

HOUSE BILL 451

C8

4lr0065

By: **Chair, Environmental Matters Committee (By Request – Departmental – Housing and Community Development)**

Introduced and read first time: January 27, 2014

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: February 19, 2014

CHAPTER _____

1 AN ACT concerning

2 **Neighborhood Business Development Program – Financial Assistance for**
3 **Food ~~Desert Areas~~ Deserts**

4 FOR the purpose of altering the ~~purpose~~ purposes of the Neighborhood Business
5 Development Program to include ~~help creating~~ helping to create certain small
6 businesses and other food-related enterprises in food deserts; requiring the
7 Business Development Program in the Neighborhood Business Development
8 Program to provide financial assistance to projects in food deserts; authorizing
9 certain entities to apply for financial assistance for a project in a food desert
10 under certain circumstances; establishing the Interagency Food Desert Advisory
11 Committee; establishing the membership, chair, staffing, and duties of the
12 Advisory Committee; authorizing the Secretary of Housing and Community
13 Development, on the recommendation of the Advisory Committee, to designate
14 an area as a food desert after considering certain factors; requiring the
15 Department of Housing and Community Development to adopt certain
16 regulations; authorizing a certain entity to originate and administer financial
17 assistance to a food desert project under certain circumstances; authorizing the
18 Department to provide financial assistance in a certain manner when an
19 approved entity originates or provides financial assistance for a food desert
20 project under certain circumstances; requiring the Department to submit a
21 certain report to certain committees of the General Assembly on or before a
22 certain date each year; defining a certain term; and generally relating to the
23 Neighborhood Business Development Program and food deserts.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
2 Article – Housing and Community Development
3 Section 6–301, 6–303, 6–304, 6–305, and 6–308
4 Annotated Code of Maryland
5 (2006 Volume and 2013 Supplement)

6 BY adding to
7 Article – Housing and Community Development
8 Section 6–308.2, 6–308.3, and 6–308.4
9 Annotated Code of Maryland
10 (2006 Volume and 2013 Supplement)

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

13 **Article – Housing and Community Development**

14 6–301.

15 (a) In this subtitle the following words have the meanings indicated.

16 (b) (1) “Development costs” means the costs incurred to construct or
17 rehabilitate a neighborhood business development project.

18 (2) “Development costs” includes the costs of:

19 (i) necessary studies, surveys, plans, and specifications;

20 (ii) architectural, engineering, or other special services,
21 including flood plain studies, environmental audits, and critical area or wetland
22 assessments;

23 (iii) land and improvements;

24 (iv) site preparation;

25 (v) construction, reconstruction, and rehabilitation;

26 (vi) machinery, equipment, and furnishings;

27 (vii) essential start-up operating costs, including working capital
28 and initial occupancy expenses;

29 (viii) indemnity and surety bonds and premiums on insurance;

30 (ix) temporary relocation expenses; and

1 (x) other necessary fees.

2 (C) “FOOD DESERT” MEANS THE PART OF A PRIORITY FUNDING AREA
3 DESIGNATED BY THE SECRETARY UNDER § 6–308(C) OF THIS SUBTITLE.

4 [(c)] (D) “Fund” means the Neighborhood Business Development Fund.

5 [(d)] (E) “Microenterprise” means a business with not more than five
6 employees that:

7 (1) requires not more than \$35,000 in total start–up capital or
8 financial assistance; and

9 (2) does not have access to the traditional commercial banking sector.

10 [(e)] (F) “Program” means the Neighborhood Business Development
11 Program.

12 [(f)] (G) (1) “Project” means a neighborhood business development
13 project that receives financial assistance from the Fund.

14 (2) “Project” includes a microenterprise project that receives financial
15 assistance from the Fund.

16 [(g)] (H) “Small business” means a business that qualifies as a small
17 business under § 6–302 of this subtitle.

18 [(h)] (I) “Sustainable community” means the part of a priority funding area
19 that:

20 (1) as determined by the Smart Growth Subcabinet, satisfies the
21 requirements of § 6–205 of this title;

22 (2) has been designated as a BRAC Revitalization and Incentive Zone
23 under Title 5, Subtitle 13 of the Economic Development Article; or

24 (3) has been designated a transit–oriented development under § 7–101
25 of the Transportation Article.

26 6–303.

27 (a) There is a Neighborhood Business Development Program.

28 (b) The purposes of the Program [are,] ARE:

29 (1) in sustainable communities, to:

1 [(1)] (I) help develop, redevelop, or expand small businesses and
2 microenterprises;

3 [(2)] (II) stimulate investment by the private sector;

4 [(3)] (III) invest in revitalization projects for small businesses and
5 microenterprises; and

6 [(4)] (IV) stimulate political subdivisions to participate in developing
7 and expanding small businesses and microenterprises; AND

8 **(2) IN FOOD DESERTS, TO HELP CREATE SMALL BUSINESSES AND**
9 **OTHER FOOD-RELATED ENTERPRISES THAT PROVIDE FRESH FRUITS,**
10 **VEGETABLES, AND OTHER HEALTHY FOODS TO RESIDENTS IN THE FOOD**
11 **DESERT.**

12 (c) The Program includes:

13 (1) the Business Development Program; and

14 (2) the Capital Access Program.

15 6–304.

16 (a) There is a Business Development Program in the Neighborhood Business
17 Development Program.

18 (b) The Business Development Program shall provide financial assistance to
19 projects in sustainable communities **AND FOOD DESERTS.**

20 6–305.

21 (a) (1) A small business, nonprofit organization, or microenterprise may
22 apply for financial assistance under the Business Development Program.

23 (2) The Department shall review each application.

24 (b) An applicant may qualify for financial assistance for a project in a
25 sustainable community **OR FOOD DESERT** if the application demonstrates that:

26 (1) except for a microenterprise project, the project has significant
27 commitments for financing from other private and nonstate public sources that are
28 sufficient to complete the project with the money from the Fund;

1 (2) the financial assistance from the Fund is the minimum amount
2 necessary to make the project financially feasible;

3 (3) the project is ready to proceed when it receives financial assistance
4 from the Business Development Program; [and]

5 (4) the political subdivision has adopted a resolution, or its authorized
6 designee has delivered a letter to the Business Development Program, that expresses
7 support for the project; AND

8 **(5) ANY FOOD DESERT PROJECT INCLUDES A PLAN TO SEEK OUT**
9 **SOURCES OF MARYLAND-GROWN PRODUCE AND MARYLAND PRODUCED FOODS.**

10 (c) Financial assistance under the Business Development Program may be
11 provided to a small business, nonprofit organization, or microenterprise as:

12 (1) a grant;

13 (2) a loan;

14 (3) a reduction in the principal obligation of or interest rate on a loan
15 or portion of a loan;

16 (4) a prepayment of interest on a subordinate or superior loan or
17 portion of a loan;

18 (5) an assurance;

19 (6) a guarantee; or

20 (7) any other form of credit enhancement.

21 6-308.

22 (a) The Department shall:

23 (1) administer the Business Development Program;

24 (2) adopt regulations to carry out the Business Development Program,
25 **INCLUDING A PROCESS TO DESIGNATE AN AREA AS A FOOD DESERT UNDER**
26 **SUBSECTION (C) OF THIS SECTION;**

27 (3) establish, for each category of financing described in § 6-306(c) of
28 this subtitle, minimum percentages or amounts of private and nonstate public
29 financing that an applicant for the Business Development Program must secure; and

1 (4) make a reasonable, good faith effort to make 25% of the Business
2 Development Program loans and grants to microenterprises.

3 (b) The Department may:

4 (1) sell, assign, or otherwise dispose of a Program loan or revenue
5 from a loan on terms and conditions acceptable to the Department, including selling
6 loans at a discount, if the maximum sale proceeds in any fiscal year do not exceed
7 \$4,000,000; and

8 (2) apply the proceeds received from a sale, assignment, or other
9 disposition under item (1) of this subsection to the Fund.

10 **(C) THE SECRETARY, ON THE RECOMMENDATION OF THE**
11 **INTERAGENCY FOOD DESERT ADVISORY COMMITTEE ESTABLISHED UNDER §**
12 **6-308.2 OF THIS SUBTITLE, MAY DESIGNATE AN AREA AS A FOOD DESERT AFTER**
13 **CONSIDERING THE FOLLOWING FACTORS:**

14 **(1) AVAILABILITY OF FRESH FRUIT, VEGETABLES, AND OTHER**
15 **HEALTHY FOODS IN THE AREA;**

16 **(2) INCOME LEVELS OF LOCAL RESIDENTS;**

17 **(3) TRANSPORTATION NEEDS OF LOCAL RESIDENTS AND THE**
18 **AVAILABILITY OF PUBLIC TRANSPORTATION;**

19 **(4) COMMENTS FROM LOCAL GOVERNMENTS; AND**

20 **(5) ANY OTHER FACTORS THAT THE DEPARTMENT CONSIDERS**
21 **RELEVANT.**

22 **6-308.2.**

23 **(A) THERE IS AN INTERAGENCY FOOD DESERT ADVISORY COMMITTEE.**

24 **(B) THE COMMITTEE CONSISTS OF THE FOLLOWING SEVEN MEMBERS:**

25 **(1) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;**

26 **(2) THE SECRETARY OF AGRICULTURE, OR THE SECRETARY'S**
27 **DESIGNEE;**

28 **(3) THE SECRETARY OF PLANNING, OR THE SECRETARY'S**
29 **DESIGNEE;**

1 (4) THE SECRETARY OF HEALTH AND MENTAL HYGIENE, OR THE
2 SECRETARY'S DESIGNEE;

3 (5) THE SECRETARY OF HUMAN RESOURCES, OR THE
4 SECRETARY'S DESIGNEE;

5 (6) THE SECRETARY OF BUSINESS AND ECONOMIC
6 DEVELOPMENT, OR THE SECRETARY'S DESIGNEE; AND

7 (7) THE SECRETARY OF EDUCATION, OR THE SECRETARY'S
8 DESIGNEE.

9 (C) THE SECRETARY OR THE SECRETARY'S DESIGNEE IS THE CHAIR OF
10 THE COMMITTEE.

11 (D) THE DEPARTMENT SHALL PROVIDE STAFF FOR THE COMMITTEE.

12 (E) THE COMMITTEE SHALL:

13 (1) ADVISE AND MAKE RECOMMENDATIONS TO THE DEPARTMENT
14 ON THE DEVELOPMENT AND ADOPTION OF REGULATIONS RELATED TO FOOD
15 DESERTS PROJECTS;

16 (2) MAKE RECOMMENDATIONS TO THE SECRETARY ON
17 APPLICATIONS FOR DESIGNATING AN AREA AS A FOOD DESERT; AND

18 (3) MAKE RECOMMENDATIONS FOR INTERAGENCY
19 COORDINATION TO REDUCE THE NUMBER OF FOOD DESERTS AND PROMOTE
20 HEALTHY FOOD ACCESS FOR MARYLAND NEIGHBORHOODS.

21 **6-308.3.**

22 (A) IF THE DEPARTMENT DETERMINES THAT AN ENTITY IS CAPABLE OF
23 ADMINISTERING A FOOD DESERT PROJECT, THE ENTITY MAY ORIGINATE AND
24 ADMINISTER FINANCIAL ASSISTANCE TO A FOOD DESERT PROJECT IN
25 ACCORDANCE WITH STANDARDS THE DEPARTMENT ADOPTS BY REGULATION.

26 (B) THE DEPARTMENT MAY:

27 (1) PAY AN APPROVED ENTITY A REASONABLE ORIGINATION,
28 APPLICATION, AND PROCESSING FEE FOR EACH FOOD DESERT PROJECT THAT IS
29 ORIGINATED BY THE APPROVED ENTITY;

1 **(2) DIRECTLY FUND THE FINANCIAL ASSISTANCE FOR A FOOD**
2 **DESERT PROJECT THAT IS ORIGINATED BY AN APPROVED ENTITY; AND**

3 **(3) PROVIDE FINANCIAL ASSISTANCE TO AN APPROVED ENTITY**
4 **FOR THE PURPOSE OF THE APPROVED ENTITY PROVIDING FINANCIAL**
5 **ASSISTANCE FOR A FOOD DESERT PROJECT IN ACCORDANCE WITH THIS**
6 **SUBTITLE.**

7 **6-308.4.**

8 **(A) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT**
9 **SHALL SUBMIT A REPORT ON THE PROGRAM, IN ACCORDANCE WITH § 2-1246**
10 **OF THE STATE GOVERNMENT ARTICLE, TO THE SENATE BUDGET AND**
11 **TAXATION COMMITTEE, THE SENATE EDUCATION, HEALTH, AND**
12 **ENVIRONMENTAL AFFAIRS COMMITTEE, THE HOUSE APPROPRIATIONS**
13 **COMMITTEE, AND THE HOUSE ENVIRONMENTAL MATTERS COMMITTEE.**

14 **(B) THE REPORT UNDER SUBSECTION (A) OF THIS SECTION SHALL**
15 **INCLUDE:**

16 **(1) THE NAMES OF APPROVED ENTITIES AWARDED FINANCIAL**
17 **ASSISTANCE FOR FOOD DESERT PROJECTS;**

18 **(2) THE TYPE OF ACTIVITIES IN WHICH THE APPROVED ENTITIES**
19 **ARE ENGAGED;**

20 **(3) THE LOCATION OF THE APPROVED ENTITY'S OPERATION;**

21 **(4) THE AMOUNT OF EACH GRANT AWARD;**

22 **(5) THE NUMBER OF EMPLOYEES EMPLOYED BY THE APPROVED**
23 **ENTITY;**

24 **(6) THE BASIS FOR APPROVING THE GRANT;**

25 **(7) AN EXPLANATION OF HOW THE APPROVED ENTITY'S**
26 **OPERATION ADVANCES THE POLICY GOAL OF REDUCING FOOD DESERTS; AND**

27 **(8) IF AVAILABLE, HOW LONG THE GRANTEE'S OPERATION**
28 **STAYED IN BUSINESS FOLLOWING THE AWARDING OF THE GRANT.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2014.