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### By: Chairman, Economic Matters Committee (By Request - Departmental -Business and Economic Development) Introduced and read first time: February 6, 2003

Assigned to: Economic Matters

Committee Report: Favorable House action: Adopted Read second time: February 19, 2003

CHAPTER\_\_\_\_\_

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:

2	HOUSE BILL 497					
1	(1) I	Provide financial assistance to eligible applicants; and				
2 3 services for th		Pay expenses for administrative, actuarial, legal, and technical				
4 (b) Subject to the restrictions of this subtitle, the Department may provide 5 financial assistance from the Fund to a business that:						
6	(1) I	Is a small business;				
<ul> <li>7 (2) Has made reasonable efforts to obtain financial assistance on</li> <li>8 reasonable terms from other sources, OR IS LOCATED IN AN AREA DECLARED TO BE A</li> <li>9 FEDERAL DISASTER AREA, PROVIDED THAT THE BUSINESS APPLIES TO THE FUND</li> <li>10 WITHIN 1 YEAR OF THE FEDERAL DECLARATION; and</li> </ul>						
11	(3) N	Meets the qualifications required by this subtitle.				
12 (c) To apply for financial assistance, an applicant shall submit an application 13 to the Department on the form that the Department requires.						
14 (d) 7	The application shall include:					
15	(1) A	A detailed business plan, including:				
16	(	i) An itemization of known and estimated costs;				
17	(	ii) The total amount of investment required; and				
18 19 Department;	(	iii) The amount of financial assistance requested from the				
20 (2) The amount of funds available to the applicant without financial 21 assistance from the Department;						
22 23 including:	(3) I	nformation relating to the financial status of the applicant,				
24	(	i) A current balance sheet;				
25	(	ii) A profit and loss statement;				
26	(	iii) Credit references; and				
27 28 responsible, i		iv) Evidence that the applicant and the owners are financially				
29 30 of its owners	currently	1. A statement or evidence that neither the applicant nor any ower any State or federal taxes that were not paid when due:				

- 30 of its owners currently owes any State or federal taxes that were not paid when due; 31 or

<ol> <li>State or federal taxes</li> </ol>	that wer	2. e not paid	If the applicant or any of its owners currently owe any d when due, evidence that the taxpayer:		
A. Will have paid the taxes in full before the anticipated time 4 of closing for any financial assistance to be provided under this subtitle;					
5 6 the taxing authority; o	or	В.	Is in compliance with a repayment schedule approved by		
7 8 appropriate channels;		C.	Is disputing the taxes in good faith and through		
9 (4) 10 applicant, including:	Informa	ation show	wing the financial status of each owner of the		
11	(i)	A curre	nt balance sheet;		
12	(ii)	An inco	ome statement; and		
13	(iii)	Credit r	references;		
14 (5)	Evidence that:				
15 16 financial assistance of	(I) on reason		HE applicant has made reasonable efforts to obtain as from other sources; OR		
<ol> <li>(II) THE BUSINESS OPERATIONS OF THE APPLICANT ARE LOCATED</li> <li>IN AN AREA THAT WAS DECLARED A FEDERAL DISASTER AREA WITHIN 1 YEAR PRIOR</li> <li>TO THE RECEIPT OF THE APPLICATION BY THE FUND; and</li> </ol>					
20 (6)	Any oth	ner releva	ant information that the Department requests.		
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;				
<ul> <li>(2) Acquisition, construction, or installation of machinery, equipment,</li> <li>furnishings, fixtures, leasehold improvements, site improvements, or infrastructure</li> <li>improvements, including rail line enhancements on or to the site of an economic</li> <li>development project;</li> </ul>					
<ul> <li>29 (3)</li> <li>30 opportunities, arts an</li> <li>31 projects;</li> </ul>			for significant strategic economic development nterprises, or arts and entertainment		

32 (4) Redevelopment of qualified brownfields sites;

1 (5) (i) Except as provided in item (ii) of this paragraph, up to 50% of

2 the costs of renovations, construction, or purchase of real property, fixtures, or

3 equipment related to a child care facility, but not for refinancing existing loans,

4 working capital, supplies, or inventory; or

5 (ii) A business that has received or will receive a day care loan 6 insured by the Maryland Industrial Development Financing Authority; such 7 businesses shall be limited to financial assistance from the Fund of not more than

8 20% of the costs described in item (i) of this paragraph;

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

10 (7) Up to 50% of the costs of preparing a county's or municipality's 11 strategy or plan for economic development, not to exceed a total of \$50,000 in a 3-year 12 period; AND

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

17 5-1410.

18 (e) For the purpose of providing financial assistance under this subtitle, the

19 following shall be deemed to be in eligible industry sectors and are not subject to the

20 requirements specifically imposed on significant strategic economic development

21 opportunities and local economic development opportunities:

22 (1) Animal waste technology projects;

23 (2) Aquaculture projects;

24 (3) Redevelopment of qualified brownfields sites;

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

26 (5) Arts and entertainment enterprises and arts and entertainment

27 projects; AND

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

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take 32 effect July 1, 2003.

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