

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1348 Delegate Busch)
Appropriations

Budget and Taxation

Maryland Food Center Authority

This bill modifies, updates, and clarifies provisions relating to the Maryland Food Center Authority (MFCA) to enable MFCA to proceed with the financing of projects in accordance with its statutory purposes under today's public finance practices.

The bill takes effect June 1, 2001.

Fiscal Summary

State Effect: The bill would not directly affect State operations or finances.

Local Effect: Potential increase in tax revenues in Howard County from increased economic activity associated with the Maryland Food Center.

Small Business Effect: Potential meaningful. Small businesses in the food industry could benefit to the extent that the bill enables MFCA to finance developments it could otherwise not finance.

Analysis

Bill Summary: Specifically, the bill: (1) adds to revenue bond debt other outstanding project-financing debt of MFCA as a basis for deferral of repayment of a State loan; (2) provides for the financing of specific projects with pledges of specific project revenues; (3) removes provisions which could impair the ability of lenders to foreclose on collateral; (4) removes obsolete provisions; (5) makes technical amendments relating to bond issuing practices and other bond-related provisions; and (6) provides for the

perfection of liens and attachment of security interests pledged by MFCA without need for further action.

Current Law: MFCA was created by the General Assembly in 1967 as a non-budgeted corporate agency of the State. MFCA's mission is to develop, own, operate, improve, and maintain real estate projects that provide economical, sanitary, and modern facilities for food distribution in the State.

Background: MFCA was provided with a \$4 million State loan in 1967 as seed money. MFCA used that loan and issued revenue bonds to finance the development of projects, including the Maryland Food Center in Jessup. MFCA has not issued any new revenue bonds since the mid-1980s. Recently, MFCA has invested in engineering and design work for a number of projects that will require financing of some sort. The Attorney General's Office contracted for bond counsel services for MFCA in January 2001. The firm that was awarded the contract reviewed MFCA's statute to determine whether it contains impediments to financing development under today's financing practices and made several recommendations to enable MFCA to proceed with financing of projects in accordance with its statutory purposes. This legislation is a direct result of those recommendations.

State Fiscal Effect: The bill's provision relating to the repayment of the original State loan is not anticipated to materially affect State finances because it is consistent with the original legislative intent to defer repayment of the loan as long as MFCA continues to finance projects. The bill could result in an increase in tax revenues from any increased economic activity associated with developments financed by the MFCA. MFCA is a non-budgeted agency, so the bill would not affect State expenditures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Food Center Authority, Office of the Attorney General, Department of Legislative Services

Fiscal Note History: First Reader – March 14, 2001
cm/cer Revised – Clarification – March 15, 2001

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