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

Introduced and read first time: February 6, 2003

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Business and Economic Development - Maryland Economic Development**
3 **Assistance Fund and Maryland Competitive Advantage Financing Fund**

4 FOR the purpose of expanding the allowable uses of funds from the Maryland
5 Economic Development Assistance Fund (MEDAF) to include expenditures for
6 certain projects in certain federal disaster areas; expanding the list of industry
7 sectors eligible to receive MEDAF funds; providing for the eligibility of certain
8 applicants for funding from the Maryland Competitive Advantage Financing
9 Fund; and generally relating to financial assistance from the Maryland
10 Economic Development Assistance Fund and the Maryland Competitive
11 Advantage Financing Fund.

12 BY repealing and reenacting, with amendments,
13 Article 83A - Department of Business and Economic Development
14 Section 5-1303, 5-1405(b), and 5-1410(e)
15 Annotated Code of Maryland
16 (1998 Replacement Volume and 2002 Supplement)

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

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

20 5-1303.

21 (a) The Department may use moneys in the Fund to:

22 (1) Provide financial assistance to eligible applicants; and

23 (2) Pay expenses for administrative, actuarial, legal, and technical
24 services for the Fund.

25 (b) Subject to the restrictions of this subtitle, the Department may provide
26 financial assistance from the Fund to a business that:

- 1 (1) Is a small business;
- 2 (2) Has made reasonable efforts to obtain financial assistance on
3 reasonable terms from other sources, OR IS LOCATED IN AN AREA DECLARED TO BE A
4 FEDERAL DISASTER AREA, PROVIDED THAT THE BUSINESS APPLIES TO THE FUND
5 WITHIN 1 YEAR OF THE FEDERAL DECLARATION; and
- 6 (3) Meets the qualifications required by this subtitle.
- 7 (c) To apply for financial assistance, an applicant shall submit an application
8 to the Department on the form that the Department requires.
- 9 (d) The application shall include:
- 10 (1) A detailed business plan, including:
- 11 (i) An itemization of known and estimated costs;
- 12 (ii) The total amount of investment required; and
- 13 (iii) The amount of financial assistance requested from the
14 Department;
- 15 (2) The amount of funds available to the applicant without financial
16 assistance from the Department;
- 17 (3) Information relating to the financial status of the applicant,
18 including:
- 19 (i) A current balance sheet;
- 20 (ii) A profit and loss statement;
- 21 (iii) Credit references; and
- 22 (iv) Evidence that the applicant and the owners are financially
23 responsible, including:
- 24 1. A statement or evidence that neither the applicant nor any
25 of its owners currently owes any State or federal taxes that were not paid when due;
26 or
- 27 2. If the applicant or any of its owners currently owe any
28 State or federal taxes that were not paid when due, evidence that the taxpayer:
- 29 A. Will have paid the taxes in full before the anticipated time
30 of closing for any financial assistance to be provided under this subtitle;
- 31 B. Is in compliance with a repayment schedule approved by
32 the taxing authority; or

1 C. Is disputing the taxes in good faith and through
2 appropriate channels;

3 (4) Information showing the financial status of each owner of the
4 applicant, including:

5 (i) A current balance sheet;

6 (ii) An income statement; and

7 (iii) Credit references;

8 (5) Evidence that:

9 (I) [the] THE applicant has made reasonable efforts to obtain
10 financial assistance on reasonable terms from other sources; OR

11 (II) THE BUSINESS OPERATIONS OF THE APPLICANT ARE LOCATED
12 IN AN AREA THAT WAS DECLARED A FEDERAL DISASTER AREA WITHIN 1 YEAR PRIOR
13 TO THE RECEIPT OF THE APPLICATION BY THE FUND; and

14 (6) Any other relevant information that the Department requests.

15 5-1405.

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

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

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

23 (3) Working capital for significant strategic economic development
24 opportunities, arts and entertainment enterprises, or arts and entertainment
25 projects;

26 (4) Redevelopment of qualified brownfields sites;

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

31 (ii) A business that has received or will receive a day care loan
32 insured by the Maryland Industrial Development Financing Authority; such
33 businesses shall be limited to financial assistance from the Fund of not more than
34 20% of the costs described in item (i) of this paragraph;

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

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

5 (8) ANY PROJECT INTENDED TO ASSIST BUSINESSES IN AREAS
6 DECLARED FEDERAL DISASTER AREAS, BUT ONLY IF THE FUND RECEIVED AN
7 APPLICATION FOR FINANCIAL ASSISTANCE WITHIN 1 YEAR AFTER THE
8 DECLARATION OF THE FEDERAL DISASTER AREA.

9 5-1410.

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

14 (1) Animal waste technology projects;

15 (2) Aquaculture projects;

16 (3) Redevelopment of qualified brownfields sites;

17 (4) Creation or expansion of child care facilities; [and]

18 (5) Arts and entertainment enterprises and arts and entertainment
19 projects; AND

20 (6) PROJECTS IN AREAS DECLARED TO BE FEDERAL DISASTER AREAS
21 WITHIN 1 YEAR BEFORE THE DEPARTMENT RECEIVES AN APPLICATION FOR
22 FINANCIAL ASSISTANCE UNDER THIS SUBTITLE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
24 effect July 1, 2003.