

SENATE BILL 11

C8

9lr0032

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Commerce)**

Requested: October 15, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 22, 2019

CHAPTER _____

1 AN ACT concerning

2 **Distressed Counties – References and Definitions**

3 FOR the purpose of repealing references to the term “qualified distressed county” and
4 substituting references to the term “Tier I county” in certain provisions of law
5 relating to the Maryland Economic Development Assistance Fund, the Maryland
6 Industrial Development Financing Authority, and a grant for the administration of
7 the Preliminary Scholastic Aptitude Test; altering the definition of “distressed
8 county” for purposes of the Senior Citizen Activities Center Operating Fund; making
9 a conforming change; and generally relating to distressed counties, qualified
10 distressed counties, and Tier I counties.

11 BY repealing and reenacting, without amendments,
12 Article – Economic Development
13 Section 1–101(g)
14 Annotated Code of Maryland
15 (2018 Replacement Volume)

16 BY repealing
17 Article – Economic Development
18 Section 5–301(s)
19 Annotated Code of Maryland
20 (2018 Replacement Volume)

21 BY repealing and reenacting, with amendments,

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 Article – Economic Development
 2 Section 5–301(t) through (v), 5–302, 5–314(b), 5–319(a) and (c), 5–320(b) and (c),
 3 5–324(d), 5–325(b), (c), and (e), 5–330(b), and 5–440(a)
 4 Annotated Code of Maryland
 5 (2018 Replacement Volume)

6 BY adding to
 7 Article – Economic Development
 8 Section 5–301(v)
 9 Annotated Code of Maryland
 10 (2018 Replacement Volume)

11 BY repealing and reenacting, with amendments,
 12 Article – Education
 13 Section 7–203.1(a)
 14 Annotated Code of Maryland
 15 (2018 Replacement Volume and 2018 Supplement)

16 BY repealing and reenacting, with amendments,
 17 Article – Human Services
 18 Section 10–516(a)
 19 Annotated Code of Maryland
 20 (2007 Volume and 2018 Supplement)

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

23 **Article – Economic Development**

24 1–101.

25 (g) (1) “Tier I county” means a county with:

26 (i) an average rate of unemployment for the most recent 24–month
 27 period for which data are available that exceeds 150% of the average rate of unemployment
 28 for the State during that period;

29 (ii) an average rate of unemployment for the most recent 24–month
 30 period for which data are available that exceeds the average rate of unemployment for the
 31 State by at least 2 percentage points; or

32 (iii) a median household income for the most recent 24–month period
 33 for which data are available that is equal to or less than 75% of the median household
 34 income for the State during that period.

35 (2) “Tier I county” includes a county that:

1 (i) no longer meets any of the criteria stated in paragraph (1) of this
2 subsection; but

3 (ii) has met at least one of the criteria at some time during the
4 preceding 24-month period.

5 5-301.

6 [(s) “Qualified distressed county project” means a project that a local government
7 or the Corporation carries out in a qualified distressed county.]

8 [(t) (S) “Responsible person” has the meaning stated in § 7-201 of the
9 Environment Article.

10 [(u) (T) “Significant strategic economic development opportunity” means a
11 project that is determined by the Department or Authority to provide a valuable economic
12 development opportunity of statewide, regional, or strategic industry impact.

13 [(v) (U) “Specialized economic development opportunity” means:

14 (1) an aquaculture project;

15 (2) an arts and entertainment enterprise;

16 (3) an arts and entertainment project;

17 (4) the redevelopment of a qualified brownfields site; or

18 (5) a project to create or expand a child care facility.

19 (V) **“TIER I COUNTY PROJECT” MEANS A PROJECT THAT A LOCAL
20 GOVERNMENT OR THE CORPORATION CARRIES OUT IN A TIER I COUNTY.**

21 5-302.

22 Assistance for a [qualified distressed] **TIER I** county project is available to a
23 [qualified distressed] **TIER I** county under this subtitle only if:

24 (1) the county has developed a local strategic plan for economic
25 development in consultation with the municipal corporations located in the county, if any;

26 (2) the county has submitted the plan to the Secretary for approval; and

27 (3) the Secretary has approved the plan.

28 5-314.

1 (b) The Department periodically shall review its portfolio in an effort to ensure:

2 (1) the equitable distribution among the counties of money from the Fund;

3 (2) adequate funding for [qualified distressed] **TIER I** county projects; and

4 (3) that no particular [qualified distressed] **TIER I** county benefits
5 disproportionately from financial assistance to [qualified distressed] **TIER I** counties under
6 this subtitle.

7 5-319.

8 (a) (1) Financial assistance from the Fund not exceeding \$2,500,000 may be
9 approved by the Secretary.

10 (2) Except as provided in paragraph (3) of this subsection, financial
11 assistance from the Fund exceeding \$2,500,000 requires approval by the Authority.

12 (3) For a [qualified distressed] **TIER I** county project, the Secretary may
13 approve financial assistance exceeding \$2,500,000.

14 (c) (1) Except as provided in paragraph (2) of this subsection, financial
15 assistance provided to a local government or the Corporation for a project shall be approved
16 by a formal resolution of:

17 (i) the governing body of the jurisdiction in which the project is
18 located; or

19 (ii) if the recipient of the financial assistance is the Corporation, its
20 board of directors.

21 (2) If the recipient of the financial assistance is the Corporation for a
22 [qualified distressed] **TIER I** county project, the financial assistance shall be approved by
23 formal resolutions of both the board of directors of the Corporation and the governing body
24 of the jurisdiction in which the project is located.

25 (3) A project that is funded by a grant from the Fund to a local government
26 or the Corporation, and carried out by the local government or the Corporation, shall be
27 consistent with the strategy or plan for economic development of the county or municipal
28 corporation in which the project is located.

29 (4) If the Department provides financial assistance to a local government
30 for a project, an interest in that project is later transferred to a third party, and the transfer
31 of the interest is financed by the local government:

32 (i) the local government may assign the financing documents to the

1 Department as a repayment of or return on the Department's financial assistance to the
2 local government; and

3 (ii) the assignment may not be considered a new financing under this
4 subtitle.

5 5-320.

6 (b) A project need not be in an eligible industry sector if the applicant:

7 (1) is located in a [qualified distressed] **TIER I** county; or

8 (2) (i) is a local government or the Corporation; and

9 (ii) does not intend to use the financial assistance to carry out a
10 project that benefits a particular private sector entity.

11 (c) In form and content acceptable to the Department, an applicant for financial
12 assistance from the Fund shall submit to the Department an application that contains:

13 (1) the information that the Department or Authority considers necessary
14 to evaluate the request for financial assistance; and

15 (2) for a [qualified distressed] **TIER I** county project:

16 (i) a marketing plan designed to market the project to prospective
17 businesses;

18 (ii) a statement of planned marketing expenditures as a percent of
19 the total financial assistance amount requested; and

20 (iii) a plan for the project that is consistent with the county's local
21 strategic economic development plan as to the location and type of project.

22 5-324.

23 (d) (1) Financial assistance provided to a local government or the Corporation
24 to finance a project may be:

25 (i) in the form of a grant, loan, or investment; and

26 (ii) except as provided in paragraph (2) of this subsection, in an
27 amount not exceeding \$3,000,000.

28 (2) Financial assistance for a [qualified distressed] **TIER I** county project
29 may be in an amount determined by the Department.

1 (3) A grant to a local economic development fund is subject to the
2 requirements of Part V of this subtitle.

3 5–325.

4 (b) (1) Except as provided in paragraph (2), (3), or (4) of this subsection,
5 financial assistance from the Fund may not exceed 70% of the total costs of the project being
6 financed.

7 (2) Financial assistance from the Fund may constitute 100% of the total
8 costs of the project being financed if:

9 (i) the recipient is the Corporation; or

10 (ii) the financial assistance is for:

11 1. an arts and entertainment enterprise;

12 2. an arts and entertainment project; or

13 3. a [qualified distressed] **TIER I** county project.

14 (3) (i) Except as provided in subparagraph (ii) of this paragraph,
15 financial assistance from the Fund:

16 1. may be used to finance up to 50% of the costs of
17 construction, purchase, or renovation of real property, fixtures, or equipment related to a
18 child care facility; but

19 2. may not be used for working capital, supplies, or inventory
20 related to a child care facility.

21 (ii) Financial assistance from the Fund may be used to finance up to
22 20% of the costs described in subparagraph (i) of this paragraph incurred by a business that
23 has received or will receive a day care loan insured by the Maryland Industrial
24 Development Financing Authority.

25 (4) Financial assistance for preparation of a strategy or plan for economic
26 development of a county or municipal corporation may not exceed:

27 (i) 50% of the costs of preparation; or

28 (ii) \$50,000 in a 3–year period.

29 (c) (1) A loan from the Fund shall bear an interest rate below the market rate
30 of interest, as determined by the Department, if the loan is for:

1 (i) a significant strategic economic development opportunity; or

2 (ii) a specialized economic development opportunity.

3 (2) A loan from the Fund for a [qualified distressed] **TIER I** county project
4 shall bear an interest rate determined by the Department or the Authority.

5 (3) A loan from the Fund shall bear an interest rate not exceeding
6 one-eighth of 1% plus the net interest cost of the most recent State general obligation bond
7 issue preceding the approval of the loan if the loan is:

8 (i) for a local economic development opportunity; or

9 (ii) to a local government.

10 (4) A loan from the Fund may not bear an interest rate of less than 3%
11 unless:

12 (i) the project funded by the loan is located in an area of high
13 unemployment; or

14 (ii) the Department determines that the borrower is carrying out a
15 compelling economic development initiative.

16 (e) The term of a loan from the Fund may not exceed:

17 (1) for working capital, 3 years;

18 (2) for financing equipment, furnishings, or fixtures, the lesser of 15 years
19 or the useful life of the asset, as determined by the Department;

20 (3) for financing the construction or acquisition of buildings and real
21 property, 25 years; and

22 (4) for financing the redevelopment of a qualified brownfields site or a
23 [qualified distressed] **TIER I** county project, a term approved by the Department or
24 Authority.

25 5-330.

26 (b) A local government that is, or is located in, a [qualified distressed] **TIER I**
27 county may qualify for a grant from the Fund by providing a grant to the local economic
28 development fund in an amount equal to at least 50% of the grant from the Fund.

29 5-440.

30 (a) The Authority may not charge a premium for insurance if the Authority

1 determines that, at the time the insurance is approved, the facility or business for which
2 the Authority provides insurance is located in a [qualified distressed] **TIER I** county.

3 **Article – Education**

4 7–203.1.

5 (a) (1) For fiscal years 2003 and 2004, the Department shall distribute grants
6 to [qualified distressed] **TIER I** counties, as defined in § 1–101 of the Economic
7 Development Article, for the administration of the Preliminary Scholastic Aptitude Test to
8 10th grade students.

9 (2) For fiscal year 2005 and each subsequent fiscal year, the Department
10 shall distribute grants to each county for the administration of the Preliminary Scholastic
11 Aptitude Test to 10th grade students.

12 **Article – Human Services**

13 10–516.

14 (a) In this section, “distressed county” means a **TIER I** county[:

15 (1) with an average rate of unemployment for the most recent 24–month
16 period for which data are available that exceeds:

17 (i) 150% of the average rate of unemployment for the State during
18 that period; or

19 (ii) the average rate of unemployment for the State during that
20 period by at least 2 percentage points;

21 (2) with an average per capita personal income for the most recent
22 24–month period for which data are available that is equal to or less than 67% of the
23 average per capita personal income for the State during that period; or

24 (3) that no longer meets either criterion stated in item (1) or (2) of this
25 subsection but has met at least one of the criteria at some time during the preceding
26 24–month period] **AS DEFINED IN § 1–101 OF THE ECONOMIC DEVELOPMENT**
27 **ARTICLE.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2019.