

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 716
Finance

(Senator Hollinger, *et al.*)

Maryland Economic Development Corporation - Condemnation of Property

This bill repeals the authority of the Maryland Economic Development Corporation (MEDCO) to acquire real property or rights or easements in real property by condemnation.

Fiscal Summary

State Effect: None. MEDCO has never used eminent domain authority for its projects in its 20-year history.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: MEDCO is authorized to use eminent domain to acquire real property or rights or easements in real property for projects, subject to approval by two-thirds of the legislative body of each political subdivision in which the property is to be taken. Under the Maryland Constitution, property can only be condemned for a public use. Economic development projects, including those that are not open for use by the general public, are typically considered a public use. Chapter 338 of 2001 expanded the types of projects that MEDCO can undertake to include the acquisition, construction, expansion, rehabilitation, or remodeling of any property that the MEDCO board of directors determines, at its sole discretion, will accomplish one of the following legislative purposes:

- relieving conditions of unemployment in the State;

- encouraging the increase of business activity and commerce;
- assisting with retention of existing business and attraction of new business activity; and
- promoting economic development and generally promoting the health, happiness, right to gainful employment, and general welfare of the residents of each county and municipality.

Background: In 1984, the General Assembly approved the creation of MEDCO to boost development in neglected areas of the State and specifically to redevelop an unused property in Western Maryland. MEDCO is governed by a 12-member board of directors of State officials and private business owners who are appointed by the Governor with the advice and consent of the Senate. Its original role was to develop vacant industrial sites that failed to attract private investment and help State and local economic development agencies modernize, retain, and attract businesses. MEDCO has completed over 150 projects since its inception, including the Rocky Gap golf resort, the headquarters for the Chesapeake Bay Foundation, and the headquarters for the Maryland Department of Transportation. None of the projects involved using eminent domain.

Additional Comments: The Department of Legislative Services advises that MEDCO relies on its own revenues to support its activities and does not receive any appropriations from the State. Therefore, any additional costs or limits on potential projects that would occur because it lacked condemnation authority would not directly affect the State.

Additional Information

Prior Introductions: An identical bill was introduced as HB 716 in 2003 and HB 71 in 2002. HB 71 passed the House and was heard by the Budget and Taxation Committee; HB 716 was withdrawn after a hearing by the Economic Matters Committee.

Cross File: HB 659 (Delegate Minnick, *et al.*) – Economic Matters.

Information Source(s): Department of Business and Economic Development, Office of the Attorney General, Department of Legislative Services

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Analysis by: Ann Marie Maloney

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

