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By: Chairman, Environmental Matters Committee (By Request -

Departmental - Housing and Community Development) <u>and Delegates</u> Sossi, Niemann, Mitchell, and V. Clagett

Introduced and read first time: February 11, 2004

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 26, 2004

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CHAPTER

## 1 AN ACT concerning

Department of Housing and Community Development - Neighborhood
 Business Development Program

- 4 FOR the purpose of authorizing financial assistance under the Neighborhood
- 5 Business Development Program to be provided to microenterprises; clarifying
- 6 that financial assistance under the Program may be provided to nonprofit
- 7 organizations; requiring the Department of Housing and Community
- 8 Development to make a reasonable, good faith effort to make a certain
- 9 percentage of Program loans and grants to microenterprises; authorizing the
- 10 Department of Housing and Community Development to sell, assign, or
- otherwise dispose of a <del>business development program</del> certain loan or revenue
- from a certain loan under certain circumstances; providing for a certain
- 10 in a <u>certain</u> four dider certain checked, providing for a <u>certain</u>
- maximum amount of sale proceeds within any fiscal year <u>under certain</u>
- 14 <u>circumstances</u>; requiring the Department to try to make a certain percentage of
- 15 its Program loans and grants to microenterprises; authorizing the Department
- to apply certain proceeds to the Neighborhood Business Development Fund
- 17 <u>under certain circumstances;</u> authorizing the Community Development
- 18 Administration, an agency within the Department of Housing and Community
- 19 Development, to provide funds to programs eligible to receive funding from
- 20 <u>under</u> the Neighborhood Business Development Fund; specifying that the
- 21 Neighborhood Business Development Fund consists in part of moneys received
- from the disposition of certain Program loans and certain moneys received from
- 23 the Community Development Administration; defining a certain term; making a
- 24 certain technical correction; and generally relating to the Neighborhood
- 25 Business Development Program.

33 4-202.

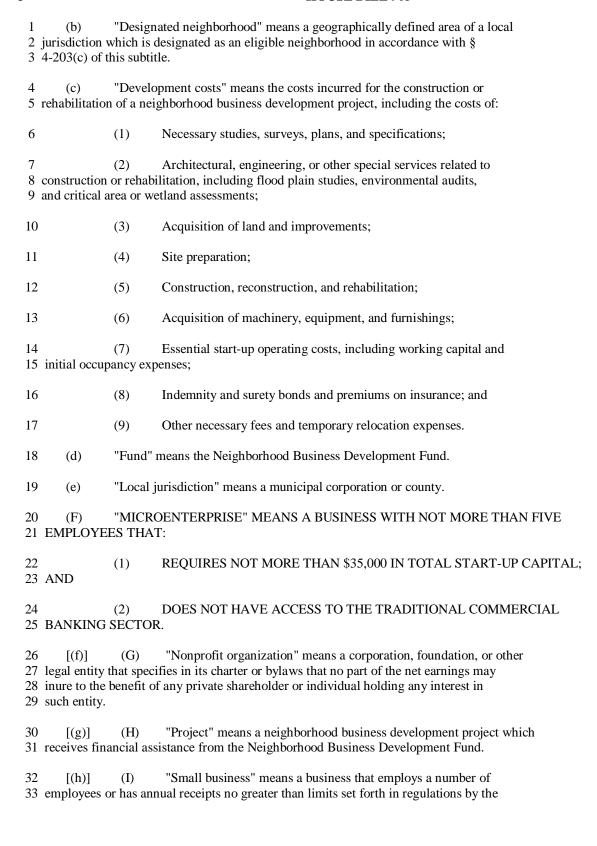
(a)

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2	HOUSE BILL 905					
1 2 3 4 5	BY adding to Article 83B - Department of Housing and Community Development Section 2-204(18) Annotated Code of Maryland (2003 Replacement Volume)					
6 7 8 9 10	BY repealing and reenacting, with amendments, Article 83B - Department of Housing and Community Development Section 4-201, 4-202, 4-203, 4-204, 4-205, and 4-208 Annotated Code of Maryland (2003 Replacement Volume)					
11 12	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:					
13	Article 83B - Department of Housing and Community Development					
14	2-204.					
15	The Administration shall have the following functions and responsibilities:					
	(18) PROVIDE FUNDS TO PROGRAMS ELIGIBLE TO RECEIVE FUNDING UNDER THE NEIGHBORHOOD BUSINESS DEVELOPMENT FUND, ESTABLISHED UNDER TITLE 4, SUBTITLE 2 OF THIS ARTICLE.					
19	4-201.					
20 21	(a) The Neighborhood Business Development Program is hereby created within the Department, for the following purposes:					
22 23	(1) To assist in the development, redevelopment, or expansion of small business enterprises AND MICROENTERPRISES in designated neighborhoods;					
24 25	(2) To stimulate investment by the private sector in designated neighborhoods;					
26 27	(3) To invest in small business AND MICROENTERPRISE revitalization projects in designated neighborhoods; and					
	(4) To stimulate the participation of local jurisdictions in developing and expanding small business enterprises AND MICROENTERPRISES in designated neighborhoods.					
31 32	(b) The Neighborhood Business Development Program includes the Business Development Program and the Capital Access Program.					

In this subtitle the following words have the meanings indicated.

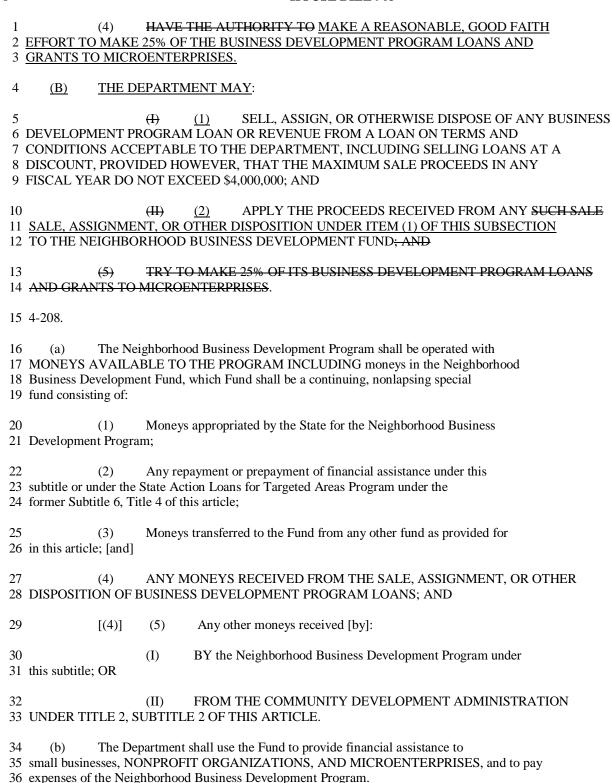
## **HOUSE BILL 905**



	Department which shall not exceed the standards set by the federal Small Business Administration.					
3	<u>4-203.</u>					
4 5	(a) <u>T</u> Business Deve		a Business Development Program within the Neighborhood t Program.			
		ghborho	fy for financial assistance under the Business Development pod business development project must be located in a pod.			
9 10 11		ce of the	risdictions may designate one or more eligible neighborhoods with e Secretary of the Department, taking into consideration the			
12	<u>(</u>	<u>1)</u>	The availability, cost, and condition of business facilities;			
13	<u>(</u>	<u>2)</u>	The age and number of abandoned structures;			
14	<u>(:</u>	<u>3)</u>	The age and number of substandard structures;			
15 16			The income of residents relative to State or regional median incomes, of persons who are welfare recipients or unemployed;			
17 18			The extent of unemployment and the availability in the area of jobs signated neighborhood;			
	ORGANIZAT	TIONS,	The need for financing for small businesses, NONPROFIT OR MICROENTERPRISES in order to upgrade the social and economic gnated neighborhood;			
24	jurisdiction fo	r the de	The neighborhood development or redevelopment strategy of the local signated neighborhood and any plans and financial commitment on to undertake improvements in the designated neighborhood;			
	set forth in reg federal progra	gulation	Other standards and criteria deemed relevant by the Department as s, including standards established for other relevant State or			
29	4-204.					
		small bu	l assistance under the Business Development Program may be usiness, NONPROFIT ORGANIZATION, OR MICROENTERPRISE in forms:			
33	(	1)	Grant;			
34	(2	2)	Loan;			

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1 2	a loan or por	(3) tion of a	Reduction in the principal obligation of or rate of interest payable on loan;
3	a loan;	(4)	Prepayment of interest on a subordinate or superior loan or portion of
5		(5)	Assurance;
6		(6)	Guarantee; or
7		(7)	Any other form of credit enhancement.
8	(b)	The Dep	partment shall review all applications for financial assistance.
9 10	(c) or nonprofit		tions shall be submitted by an applicant, which may be a [for profit usiness, NONPROFIT ORGANIZATION, OR MICROENTERPRISE.
11	(d)	To quali	fy for financial assistance, the application must demonstrate that:
			The project has significant commitments for funding from other public sources that are sufficient to complete the project with eighborhood Business Development Fund;
	Development feasible;	(2) nt Fund is	The financial assistance from the Neighborhood Business the least amount necessary to make the project financially
18 19	from the Bu	(3) siness De	The project is ready to proceed upon funding of financial assistance evelopment Program; and
	designee del for the proje		The local jurisdiction adopted a local resolution, or its authorized letter to the Business Development Program, expressing support
23	4-205.		
24	<u>(A)</u>	The Dep	partment shall:
25 26	Program;	(1)	Manage, supervise, and administer the Business Development
27 28	Program in o	(2) conforma	Adopt rules and regulations to carry out the Business Development ince with statutory requirements; [and]
31	funding that	the appli	For each category of financing described under § 4-204(a) of this nimum percentages or amounts of private and non-state public icant is required to secure before the Department may plicant is qualified for the Business Development Program; AND



- 1 (c) The State Treasurer shall hold and the State Comptroller shall account for 2 the Neighborhood Business Development Fund. The Fund shall be invested and
- 3 reinvested. Any investment earnings shall be paid into the Fund.
- 4 (d) At any time following the first 8 months of any fiscal year, the Department
- 5 may transfer, subject to approval of the Legislative Policy Committee and subject to
- 6 the provisions of § 7-209 of the State Finance and Procurement Article,
- 7 unencumbered moneys in the Neighborhood Business Development Fund to any other
- 8 fund established under Title [2] 4 of this article.
- 9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take 10 effect October 1, 2004.