

# HOUSE BILL 326

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By: **Chair, Environment and Transportation Committee (By Request  
– Departmental – Housing and Community Development)**

Introduced and read first time: January 27, 2016

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Housing and Community Development – Business Lending and Neighborhood**  
3 **Revitalization**

4 FOR the purpose of authorizing the Maryland Housing Fund in the Department of Housing  
5 and Community Development to provide certain insurance or credit enhancement on  
6 business projects under certain circumstances; altering certain findings related to  
7 the Maryland Housing Fund to include certain business projects; specifying certain  
8 criteria for a project to qualify as a business project; providing for certain types of  
9 financial assistance to business projects by the Community Development  
10 Administration under certain circumstances; authorizing the Administration to  
11 purchase or issue securities for certain business projects; altering certain definitions;  
12 defining certain terms; authorizing the Department to charge certain fees for certain  
13 financial assistance provided under the Division of Neighborhood Revitalization;  
14 requiring the Department to provide certain notice of certain projects under the  
15 Division to certain local jurisdictions; altering the circumstances in which the  
16 Department may approve certain projects; altering the standards for receipt of  
17 certain financial assistance to certain businesses under the Division; altering the  
18 type of financial assistance that the Department may provide through certain  
19 entities under certain circumstances; expanding the areas in which the  
20 Neighborhood Business Development Program is authorized to provide financial  
21 assistance; repealing certain requirements for applicants for financial assistance for  
22 projects in certain areas; repealing a requirement for the Department to establish  
23 certain minimum percentages for certain types of funding; altering certain limits on  
24 the amount of certain loans that the Department may sell; authorizing the  
25 Department to purchase certain financial assistance from certain entities for certain  
26 business purposes; authorizing the Department to pledge certain loans for certain  
27 purposes; altering where certain unencumbered funds in the Neighborhood Business  
28 Development Fund may be transferred for certain uses under certain circumstances;  
29 and generally relating to business lending and neighborhood revitalization in the  
30 Department of Housing and Community Development.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 BY renumbering  
 2 Article – Housing and Community Development  
 3 Section 3–201(b) through (j), respectively, and 4–201(b) through (u), respectively  
 4 to be Section 3–201(c) through (k), respectively, and 4–201(c) through (v),  
 5 respectively  
 6 Annotated Code of Maryland  
 7 (2006 Volume and 2015 Supplement)
- 8 BY repealing and reenacting, without amendments,  
 9 Article – Housing and Community Development  
 10 Section 3–201(a) and 4–201(a)  
 11 Annotated Code of Maryland  
 12 (2006 Volume and 2015 Supplement)
- 13 BY adding to  
 14 Article – Housing and Community Development  
 15 Section 3–201(b), 4–201(b), and 4–223  
 16 Annotated Code of Maryland  
 17 (2006 Volume and 2015 Supplement)
- 18 BY repealing and reenacting, with amendments,  
 19 Article – Housing and Community Development  
 20 Section 3–202, 3–206(a), 4–201(e), 4–211(a)(12), 4–225(a), 4–234, 6–102, 6–206(b),  
 21 6–301, 6–302, 6–303, 6–304(b), 6–305, 6–308, 6–308.1, 6–310, and 6–405(c)  
 22 Annotated Code of Maryland  
 23 (2006 Volume and 2015 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 25 That Section(s) 3–201(b) through (j), respectively, and 4–201(b) through (u), respectively,  
 26 of Article – Housing and Community Development of the Annotated Code of Maryland be  
 27 renumbered to be Section(s) 3–201(c) through (k), respectively, and 4–201(c) through (v),  
 28 respectively.

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
 30 as follows:

31 **Article – Housing and Community Development**

32 3–201.

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

34 (B) **“BUSINESS PROJECT” HAS THE MEANING STATED IN § 4–201 OF THIS**  
 35 **ARTICLE.**

36 3–202.

1 (a) (1) The General Assembly finds that:

2 (i) the flow of private investment capital into **BUSINESSES AND**  
3 adequate housing can be stimulated by a system insuring qualified lending institutions  
4 against losses resulting from nonpayment of money owed under the terms of a note, bond,  
5 or other evidence of indebtedness; and

6 (ii) the insurance can help State and local activity to finance  
7 **BUSINESSES**, housing, and rehabilitation.

8 (2) The General Assembly also finds that adequate housing can and should  
9 be provided by private capital under our free enterprise system and in accordance with  
10 sound investment practices.

11 (3) The General Assembly finds as a subject of concern that:

12 (i) many residents of the State are living in substandard housing;  
13 and

14 (ii) there is a shortage of housing at reasonable costs for various  
15 income levels.

16 (b) The General Assembly finds that it is in the public interest to promote energy  
17 conservation projects and solar energy projects by providing insurance for:

18 (1) loans made by qualified lending institutions; and

19 (2) bonds or notes issued to finance the projects.

20 (c) The General Assembly finds that the sale of pooled mortgages or securities  
21 backed by mortgages to private or public investors, including public and private pension  
22 funds, is in the public interest and could increase the investment capital available to make  
23 mortgage loans to:

24 (1) acquire, construct, and rehabilitate housing; **AND**

25 (2) **ACQUIRE, OPERATE, CONSTRUCT, AND REHABILITATE**  
26 **BUSINESSES.**

27 (d) (1) In this subsection, “distressed area” has the meaning stated in § 4–201  
28 of this article.

29 (2) The General Assembly finds that it is in the public interest to encourage  
30 the financing of, and otherwise to support, the planning, acquisition, development,  
31 construction, reconstruction, rehabilitation, repair, renovation, and other improvement of:

1 (i) public purpose projects in distressed areas in the State; and

2 (ii) infrastructure projects.

3 (e) The General Assembly finds that the flow of public and private capital to  
4 support the activities specified in this section will be encouraged and expanded by:

5 (1) insuring:

6 (i) loans made by qualified lending institutions;

7 (ii) bonds or notes issued by qualified issuers; and

8 (iii) obligations backed by mortgages; and

9 (2) providing other credit enhancements.

10 3–206.

11 (a) In offering insurance and other forms of credit enhancement, the Department  
12 shall adopt eligibility standards that are reasonable to aid in:

13 (1) financing the purchase, construction, or rehabilitation of:

14 (i) housing projects;

15 (ii) special housing facility projects, consisting of the acquisition,  
16 rehabilitation, improvement, renovation, construction, financing, or refinancing of a  
17 building that:

18 1. provides common, shared, or independent living, dining,  
19 kitchen, sanitary, and sleeping facilities;

20 2. may include supportive services or supervisory live-in  
21 personnel for individuals with specialized housing needs; and

22 3. may include nonresidential facilities to serve individuals  
23 with special needs who may or may not be residents of the special housing facility;

24 (iii) rehabilitation projects, as defined in § 4–901 of this article;

25 (iv) energy conservation projects;

26 (v) solar energy projects;

27 (vi) public purpose projects; [or]

1 (vii) infrastructure projects; [and] OR

2 (VIII) BUSINESS PROJECTS; AND

3 (2) the sale or other transfer of an obligation that is:

4 (i) denoted as a bond, note, collateralized obligation, grantor trust,  
5 conduit, or other form of security or obligation; and

6 (ii) backed directly or indirectly by a mortgage or a payment derived  
7 from a mortgage.

8 4–201.

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

10 (B) “BUSINESS PROJECT” MEANS A PROJECT THAT QUALIFIES UNDER §  
11 4–223 OF THIS SUBTITLE.

12 (e) (1) “Development costs” means the costs that the Department considers  
13 reasonable and necessary to carry out:

14 (i) a community development project;

15 (ii) an energy conservation project;

16 (iii) a home improvement project;

17 (iv) an infrastructure project;

18 (v) a public purpose project;

19 (vi) a solar energy project; [or]

20 (vii) a special housing facility; OR

21 (VIII) A BUSINESS PROJECT.

22 (2) “Development costs” includes:

23 (i) the costs of:

24 1. studies, surveys, plans and specifications, and  
25 architectural, engineering, or other special services;

- 1                                   2.     acquisition of land and any buildings on the land;
- 2                                   3.     site preparation and development, construction,  
3 reconstruction, rehabilitation, and improvement; and
- 4                                   4.     acquisition of machinery, equipment, and furnishings;
- 5                                   (ii)    expenses incurred in connection with initial occupancy or  
6 operation of the project;
- 7                                   (iii)   an allocable portion of the administrative and operating  
8 expenses of the Department;
- 9                                   (iv)    the cost of financing the project, including interest on bonds and  
10 notes issued to finance the project from the date issued to the date the Department  
11 determines that the project is substantially occupied or substantially in operation; [and]
- 12                                   (v)     the cost of other items, including indemnity and surety bonds,  
13 premiums on insurance, fees, relocation costs, and charges and expenses of trustees,  
14 depositories, and paying agents for bonds and notes issued; AND

15                                   **(VI) OPERATING AND EXPANSION COSTS FOR BUSINESS**  
16 **PROJECTS.**

17 4-211.

18           (a)    The Administration shall:

19                                   (12) provide money to programs eligible to receive funding from the  
20 Neighborhood Business Development Fund under § [6-309] **6-310** of this article.

21 **4-223.**

22           **(A) A PROJECT QUALIFIES AS A BUSINESS PROJECT IF THE PROJECT IS:**

23                                   **(1) LOCATED IN AN AREA DESIGNATED AS A PRIORITY FUNDING AREA**  
24 **UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND**

25                                   **(2) (I) ACQUIRED, OWNED, DEVELOPED, CONSTRUCTED,**  
26 **RECONSTRUCTED, REHABILITATED, OR IMPROVED BY A PERSON OR AN ENTITY FOR**  
27 **THE PURPOSES OF CARRYING ON A BUSINESS WHETHER OR NOT FOR PROFIT; OR**

28                                   **(II) ELIGIBLE FOR FUNDING FROM THE NEIGHBORHOOD**  
29 **BUSINESS DEVELOPMENT FUND UNDER § 6-310 OF THIS ARTICLE.**

1           **(B) REPAYMENT OF PRINCIPAL AND INTEREST FOR A BUSINESS PROJECT**  
2 **MAY BE SECURED BY:**

- 3           **(1) REAL PROPERTY;**  
4           **(2) PERSONAL PROPERTY;**  
5           **(3) BANK ACCOUNTS;**  
6           **(4) CERTIFICATES OF DEPOSIT, STOCKS, AND BONDS;**  
7           **(5) CREDIT ENHANCEMENT, ASSURANCE, OR GUARANTY; OR**  
8           **(6) ANY OTHER COLLATERAL ACCEPTABLE TO THE ADMINISTRATION.**

9 4-225.

10           (a) The Administration shall administer a program of financial assistance for:

- 11           (1) community development projects;  
12           (2) energy conservation projects;  
13           (3) home improvement projects;  
14           (4) public purpose projects;  
15           (5) solar energy projects; [and]  
16           (6) special housing facilities; **AND**  
17           **(7) BUSINESS PROJECTS.**

18 4-234.

19           (a) In this section, “government-sponsored enterprise” means the Federal  
20 National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal  
21 Home Loan Bank, or other agency or instrumentality of or chartered by the federal  
22 government that has similar powers.

23           (b) **(1)** To finance community development projects, public purpose projects, or  
24 residential mortgage loans, the Administration may purchase or issue securities that are  
25 backed by mortgage loans and guaranteed by the Government National Mortgage  
26 Association or a government-sponsored enterprise.

1           **(2) TO FINANCE BUSINESS PROJECTS, THE ADMINISTRATION MAY**  
2 **PURCHASE OR ISSUE SECURITIES THAT ARE BACKED BY LOANS OR OTHER**  
3 **OBLIGATIONS.**

4           (c) (1) Notwithstanding inconsistent provisions of this subtitle relating to  
5 bonds or notes that the Administration purchases or issues, the issuance, terms, and  
6 conditions of a security that the Administration issues under this section may be as the  
7 Administration finds necessary or desirable for guaranty by:

8                   **(I) the Government National Mortgage Association or a**  
9 **government-sponsored enterprise, FOR PROJECTS OR LOANS DESCRIBED UNDER**  
10 **SUBSECTION (B)(1) OF THIS SECTION; OR**

11                   **(II) THE MARYLAND HOUSING FUND, A PRIVATE ENTITY, OR A**  
12 **GOVERNMENT-SPONSORED ENTERPRISE, FOR PROJECTS DESCRIBED UNDER**  
13 **SUBSECTION (B)(2) OF THIS SECTION.**

14           (2) Except as provided by paragraph (1) of this subsection, the provisions  
15 of this subtitle that relate to bonds or notes issued by the Administration apply to securities  
16 purchased or issued under this section.

17 6-102.

18           (a) The Division of Neighborhood Revitalization shall administer commercial and  
19 mixed-use revitalization programs to encourage physical and organizational improvements  
20 to business areas.

21           (b) To carry out commercial and mixed-use revitalization programs, the Division  
22 of Neighborhood Revitalization shall administer State and federal grants and loans and  
23 other financial assistance to:

24                   (1) political subdivisions, local public agencies, nonprofit organizations,  
25 neighborhood or community organizations, or private parties; or

26                   (2) corporations or foundations whose net earnings are invested to foster,  
27 encourage, help, or carry out community assistance activities, projects, or programs.

28           **(C) THE DEPARTMENT MAY:**

29                   **(1) CHARGE AND COLLECT FROM A PROJECT APPLICANT OR**  
30 **RECIPIENT OF FINANCIAL ASSISTANCE UNDER THIS TITLE:**

31                   **(I) ORIGINATION, APPLICATION, AND PROCESSING FEES; AND**



1                   **(II) ANY OTHER CHARGES, FEES, OR REIMBURSEMENTS**  
2 **INCIDENTAL TO A PROJECT APPLICATION OR PROVIDING FINANCIAL ASSISTANCE;**  
3 **AND**

4                   **(2) INCLUDE THE FEES AND CHARGES LISTED IN THIS SECTION IN THE**  
5 **AMOUNT OF FINANCIAL ASSISTANCE.**

6 6–206.

7           (b) (1) The Department may not approve an application [unless] **UNTIL THE**  
8 **DEPARTMENT HAS PROVIDED WRITTEN NOTICE AND A REASONABLE OPPORTUNITY**  
9 **TO COMMENT TO** the political subdivision in which the proposed project is located  
10 [approves the application by:

11                   (i) resolution; or

12                   (ii) letter, delivered to the Department by the political subdivision’s  
13 authorized designee, expressing support for the plan or project].

14           (2) If an application affects a sustainable community entirely within a  
15 municipal corporation, the [approval must come from] **DEPARTMENT MUST PROVIDE**  
16 **NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT TO** the municipal  
17 corporation rather than the surrounding county.

18           (3) If an application affects a sustainable community within more than one  
19 political subdivision, **THE DEPARTMENT MUST PROVIDE NOTICE AND A REASONABLE**  
20 **OPPORTUNITY TO COMMENT TO** each political subdivision [must approve it by:

21                   (i) resolution; or

22                   (ii) letter, delivered to the Department by the political subdivision’s  
23 authorized designee, expressing support for the plan or project].

24 6–301.

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

26           (b) (1) “Development costs” means the costs incurred to [construct or  
27 rehabilitate] **DEVELOP, REDEVELOP, OR EXPAND** a neighborhood business development  
28 project.

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

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

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

3 (iii) land and improvements;

4 (iv) site preparation;

5 (v) construction, reconstruction, and rehabilitation;

6 (vi) machinery, equipment, and furnishings;

7 (vii) essential [start-up] operating costs, including working capital  
8 and [initial] occupancy expenses;

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

10 (ix) temporary relocation expenses; and

11 (x) other [necessary fees] **COSTS DETERMINED TO BE**  
12 **ACCEPTABLE BY THE DEPARTMENT.**

13 (c) “Food desert” means the part of a priority funding area designated by the  
14 Secretary under § 6–308(c) of this subtitle.

15 (d) “Fund” means the Neighborhood Business Development Fund.

16 (e) “Microenterprise” means a business [with not more than five employees that:

17 (1) requires not more than \$35,000 in total start-up capital or financial  
18 assistance; and

19 (2) does not have access to the traditional commercial banking sector]  
20 **THAT QUALIFIES AS A MICROENTERPRISE UNDER § 6–302 OF THIS SUBTITLE.**

21 **(F) “PRIORITY FUNDING AREA” MEANS AN AREA DESIGNATED AS A**  
22 **PRIORITY FUNDING AREA UNDER § 5–7B–02 OF THE STATE FINANCE AND**  
23 **PROCUREMENT ARTICLE.**

24 **[(f)] (G)** “Program” means the Neighborhood Business Development Program.

25 **[(g)] (H)** (1) “Project” means a neighborhood business development project  
26 that receives financial assistance from the Fund.

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

1            [(h) (I)]        “Small business” means a business that qualifies as a small business  
2 under § 6–302 of this subtitle.

3            [(i) (J)]        “Sustainable community” means the part of a priority funding area  
4 that:

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

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

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

11 6–302.

12            [(a)]    A business qualifies as a small business **OR A MICROENTERPRISE** if the  
13 number of its employees and the amount of its annual receipts do not exceed limits that the  
14 Department sets by regulation **FOR A SMALL BUSINESS OR A MICROENTERPRISE**.

15            [(b)]    The limits that the Department sets may not be less restrictive than those  
16 that the federal Small Business Administration sets.]

17 6–303.

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

19            (b)    The purposes of the Program are:

20                    (1)    in [sustainable communities] **PRIORITY FUNDING AREAS**, to:

21                            (i)    help develop, redevelop, or expand small businesses and  
22 microenterprises;

23                            (ii)   stimulate investment by the private sector;

24                            (iii) invest in revitalization projects for small businesses and  
25 microenterprises; and

26                            (iv)   stimulate political subdivisions to participate in developing and  
27 expanding small businesses and microenterprises; and

28                    (2)    in food deserts **OR PARTS OF PRIORITY FUNDING AREAS THAT**  
29 **SERVE FOOD DESERTS**, to help create small businesses and other food-related enterprises  
30 that provide fresh fruits, vegetables, and other healthy foods to residents in the food desert.

1 (c) The Program includes:

2 (1) the Business Development Program; and

3 (2) the Capital Access Program.

4 6–304.

5 (b) The Business Development Program shall provide financial assistance to  
6 projects in [sustainable communities and food deserts] **PRIORITY FUNDING AREAS.**

7 6–305.

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

10 (2) The Department shall review each application.

11 (b) An applicant may qualify for financial assistance for a project in a [sustainable  
12 community or food desert] **PRIORITY FUNDING AREA** if the application demonstrates that:

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

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

18 [(3)] (2) the project is ready to proceed when it receives financial  
19 assistance from the Business Development Program;

20 [(4)] (3) the political subdivision has [adopted a resolution, or its  
21 authorized designee has delivered a letter to the Business Development Program, that  
22 expresses support for the project] **BEEN PROVIDED WITH WRITTEN NOTICE AND A  
23 REASONABLE OPPORTUNITY TO COMMENT;** and

24 [(5)] (4) any food desert project includes a plan to seek out sources of  
25 Maryland–grown produce and Maryland produced foods.

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

28 (1) a grant;

29 (2) a loan;

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

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

5 (5) an assurance;

6 (6) a guarantee; or

7 (7) any other form of credit enhancement.

8 6–308.

9 (a) The Department shall:

10 (1) administer the Business Development Program;

11 (2) adopt regulations to carry out the Business Development Program,  
12 including a process to designate an area as a food desert under subsection (c) of this section;  
13 **AND**

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

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

19 (b) The Department may:

20 (1) sell, assign, or otherwise dispose of a Program loan or revenue from a  
21 loan on terms and conditions acceptable to the Department, including selling loans at a  
22 discount, if the maximum sale proceeds in any fiscal year do not exceed **[\$4,000,000]**  
23 **LIMITS THAT THE DEPARTMENT SETS BY REGULATION; [and]**

24 (2) apply the proceeds received from a sale, assignment, or other  
25 disposition under item (1) of this subsection to the Fund; **AND**

26 **(3) PLEDGE A PROGRAM LOAN AS SECURITY FOR ANY:**

27 **(I) BUSINESS PROJECT LOAN, BOND, OR SECURITY THAT IS**  
28 **ISSUED, MADE, OR PURCHASED BY THE COMMUNITY DEVELOPMENT**  
29 **ADMINISTRATION UNDER TITLE 4 OF THIS ARTICLE; OR**

1                                   **(II) INSURANCE, GUARANTY, OR CREDIT ENHANCEMENT ON A**  
2 **PROGRAM LOAN OR BUSINESS PROJECT UNDER § 4-223 OF THIS ARTICLE.**

3           (c)     The Secretary, on the recommendation of the Interagency Food Desert  
4 Advisory Committee established under § 6-308.2 of this subtitle, may designate an area as  
5 a food desert after considering the following factors:

6                   (1)     availability of fresh fruit, vegetables, and other healthy foods in the  
7 area;

8                   (2)     income levels of local residents;

9                   (3)     transportation needs of local residents and the availability of public  
10 transportation;

11                   (4)     comments from local governments; and

12                   (5)     any other factors that the Department considers relevant.

13 6-308.1.

14           (a)     If the Department determines that an entity is capable of administering [a  
15 microenterprise loan program] **FINANCIAL ASSISTANCE UNDER THE PROGRAM**, the  
16 entity may originate and administer [loans to microenterprises] **FINANCIAL ASSISTANCE**  
17 in accordance with standards the Department adopts by regulation.

18           (b)     (1)     The Department shall adopt regulations to establish standards for  
19 determining the eligibility of an entity to administer [a microenterprise loan program]  
20 **FINANCIAL ASSISTANCE UNDER THE PROGRAM.**

21                   (2)     The standards shall include provisions on:

22                           (i)     the size, training, and experience of the professional staff that  
23 would administer the [program] **FINANCIAL ASSISTANCE**; and

24                           (ii)    the capability of the professional staff to:

25                                   1.     determine financial capacity of a borrower;

26                                   2.     originate [a loan] **FINANCIAL ASSISTANCE**; and

27                                   3.     evaluate applications for [program loans] **FINANCIAL**  
28 **ASSISTANCE.**

29           (c)     The Department may:

1 (1) help train employees of an approved entity to administer [a  
2 microenterprise loan program] **FINANCIAL ASSISTANCE** in accordance with standards  
3 that the Department adopts;

4 (2) charge and collect from a borrower:

5 (i) reasonable origination, application, and processing fees; and

6 (ii) other charges, fees, or reimbursements incidental to  
7 [microenterprise loans] **THE FINANCIAL ASSISTANCE**;

8 (3) include the fees and charges listed in item (2) of this subsection in the  
9 [loan] amount **OF FINANCIAL ASSISTANCE**;

10 (4) pay an approved entity a reasonable origination, application, and  
11 processing fee for [each loan to a microenterprise] **THE FINANCIAL ASSISTANCE** that is  
12 originated by the approved entity;

13 (5) directly fund [a loan to a microenterprise] **THE FINANCIAL**  
14 **ASSISTANCE** that is originated by an approved entity; [and]

15 (6) provide financial assistance to an approved entity for the purpose of the  
16 approved entity making [a loan to a microenterprise] **THE FINANCIAL ASSISTANCE** in  
17 accordance with this subtitle;

18 **(7) PURCHASE OR COMMIT TO PURCHASE FROM APPROVED ENTITIES**  
19 **ANY FORM OF FINANCIAL ASSISTANCE THAT MEETS THE REQUIREMENTS OF THIS**  
20 **SUBTITLE AND ANY REGULATIONS ADOPTED UNDER THIS SUBTITLE; AND**

21 **(8) ENTER INTO AGREEMENTS WITH APPROVED ENTITIES TO**  
22 **COLLECTIVELY LEND MONEY ON A PROJECT THAT MEETS THE REQUIREMENTS OF**  
23 **THIS SUBTITLE AND ANY REGULATIONS ADOPTED UNDER THIS SUBTITLE.**

24 6–310.

25 (a) There is a Neighborhood Business Development Fund.

26 (b) The Department shall use the Fund to:

27 (1) operate and pay expenses of the Program; and

28 (2) provide financial assistance to small businesses, nonprofit  
29 organizations, and microenterprises.

30 (c) (1) The Department shall administer the Fund.

1           (2)     The State Treasurer shall hold and the Comptroller shall account for  
2 the Fund.

3           (d)     The Fund is a continuing, nonlapsing special fund that is not subject to §  
4 7–302 of the State Finance and Procurement Article.

5           (e)     The Fund consists of:

6                 (1)     money appropriated in the State budget for the Program;

7                 (2)     any repayment or prepayment of financial assistance under this  
8 subtitle or under the State Action Loans for Targeted Areas Program under former Article  
9 83B, Title 4, Subtitle 6, of the Code;

10                (3)     money transferred to the Fund from any other fund as provided in this  
11 article;

12                (4)     money received from the sale, assignment, or other disposition of  
13 Program loans;

14                (5)     other money received by the Program under this subtitle or from the  
15 Community Development Administration under Subtitle 2 of this title; and

16                (6)     investment earnings of the Fund.

17           (f)     The Fund shall be invested in the same way as other State money.

18           (g)     With the approval of the Legislative Policy Committee and, subject to § 7–209  
19 of the State Finance and Procurement Article, after the first 8 months of a fiscal year, the  
20 Department may transfer unencumbered money in the Fund to:

21                 (1)     any other fund established under this title;

22                 (2)     **THE COMMUNITY DEVELOPMENT ADMINISTRATION TO PROVIDE**  
23 **FINANCIAL ASSISTANCE TO BUSINESS PROJECTS; AND**

24                 (3)     **THE MARYLAND HOUSING FUND UNDER TITLE 3 OF THIS**  
25 **ARTICLE TO PROVIDE INSURANCE, CREDIT ENHANCEMENT, OR A GUARANTY ON:**

26                         **(I)     A PROGRAM LOAN; OR**

27                         **(II)    A BUSINESS PROJECT LOAN, BOND, OR SECURITY THAT IS**  
28 **ISSUED, MADE, OR PURCHASED BY THE COMMUNITY DEVELOPMENT**  
29 **ADMINISTRATION UNDER TITLE 4 OF THIS ARTICLE.**

30 6–405.



1 (c) (1) The Department may not approve a proposal submitted under this  
2 section [unless the proposal is approved by] **UNTIL AFTER IT HAS PROVIDED WRITTEN**  
3 **NOTICE AND A REASONABLE OPPORTUNITY TO COMMENT TO** the governing body [or  
4 authorized designee] of:

5 (i) each county that includes any of the priority funding area that  
6 benefits from the project, if the project is not in a municipal corporation;

7 (ii) each municipal corporation that includes any of the priority  
8 funding area that benefits from the project; or

9 (iii) each political subdivision that includes any of the priority  
10 funding area that benefits from the project, if the priority funding area is partly within and  
11 partly outside of any municipal corporation.

12 (2) An approval shall:

13 (i) be in writing; and

14 (ii) state the maximum amount of contributions to the approved  
15 project that are eligible for a tax credit under § 6–404 of this subtitle.

16 (3) The sum of contributions eligible for a tax credit under § 6–404 of this  
17 subtitle for all approved projects for a fiscal year may not exceed \$3,500,000.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
19 1, 2016.