
By: **Senators Britt and Forehand**

Introduced and read first time: February 6, 2004

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development - Construction Projects - Demolition**

3 FOR the purpose of prohibiting a political subdivision from issuing a demolition
4 permit unless certain requirements are met; requiring a political subdivision to
5 enact laws or regulations that require an owner of a building or structure to
6 arrange for a salvage period prior to the commencement of demolition of the
7 building or structure unless certain conditions are met; requiring a political
8 subdivision to establish certain laws or regulations; stating certain findings of
9 the General Assembly; stating a certain policy of the State; requiring the
10 Secretary of Housing and Community Development to adopt certain regulations;
11 requiring a person to use its best efforts, consistent with certain laws and
12 regulations, to give certain opportunities for training and employment arising in
13 connection with the demolition of a building or other structure to certain
14 low-income individuals; clarifying that nothing in this Act shall be construed to
15 require a person to employ an individual who does not meet the requirements of
16 a position; requiring a person to use its best efforts, consistent with certain laws
17 and regulations, to award contracts for certain work to be performed to business
18 entities that provide economic opportunities for certain low-income individuals;
19 providing for the application of certain provisions of this Act; altering a certain
20 definition; defining certain terms; and generally relating to construction
21 projects that involve the demolition of a building or structure.

22 BY adding to

23 Article 24 - Political Subdivisions - Miscellaneous Provisions
24 Section 15-101 and 15-102 to be under the new title "Title 15. Salvage and
25 Deconstruction"
26 Annotated Code of Maryland
27 (2001 Replacement Volume and 2003 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article 83B - Department of Housing and Community Development
30 Section 5-801(a)
31 Annotated Code of Maryland
32 (2003 Replacement Volume)

1 BY adding to
2 Article 83B - Department of Housing and Community Development
3 Section 14-101 through 14-106, inclusive, to be under the new title "Title 14.
4 Economic Opportunities for Low-Income Individuals"
5 Annotated Code of Maryland
6 (2003 Replacement Volume)

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

9 **Article 24 - Political Subdivisions - Miscellaneous Provisions**

10 TITLE 15. SALVAGE AND DECONSTRUCTION.

11 15-101.

12 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

13 (B) "DECONSTRUCTION" MEANS THE NONDESTRUCTIVE DISASSEMBLY OF A
14 COMPONENT OF A BUILDING OR STRUCTURE, INCLUDING WALLS, FLOORS, ROOFS,
15 AND MECHANICAL AND ELECTRICAL SYSTEMS, FOR THE PURPOSE OF HARVESTING
16 AND REUSING BUILDING MATERIALS.

17 (C) "POLITICAL SUBDIVISION" MEANS A COUNTY, BALTIMORE CITY, OR A
18 MUNICIPAL CORPORATION.

19 (D) "SALVAGE" MEANS THE NONDESTRUCTIVE REMOVAL OF A SELECTED
20 INDIVIDUAL COMPONENT OF A BUILDING OR STRUCTURE, INCLUDING DOORS,
21 FIXTURES, FURNISHINGS, AND APPLIANCES, FOR THE PURPOSE OF HARVESTING
22 AND REUSING THE BUILDING MATERIALS.

23 (E) "SALVAGE PERIOD" MEANS A PERIOD OF TIME DURING WHICH A SALVAGE
24 OR DECONSTRUCTION CREW MAY EXAMINE A BUILDING OR STRUCTURE AND
25 HARVEST UNWANTED MATERIALS AT NO COST TO THE OWNER OF THE BUILDING OR
26 STRUCTURE.

27 15-102.

28 (A) A POLITICAL SUBDIVISION MAY NOT ISSUE A DEMOLITION PERMIT
29 UNLESS THE REQUIREMENTS FOR OBTAINING A DEMOLITION PERMIT ESTABLISHED
30 BY THE POLITICAL SUBDIVISION IN ACCORDANCE WITH SUBSECTION (B) OF THIS
31 SECTION ARE MET.

32 (B) (1) A POLITICAL SUBDIVISION SHALL ENACT LAWS OR REGULATIONS
33 THAT REQUIRE AN OWNER OF A BUILDING OR STRUCTURE TO ARRANGE FOR A
34 SALVAGE PERIOD PRIOR TO THE COMMENCEMENT OF DEMOLITION OF THE
35 BUILDING OR STRUCTURE UNLESS:

1 (I) THE OWNER OF THE BUILDING OR STRUCTURE HAS
2 PURCHASED SALVAGE OR DECONSTRUCTION SERVICES THAT ARE VALUED AT AN
3 AMOUNT EQUAL TO AT LEAST 5% OF THE TOTAL COST OF DEMOLITION; OR

4 (II) THE POLITICAL SUBDIVISION DETERMINES THAT UNSAFE
5 CONDITIONS REQUIRE IMMEDIATE DEMOLITION OF THE BUILDING OR STRUCTURE.

6 (2) A POLITICAL SUBDIVISION SHALL ESTABLISH LAWS OR
7 REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS TITLE, INCLUDING LAWS
8 AND REGULATIONS RELATING TO:

9 (I) THE TIMING AND LENGTH OF SALVAGE PERIODS;

10 (II) ACCESS TO THE BUILDING OR STRUCTURE FOR THE SALVAGE
11 OR DECONSTRUCTION CREWS;

12 (III) MINIMUM QUALIFICATIONS FOR THE SALVAGE OR
13 DECONSTRUCTION CREWS; AND

14 (IV) THE ASSUMPTION OF LIABILITY BY THE SALVAGE OR
15 DECONSTRUCTION CREWS FOR THEIR WORK.

16 **Article 83B - Department of Housing and Community Development**

17 5-801.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) "Business entity" means:

20 (i) A person conducting or operating a trade or business in the
21 State; or

22 (ii) An organization operating in Maryland that is exempt from
23 taxation under § 501(c)(3) of the Internal Revenue Code.

24 (3) "Certified heritage area" has the meaning stated in § 13-1101(d) of
25 the Financial Institutions Article.

26 (4) (i) "Certified heritage structure" means a structure that is located
27 in the State and is:

28 1. Listed in the National Register of Historic Places;

29 2. Designated as a historic property under local law and
30 determined by the Director to be eligible for listing on the National Register of
31 Historic Places;

32 3. A. Located in a historic district listed on the National
33 Register of Historic Places or in a local historic district that the Director determines is
34 eligible for listing on the National Register of Historic Places; and

1 B. Certified by the Director as contributing to the
2 significance of the district; or

3 4. Located in a certified heritage area and which has been
4 certified by the Maryland Heritage Areas Authority as contributing to the
5 significance of the certified heritage area.

6 (ii) "Certified heritage structure" does not include a structure that
7 is owned by the State, a political subdivision of the State, or the federal government.

8 (5) "Certified rehabilitation" means a completed rehabilitation of a
9 certified heritage structure which the Director certifies is substantial rehabilitation
10 in conformance with the rehabilitation standards of the United States Secretary of
11 the Interior.

12 (6) "Commercial rehabilitation" means a rehabilitation of a structure
13 other than a single-family, owner-occupied residence.

14 (7) "DECONSTRUCTION" MEANS THE NONDESTRUCTIVE DISASSEMBLY
15 OF A MAJOR ELEMENT OF A BUILDING OR STRUCTURE, INCLUDING WALLS, FLOORS,
16 ROOFS, AND MECHANICAL AND ELECTRICAL SYSTEMS, FOR THE PURPOSE OF
17 HARVESTING AND REUSING BUILDING MATERIALS.

18 (8) "Director" means the Director of the Maryland Historical Trust.

19 [(8)] (9) "Local historic district" means a district that the governing body
20 of a county or municipal corporation, or the Mayor and City Council of Baltimore, has
21 designated under local law as historic.

22 [(9)] (10) (I) "Qualified rehabilitation expenditure" means any amount
23 that:

24 [(i)] 1. Is properly chargeable to capital account;

25 [(ii)] 2. Is expended in the rehabilitation of a structure that by the
26 end of the taxable year in which the certified rehabilitation is completed is a certified
27 heritage structure;

28 [(iii)] 3. Is expended in compliance with a plan of proposed
29 rehabilitation that has been approved by the Director and does not exceed the
30 estimated amount of proposed rehabilitation expenditures stated in the application
31 for approval of the plan of proposed rehabilitation; and

32 [(iv)] 4. Is not funded, financed, or otherwise reimbursed by any:

33 [1.] A. State or local grant;

34 [2.] B. Grant made from the proceeds of tax-exempt bonds
35 issued by the State, a political subdivision of the State, or an instrumentality of the
36 State or of a political subdivision of the State;

1 [3.] C. State tax credit other than the tax credit under this
2 section; or

3 [4.] D. Other financial assistance from the State or a
4 political subdivision of the State, other than a loan that must be repaid at an interest
5 rate that is greater than the interest rate on general obligation bonds issued by the
6 State at the most recent bond sale prior to the time the loan is made.

7 (II) "QUALIFIED REHABILITATION EXPENDITURE" INCLUDES AN
8 EXPENDITURE FOR DEMOLITION OF A STRUCTURE IF:

9 1. THE BUSINESS ENTITY OR INDIVIDUAL CERTIFIES TO THE
10 DIRECTOR IN AN APPLICATION FORM THAT THE BUSINESS ENTITY OR INDIVIDUAL
11 HAS UNDERTAKEN AND COMPLETED SALVAGE OR DECONSTRUCTION OF THE
12 STRUCTURE AND DESCRIBES ON THE APPLICATION FORM THE TYPES AND
13 QUANTITIES OF MATERIALS HARVESTED FROM THE STRUCTURE;

14 2. THE BUSINESS ENTITY OR INDIVIDUAL PLACES A PUBLIC
15 ADVERTISEMENT FOR SALVAGE OR DECONSTRUCTION SERVICES FOR THE
16 STRUCTURE IN A JOURNAL OR WEBSITE APPROVED BY THE DIRECTOR AT LEAST 2
17 WEEKS BEFORE THE COMMENCEMENT OF DEMOLITION AND RECEIVES NO
18 RESPONSES TO THE ADVERTISEMENT; OR

19 3. THE DIRECTOR ISSUED A WRITTEN EXPLANATION
20 STATING WHY SALVAGE OR DECONSTRUCTION OF THE STRUCTURE IS NOT
21 FEASIBLE.

22 (11) "SALVAGE" MEANS THE NONDESTRUCTIVE REMOVAL OF A
23 SELECTED INDIVIDUAL COMPONENT OF A BUILDING OR STRUCTURE, INCLUDING
24 DOORS, FIXTURES, FURNISHINGS, AND APPLIANCES, FOR THE PURPOSE OF
25 HARVESTING AND REUSING THE BUILDING MATERIALS.

26 [(10)] (12) "Substantial rehabilitation" means rehabilitation of a
27 structure for which the qualified rehabilitation expenditures, during the 24-month
28 period selected by the taxpayer ending with or within the taxable year, exceed:

29 (i) For owner-occupied residential property, \$5,000; or

30 (ii) For all other property, the greater of:

31 1. The adjusted basis of the structure; or

32 2. \$5,000.

33 TITLE 14. ECONOMIC OPPORTUNITIES FOR LOW-INCOME INDIVIDUALS.

34 14-101.

35 IN THIS TITLE, "LOW-INCOME INDIVIDUAL" MEANS AN INDIVIDUAL WHOSE
36 HOUSEHOLD INCOME IS LESS THAN 30% OF THE AREA MEDIAN INCOME.

1 14-102.

2 (A) THE GENERAL ASSEMBLY FINDS THAT:

3 (1) DEPARTMENT PROGRAMS AND OTHER CONSTRUCTION FINANCING
4 PROGRAMS FUNDED BY THE STATE PROVIDE COUNTY AND LOCAL GOVERNMENTS
5 AND OTHER RECIPIENTS OF STATE ASSISTANCE WITH SUBSTANTIAL FUNDS FOR
6 PROJECTS AND ACTIVITIES THAT PRODUCE SIGNIFICANT EMPLOYMENT AND OTHER
7 ECONOMIC OPPORTUNITIES;

8 (2) LOW-INCOME INDIVIDUALS OFTEN HAVE RESTRICTED ACCESS TO
9 EMPLOYMENT AND OTHER ECONOMIC OPPORTUNITIES;

10 (3) EMPLOYMENT AND OTHER ECONOMIC OPPORTUNITIES GENERATED
11 BY DEPARTMENT PROGRAMS AND OTHER CONSTRUCTION FINANCING PROGRAMS
12 FUNDED BY THE STATE OFFER AN EFFECTIVE MEANS OF EMPOWERING
13 LOW-INCOME INDIVIDUALS; AND

14 (4) EFFORTS TO DIRECT EMPLOYMENT AND OTHER ECONOMIC
15 OPPORTUNITIES GENERATED BY DEPARTMENT PROGRAMS AND OTHER
16 CONSTRUCTION FINANCING PROGRAMS FUNDED BY THE STATE TO LOW-INCOME
17 INDIVIDUALS SHOULD BE INTENSIFIED.

18 (B) THE GENERAL ASSEMBLY DECLARES THAT IT IS THE POLICY OF THE
19 STATE TO ENSURE THAT THE EMPLOYMENT, JOB TRAINING, AND OTHER ECONOMIC
20 OPPORTUNITIES GENERATED BY DEPARTMENT PROGRAMS AND OTHER
21 CONSTRUCTION FINANCING PROGRAMS FUNDED BY THE STATE SHALL, TO THE
22 GREATEST EXTENT POSSIBLE, BE DIRECTED TO LOW-INCOME PERSONS,
23 PARTICULARLY THOSE WHO ARE IN SEARCH OF GREATER EMPLOYMENT
24 OPPORTUNITY.

25 14-103.

26 (A) THIS TITLE APPLIES TO:

27 (1) AN OWNER OR DEVELOPER OF A RESIDENTIAL OR NONRESIDENTIAL
28 CONSTRUCTION PROJECT THAT HAS RECEIVED AT LEAST \$200,000 OF FINANCIAL
29 ASSISTANCE FROM THE STATE FOR THE CONSTRUCTION PROJECT; AND

30 (2) A CONTRACTOR OR SUBCONTRACTOR THAT PERFORMS WORK ON A
31 RESIDENTIAL OR NONRESIDENTIAL CONSTRUCTION PROJECT FOR WHICH THE
32 OWNER OR DEVELOPER HAS RECEIVED AT LEAST \$200,000 OF FINANCIAL
33 ASSISTANCE FROM THE STATE IF THE AMOUNT OF THE CONTRACT OR
34 SUBCONTRACT EXCEEDS \$100,000.

35 (B) THIS TITLE DOES NOT APPLY TO FEDERALLY ASSISTED PUBLIC HOUSING
36 PROJECTS THAT ARE COVERED BY THE FEDERAL HOUSING AND URBAN
37 DEVELOPMENT ACT.

1 14-104.

2 (A) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE
3 PROVISIONS OF THIS TITLE.

4 (B) IN ADOPTING REGULATIONS UNDER THIS TITLE, THE SECRETARY SHALL
5 USE SECTION 3 OF THE FEDERAL HOUSING AND URBAN DEVELOPMENT ACT AND THE
6 REGULATIONS ADOPTED UNDER THE ACT AS A MODEL.

7 14-105.

8 (A) A PERSON SHALL USE ITS BEST EFFORTS, CONSISTENT WITH FEDERAL,
9 STATE, AND LOCAL LAWS AND REGULATIONS, TO GIVE OPPORTUNITIES FOR
10 TRAINING AND EMPLOYMENT ARISING IN CONNECTION WITH THE DEMOLITION OF A
11 BUILDING OR OTHER STRUCTURE, INCLUDING DECONSTRUCTION, SALVAGE, AND
12 REDUCTION AND ABATEMENT OF LEAD-BASED PAINT HAZARDS, TO LOW-INCOME
13 INDIVIDUALS WHO RESIDE WITHIN THE CENSUS TRACT IN WHICH THE
14 CONSTRUCTION PROJECT IS LOCATED OR IN A CENSUS TRACT THAT IS ADJACENT TO
15 THE CENSUS TRACT IN WHICH THE CONSTRUCTION PROJECT IS LOCATED.

16 (B) THIS SECTION MAY NOT CONSTRUED TO REQUIRE A PERSON TO EMPLOY
17 AN INDIVIDUAL WHO DOES NOT MEET THE REQUIREMENTS OF A POSITION.

18 (C) PRIORITY SHALL BE GIVEN TO LOW-INCOME INDIVIDUALS WHO RESIDE
19 WITHIN A 5-MILE RADIUS OF THE CONSTRUCTION PROJECT OR IN THE
20 NEIGHBORHOOD IN WHICH THE CONSTRUCTION PROJECT IS LOCATED.

21 14-106.

22 (A) A PERSON SHALL USE ITS BEST EFFORTS, CONSISTENT WITH FEDERAL,
23 STATE, AND LOCAL LAWS AND REGULATIONS, TO AWARD CONTRACTS FOR WORK TO
24 BE PERFORMED, INCLUDING DECONSTRUCTION, SALVAGE, AND REDUCTION AND
25 ABATEMENT OF LEAD-BASED PAINT HAZARDS, HOUSING CONSTRUCTION PROJECTS,
26 OR OTHER PUBLIC CONSTRUCTION PROJECTS, TO BUSINESS ENTITIES THAT
27 PROVIDE ECONOMIC OPPORTUNITIES FOR LOW-INCOME INDIVIDUALS WHO RESIDE
28 WITHIN THE CENSUS TRACT IN WHICH THE CONSTRUCTION PROJECT IS LOCATED OR
29 IN A CENSUS TRACT THAT IS ADJACENT TO THE CENSUS TRACT IN WHICH THE
30 CONSTRUCTION PROJECT IS LOCATED.

31 (B) PRIORITY SHALL BE GIVEN TO BUSINESS ENTITIES THAT PROVIDE
32 ECONOMIC OPPORTUNITIES FOR LOW-INCOME INDIVIDUALS WHO RESIDE WITHIN A
33 5-MILE RADIUS OF THE CONSTRUCTION PROJECT OR IN THE NEIGHBORHOOD IN
34 WHICH THE CONSTRUCTION PROJECT IS LOCATED.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 October 1, 2004.