

HOUSE BILL 1464

C8

7lr1326

By: **Delegates Waldstreicher and Barkley**

Introduced and read first time: February 10, 2017

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Make Office Vacancies Extinct Program**

3 FOR the purpose of establishing the Make Office Vacancies Extinct Program in the
4 Department of Commerce; providing for the purposes of the Program; establishing
5 qualifications for participation in the Program; providing for certain grants to certain
6 businesses under the Program; providing for the coordination of certain activities of
7 the Program with comparable county programs; providing that a certain grant
8 recipient may be required to return certain funds under certain circumstances;
9 establishing a Make Office Vacancies Extinct Matching Fund as a special,
10 nonlapsing fund; specifying the purpose of the Fund; requiring the Secretary of
11 Commerce to administer the Fund; requiring the State Treasurer to hold the Fund
12 and the Comptroller to account for the Fund; specifying the contents of the Fund;
13 specifying the purpose for which the Fund may be used; providing for the investment
14 of money in and expenditures from the Fund; requiring interest earnings of the Fund
15 to be credited to the Fund; exempting the Fund from a certain provision of law
16 requiring interest earnings on State money to accrue to the General Fund of the
17 State; requiring the Secretary to review and evaluate the Program on a periodic
18 basis; authorizing the Secretary to submit certain recommendations to the Governor
19 and the General Assembly; authorizing the Secretary to adopt certain regulations;
20 defining certain terms; and generally relating to the Make Office Vacancies Extinct
21 Program.

22 BY repealing and reenacting, with amendments,
23 Article – Economic Development
24 Section 5–102
25 Annotated Code of Maryland
26 (2008 Volume and 2016 Supplement)

27 BY adding to
28 Article – Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 5–1501 through 5–1507 to be under the new subtitle “Subtitle 15. Make
 2 Office Vacancies Extinct Program”
 3 Annotated Code of Maryland
 4 (2008 Volume and 2016 Supplement)

5 BY repealing and reenacting, without amendments,
 6 Article – State Finance and Procurement
 7 Section 6–226(a)(2)(i)
 8 Annotated Code of Maryland
 9 (2015 Replacement Volume and 2016 Supplement)

10 BY repealing and reenacting, with amendments,
 11 Article – State Finance and Procurement
 12 Section 6–226(a)(2)(ii)94. and 95.
 13 Annotated Code of Maryland
 14 (2015 Replacement Volume and 2016 Supplement)

15 BY adding to
 16 Article – State Finance and Procurement
 17 Section 6–226(a)(2)(ii)96.
 18 Annotated Code of Maryland
 19 (2015 Replacement Volume and 2016 Supplement)

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

22 Article – Economic Development

23 5–102.

24 The Department shall administer the State’s economic development and financial
 25 assistance programs and funds including:

26 (1) the BRAC Revitalization and Incentive Zone Program, under Subtitle
 27 13 of this title;

28 (2) the Enterprise Fund, under Subtitle 6 of this title;

29 (3) the Enterprise Zones Program, under Subtitle 7 of this title;

30 (4) **THE MAKE OFFICE VACANCIES EXTINGT PROGRAM, UNDER**
 31 **SUBTITLE 15 OF THIS TITLE;**

32 (5) the Maryland Economic Adjustment Fund, under Subtitle 2 of this title;

33 **[(5)] (6)** the Maryland Economic Development Assistance Authority and
 34 Fund, under Subtitle 3 of this title;

1 ~~[(6)] (7)~~ the Maryland Industrial Development Financing Authority,
2 under Subtitle 4 of this title;

3 ~~[(7)] (8)~~ the Maryland Small Business Development Financing Authority,
4 under Subtitle 5 of this title;

5 ~~[(8)] (9)~~ the Appalachian Regional Development Program, under Title 13,
6 Subtitle 1 of this article;

7 ~~[(9)] (10)~~ jointly with the Department of Housing and Community
8 Development, the Community Development Block Grant for Economic Development;

9 ~~[(10)] (11)~~ the Regional Institution Strategic Enterprise Zone Program
10 under Subtitle 14 of this title; and

11 ~~[(11)] (12)~~ any other programs or funds designated by statute, the
12 Governor, or the Secretary.

13 **SUBTITLE 15. MAKE OFFICE VACANCIES EXTINGUISH PROGRAM.**

14 **5-1501.**

15 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

17 (B) “FUND” MEANS THE MAKE OFFICE VACANCIES EXTINGUISH MATCHING
18 FUND.

19 (C) “PROGRAM” MEANS THE MAKE OFFICE VACANCIES EXTINGUISH
20 PROGRAM.

21 **5-1502.**

22 (A) THERE IS A MAKE OFFICE VACANCIES EXTINGUISH PROGRAM IN THE
23 DEPARTMENT.

24 (B) THE PURPOSE OF THE PROGRAM IS TO ENCOURAGE THE LOCATION OF
25 NEW BUSINESSES IN THE STATE IN COUNTIES THAT PROVIDE COMPARABLE OFFICE
26 SPACE SUPPORT TO THE BUSINESSES.

27 **5-1503.**

1 **(A) IN ORDER TO QUALIFY FOR PARTICIPATION IN THE PROGRAM, A NEW**
2 **BUSINESS MUST MEET THE CRITERIA IN THIS SECTION.**

3 **(B) THE BUSINESS MUST:**

4 **(1) BE LOCATED IN A COUNTY THAT HAS A COMPARABLE SUPPORT**
5 **PROGRAM TO REDUCE OFFICE SPACE VACANCIES IN THE COUNTY;**

6 **(2) BE:**

7 **(I) A HOME-BASED START-UP ENTERPRISE OCCUPYING ITS**
8 **FIRST COMMERCIAL SPACE IN THE COUNTY; OR**

9 **(II) A BUSINESS RELOCATING OR SIGNIFICANTLY EXPANDING**
10 **ITS OPERATIONS IN THE COUNTY;**

11 **(3) (I) EXECUTE A DIRECT LEASE WITH THE LANDLORD FOR AT**
12 **LEAST 3 YEARS OF NOT MORE THAN 10,000 SQUARE FEET; OR**

13 **(II) OBTAIN AN OCCUPANCY PERMIT, IF SHARING OFFICE SPACE**
14 **WITH ANOTHER BUSINESS; AND**

15 **(4) APPLY FOR SUPPORT FROM THE PROGRAM WITHIN 90 DAYS**
16 **AFTER SIGNING THE LEASE OR OBTAINING THE OCCUPANCY PERMIT.**

17 **(C) THE FOLLOWING BUSINESSES ARE NOT ELIGIBLE FOR SUPPORT FROM**
18 **THE PROGRAM:**

19 **(1) A RETAIL ESTABLISHMENT;**

20 **(2) A RESTAURANT;**

21 **(3) AN INDEPENDENT FINANCIAL BROKER OR AGENT; OR**

22 **(4) AN INSURANCE PRODUCER.**

23 **(D) THE PROGRAM MAY EXCLUDE FROM SUPPORT A BUSINESS THAT IS**
24 **RELOCATING FROM ONE COUNTY THAT HAS A COMPARABLE PROGRAM TO ANOTHER**
25 **COUNTY THAT HAS A COMPARABLE PROGRAM WITHIN THE STATE.**

26 **(E) A GRANT RECIPIENT THAT FAILS TO FULFILL THE ELIGIBILITY AND**
27 **MAINTENANCE REQUIREMENTS OF THE PROGRAM OR OF THE COUNTY**

1 COMPARABLE PROGRAM THAT SUPPORTS THE RECIPIENT MAY BE REQUIRED TO
2 RETURN ALL OR PART OF THE GRANT TO THE PROGRAM.

3 **5-1504.**

4 (A) (1) AN APPLICANT SHALL SUBMIT AN APPLICATION FOR A PROGRAM
5 GRANT ON THE FORM THAT THE SECRETARY REQUIRES.

6 (2) THE APPLICANT MAY SUBMIT AN APPLICATION TO THE PROGRAM
7 AT THE SAME TIME THE APPLICANT APPLIES FOR SUPPORT FROM A COUNTY
8 COMPARABLE PROGRAM.

9 (B) THE PROGRAM SHALL REVIEW THE APPLICATION AND ALL SUPPORTING
10 MATERIALS IN ORDER TO EVALUATE WHETHER THE APPLICANT QUALIFIES FOR A
11 GRANT FROM THE PROGRAM.

12 (C) THE PROGRAM SHALL PROVIDE TO AN ELIGIBLE BUSINESS A GRANT
13 THAT EQUALS THE AMOUNT OF THE GRANT THAT THE COUNTY COMPARABLE
14 PROGRAM PROVIDES TO THE BUSINESS.

15 (D) THE PROGRAM SHALL COORDINATE WITH COUNTY COMPARABLE
16 PROGRAMS TO EVALUATE APPLICATIONS AND TO PROVIDE ASSISTANCE TO
17 ELIGIBLE BUSINESSES UNDER THIS SUBTITLE.

18 **5-1505.**

19 (A) THERE IS A MAKE OFFICE VACANCIES EXTINCT MATCHING FUND.

20 (B) THE PURPOSE OF THE FUND IS TO PROVIDE MATCHING FUNDS TO
21 REDUCE VACANT OFFICE SPACE IN COUNTIES OF THE STATE THAT PROVIDE
22 COMPARABLE SUPPORT TO NEW BUSINESSES.

23 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

24 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
25 SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND
26 PROCUREMENT ARTICLE.

27 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
28 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

29 (E) THE FUND CONSISTS OF:

1 **(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

2 **(2) MONEY RECAPTURED FROM BUSINESSES THAT FAIL TO FULFILL**
3 **THE TERMS AND CONDITIONS OF A GRANT MADE FROM THE PROGRAM;**

4 **(3) INTEREST EARNINGS OF THE FUND; AND**

5 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
6 **THE BENEFIT OF THE FUND.**

7 **(F) THE FUND MAY BE USED ONLY FOR:**

8 **(1) MATCHING GRANTS THAT COUNTIES PROVIDE TO ELIGIBLE**
9 **BUSINESSES UNDER COMPARABLE VACANCY REDUCTION PROGRAMS; AND**

10 **(2) ADMINISTRATIVE EXPENSES OF THE PROGRAM.**

11 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
12 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

13 **(2) INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE**
14 **FUND.**

15 **(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**
16 **WITH THE STATE BUDGET.**

17 **5-1506.**

18 **(A) AT LEAST ONCE EVERY 3 YEARS, THE SECRETARY SHALL REVIEW AND**
19 **EVALUATE THE PROGRAM, INCLUDING THE NUMBER OF PARTICIPATING COUNTIES**
20 **WITH COMPARABLE SUPPORT PROGRAMS AND THE NUMBER AND SIZE OF ELIGIBLE**
21 **BUSINESSES THAT RECEIVE SUPPORT FROM THE PROGRAM.**

22 **(B) BASED ON THE REVIEW AND EVALUATION, THE SECRETARY MAY**
23 **SUBMIT RECOMMENDATIONS TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE**
24 **STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE CONTINUED**
25 **EFFECTIVENESS OF THE PROGRAM AND THE LEVEL OF MATCHING FUNDING THAT**
26 **SHOULD BE PROVIDED TO PARTICIPATING COUNTIES UNDER THE PROGRAM.**

27 **5-1507.**

28 **THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.**

