DESIGNATE AN AREA  
2 WITHIN A MUNICIPAL CORPORATION AS AN ARTS AND ENTERTAINMENT DISTRICT,  
3 THEN THE GOVERNING BODY OF THE MUNICIPAL CORPORATION MUST FIRST  
4 CONSENT.

5 (B) A COUNTY MAY APPLY TO THE SECRETARY ON BEHALF OF A MUNICIPAL  
6 CORPORATION, WITH THE CONSENT OF THE GOVERNING BODY OF THE MUNICIPAL  
7 CORPORATION, FOR DESIGNATION OF ANY AREA WITHIN THAT MUNICIPAL  
8 CORPORATION AS AN ARTS AND ENTERTAINMENT DISTRICT.

9 (C) TWO OR MORE POLITICAL SUBDIVISIONS MAY APPLY JOINTLY TO THE  
10 SECRETARY FOR DESIGNATION OF AN AREA AS AN ARTS AND ENTERTAINMENT  
11 DISTRICT THAT IS LOCATED ASTRIDE THEIR COMMON BOUNDARIES.

12 (D) THE APPLICATION SHALL BE IN THE FORM AND MANNER AND CONTAIN  
13 SUCH INFORMATION AS THE SECRETARY MAY, BY REGULATION, DETERMINE,  
14 PROVIDED THAT THE APPLICATION SHALL:

15 (1) CONTAIN INFORMATION SUFFICIENT FOR THE SECRETARY TO  
16 DETERMINE IF THE CRITERIA ESTABLISHED IN §§ 4-701(A)(3) AND (C) OF THIS  
17 SUBTITLE HAVE BEEN MET; AND

18 (2) BE SUBMITTED ON BEHALF OF THE POLITICAL SUBDIVISION BY ITS  
19 CHIEF ELECTED OFFICER, OR, IF NONE, BY THE GOVERNING BODY OF THE POLITICAL  
20 SUBDIVISION.

21 (E) (1) WITHIN 60 DAYS FOLLOWING ANY SUBMISSION DATE, THE  
22 SECRETARY MAY DESIGNATE ONE OR MORE ARTS AND ENTERTAINMENT DISTRICTS  
23 FROM AMONG THE APPLICATIONS SUBMITTED TO THE SECRETARY ON OR BEFORE  
24 THAT SUBMISSION DATE.

25 (2) THE SECRETARY MAY NOT DESIGNATE MORE THAN 1 ARTS AND  
26 ENTERTAINMENT DISTRICT IN A COUNTY IN ANY CALENDAR YEAR.

27 (3) THE DETERMINATION OF THE SECRETARY AS TO THE AREAS  
28 DESIGNATED AS ARTS AND ENTERTAINMENT DISTRICTS SHALL BE FINAL, EXCEPT  
29 THAT, FOR ANY AREA NOT DESIGNATED AN ARTS AND ENTERTAINMENT DISTRICT, A  
30 POLITICAL SUBDIVISION MAY REAPPLY AT ANY TIME TO THE SECRETARY FOR  
31 DESIGNATION OF THAT AREA AS AN ARTS AND ENTERTAINMENT DISTRICT.

32 (F) A POLITICAL SUBDIVISION MAY APPLY TO THE SECRETARY FOR THE  
33 EXPANSION OF AN EXISTING ARTS AND ENTERTAINMENT DISTRICT IN THE SAME  
34 MANNER AS THE POLITICAL SUBDIVISION WOULD APPLY FOR THE DESIGNATION OF  
35 A NEW ARTS AND ENTERTAINMENT DISTRICT.

36 ~~4-703.~~

37 ~~(A) (1) THERE IS AN ARTS AND ENTERTAINMENT DISTRICTS FUND IN THE~~  
38 ~~DEPARTMENT.~~

1           (2)     ~~THE FUND IS A NONLAPSING, REVOLVING SPECIAL FUND THAT~~  
2 ~~SHALL BE MANAGED AND SUPERVISED BY THE SECRETARY.~~

3     (B)     ~~THE FUND SHALL CONSIST OF ANY OF THE FOLLOWING:~~

4           (1)     ~~MONEYS APPROPRIATED IN THE STATE BUDGET;~~

5           (2)     ~~MONEYS MADE AVAILABLE TO THE FUND THROUGH APPROPRIATE~~  
6 ~~FEDERAL PROGRAMS OR PRIVATE CONTRIBUTIONS;~~

7           (3)     ~~INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES~~  
8 ~~FROM MONEYS IN THE FUND;~~

9           (4)     ~~REPAYMENTS OF PRINCIPAL AND INTEREST FROM LOANS MADE~~  
10 ~~FROM THE FUND;~~

11          (5)     ~~PROCEEDS FROM THE SALE, DISPOSITION, LEASE OR RENTAL BY THE~~  
12 ~~DEPARTMENT OF COLLATERAL RELATED TO ANY FINANCING PROVIDED BY THE~~  
13 ~~DEPARTMENT UNDER THIS SUBTITLE;~~

14          (6)     ~~PREMIUMS, FEES, ROYALTIES, AND REPAYMENTS OF PRINCIPAL,~~  
15 ~~INTEREST AND INVESTMENT PAID TO THE DEPARTMENT BY OR ON BEHALF OF AN~~  
16 ~~ARTS AND ENTERTAINMENT ENTERPRISE IN WHICH THE DEPARTMENT HAS MADE~~  
17 ~~AN EQUITY INVESTMENT, OR BY OR ON BEHALF OF AN INVESTOR PROVIDING AN~~  
18 ~~INVESTMENT GUARANTEED BY THE DEPARTMENT UNDER THIS SUBTITLE;~~

19          (7)     ~~RECOVERY OF ANY EQUITY INVESTMENT MADE BY THE~~  
20 ~~DEPARTMENT IN AN ARTS AND ENTERTAINMENT ENTERPRISE, INCLUDING ANY~~  
21 ~~ARRANGEMENT UNDER WHICH THE DEPARTMENT'S INVESTMENT IN THE ARTS AND~~  
22 ~~ENTERTAINMENT ENTERPRISE IS RECOVERED THROUGH:~~

23                 (I)     ~~A REQUIREMENT THAT THE DEPARTMENT RECEIVE A~~  
24 ~~PROPORTION OF CASH FLOW, COMMISSIONS, ROYALTIES, OR PAYMENTS ON A~~  
25 ~~PATENT; OR~~

26                 (II)    ~~THE REPURCHASE FROM THE DEPARTMENT OF ANY EVIDENCE~~  
27 ~~OF EQUITY PARTICIPATION, SUCH AS NOTES, STOCKS, BONDS OR DEBENTURES;~~

28          (8)     ~~REPAYMENTS RECEIVED FROM CONDITIONAL GRANTS EXTENDED~~  
29 ~~BY THE DEPARTMENT; AND~~

30          (9)     ~~ANY OTHER MONEYS MADE AVAILABLE TO THE DEPARTMENT.~~

31     (C)     (1)     ~~THE DEPARTMENT SHALL USE THE FUND FOR THE FOLLOWING~~  
32 ~~PURPOSES:~~

33                 (I)     ~~TO MAKE A GRANT OR LOAN, AT A RATE OF INTEREST TO BE~~  
34 ~~DETERMINED BY THE DEPARTMENT, TO BENEFIT AN ARTS AND ENTERTAINMENT~~  
35 ~~ENTERPRISE;~~

1                   (HI)    TO PROVIDE EQUITY INVESTMENT FINANCING FOR AN ARTS  
2 AND ENTERTAINMENT ENTERPRISE;

3                   (HII)   TO PROVIDE GUARANTEES OF LOANS, EQUITY, INVESTMENT, OR  
4 OTHER PRIVATE FINANCING TO EXPAND THE CAPITAL RESOURCES OF AN ARTS AND  
5 ENTERTAINMENT ENTERPRISE;

6                   (IV)    TO PURCHASE ADVISORY SERVICES AND TECHNICAL  
7 ASSISTANCE TO ENABLE THE DEPARTMENT TO BETTER SUPPORT THE  
8 DEVELOPMENT OF AN ARTS AND ENTERTAINMENT ENTERPRISE; AND

9                   (V)     TO PAY EXPENSES FOR ADMINISTRATIVE, LEGAL AND  
10 ACTUARIAL SERVICES FOR THE DEPARTMENT ASSOCIATED WITH THE  
11 IMPLEMENTATION OF THIS SUBTITLE.

12                 (2)     UNLESS OTHERWISE DETERMINED BY THE SECRETARY, MONEYS IN  
13 THE FUND THAT HAVE BEEN GENERATED BY A PARTICULAR DIVISION WITHIN THE  
14 DEPARTMENT SHALL BE ALLOCATED FOR THE USE OF THAT DIVISION.

15         (D)    (1)     THE STATE TREASURER SHALL HOLD AND THE STATE  
16 COMPTROLLER SHALL ACCOUNT FOR THE FUND.

17                 (2)     ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO  
18 THE FUND.

19         (E)    (1)     SECTION 10-305 OF THE STATE FINANCE AND PROCUREMENT  
20 ARTICLE DOES NOT APPLY TO ANY SALE, LEASE, TRANSFER, EXCHANGE, OR OTHER  
21 DISPOSITION OF ANY REAL OR PERSONAL PROPERTY ACQUIRED BY THE  
22 DEPARTMENT IN ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE,  
23 INCLUDING SHARES OF STOCK IN AN ARTS AND ENTERTAINMENT ENTERPRISE.

24                 (2)     THE DEPARTMENT SHALL CONSULT WITH THE OFFICE OF THE  
25 TREASURER IN CONNECTION WITH ANY PROPOSED DISPOSITION OF PROPERTY  
26 ACQUIRED BY THE DEPARTMENT UNDER THIS SUBTITLE.

27         (F)    DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES  
28 NOT APPLY TO THE DEPARTMENT FOR SERVICES RELATED TO THE INVESTMENT,  
29 MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF ASSETS OF THE DEPARTMENT IN  
30 ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

31 4-703.

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

35 5-1401.

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

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

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

4 (2) Alter the composition of animal waste;

5 (3) Develop alternative waste management strategies; or

6 (4) Use animal waste in a production process.

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

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

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

16 (F) "ARTS AND ENTERTAINMENT PROJECT" MEANS A PROJECT THAT  
17 PROMOTES OR ENHANCES THE DEVELOPMENT OF AN ARTS AND ENTERTAINMENT  
18 DISTRICT.

19 (G) "Authority" means the Maryland Economic Development Assistance  
20 Authority.

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

25 [(f)] (I) (1) "Brownfields site" means:

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

28 1. Owned or operated by:

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

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

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

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

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

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

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

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

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

16 [(i)] (L) "Fund" means the Maryland Economic Development Assistance  
17 Fund.

18 [(j)] (M) "Financial assistance" means a grant, loan, or investment provided  
19 under this subtitle.

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

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

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

29 [(n)] (Q) "Person responsible for the discharge" has the meaning stated in §  
30 4-401 of the Environment Article.

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

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

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

4 [(r)] (U) "Specialized economic development opportunity" means an animal  
5 waste technology project, an aquaculture project, redevelopment of a qualified  
6 brownfields site, [or] a project to create or expand a child care facility, AN ARTS AND  
7 ENTERTAINMENT ENTERPRISE, OR AN ARTS AND ENTERTAINMENT PROJECT.

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

10 5-1402.

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

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

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

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

21 5-1405.

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

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

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

29 (3) Working capital for significant strategic economic development  
30 opportunities, ARTS AND ENTERTAINMENT ENTERPRISES, OR ARTS AND  
31 ENTERTAINMENT PROJECTS;

32 (4) Redevelopment of qualified brownfields sites;

33 (5) (i) Except as provided in item (ii) of this paragraph, up to 50% of  
34 the costs of renovations, construction, or purchase of real property, fixtures, or  
35 equipment related to a child care facility, but not for refinancing existing loans,  
36 working capital, supplies, or inventory; or

1                   (ii)     A business that has received or will receive a day care loan  
2 insured by the Maryland Industrial Development Financing Authority; such  
3 businesses shall be limited to financial assistance from the Fund of not more than  
4 20% of the costs described in item (i) of this paragraph;

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

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

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

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

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

14                   (iii)    May constitute 100% of the total costs of the project being  
15 financed if [the recipient]:

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

18                               2.     THE FINANCIAL ASSISTANCE IS FOR AN ARTS AND  
19 ENTERTAINMENT ENTERPRISE OR ARTS AND ENTERTAINMENT PROJECT;

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

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

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

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

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

33                   (i)     For working capital - 3 years;

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

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

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

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

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

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

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

11 5-1410.

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

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

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

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

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

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

27 (e) For the purpose of providing financial assistance under this subtitle, the  
28 following shall be deemed to be in eligible industry sectors and are not subject to the  
29 requirements specifically imposed on significant strategic economic development  
30 opportunities and local economic development opportunities:

31 (1) Animal waste technology projects;

32 (2) Aquaculture projects;

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

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



1 9-239.

2 (A) IN THIS SECTION, "ARTS AND ENTERTAINMENT DISTRICT" AND  
3 "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN ARTICLE 83A, §  
4 4-701 OF THE CODE.

5 (B) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY  
6 GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL  
7 CORPORATION PROPERTY TAX IMPOSED ON A MANUFACTURING, COMMERCIAL, OR  
8 INDUSTRIAL BUILDING THAT:

9 (1) IS LOCATED IN AN ARTS AND ENTERTAINMENT DISTRICT; AND

10 (2) IS WHOLLY OR PARTIALLY RENOVATED FOR USE BY A QUALIFYING  
11 RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

12 (C) A TAX CREDIT GRANTED UNDER THIS SECTION MAY NOT BE GRANTED FOR  
13 MORE THAN 10 YEARS.

14 14-902.

15 (a) (2) "Qualified brownfields site" has the meaning stated in Article 83A, [§  
16 5-1401(o)] § 5-1401 of the Code.

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