HOUSE BILL 1451

C9 2lr3181

By: Delegate McIntosh

Introduced and read first time: February 23, 2022 Assigned to: Rules and Executive Nominations Re-referred to: Appropriations, February 27, 2022

Committee Report: Favorable

House action: Adopted

Read second time: March 10, 2022

CHAPTER _____

1 AN ACT concerning

Housing and Community Development – Business Projects and the Business Development Program – Financial Assistance

- 4 FOR the purpose of authorizing the Community Development Administration to provide 5 certain forms of financial assistance for business projects; authorizing the 6 Department of Housing and Community Development to provide certain forms of 7 financial assistance under the Business Development Program; authorizing the 8 Department to sell or assign a certain equity interest without approval or execution 9 by the Board of Public Works; and generally relating to financial assistance provided 10 by the Community Development Administration and the Department of Housing and 11 Community Development.
- 12 BY repealing and reenacting, with amendments,
- 13 Article Housing and Community Development
- 14 Section 4–223, 6–305, 6–308, and 6–310
- 15 Annotated Code of Maryland
- 16 (2019 Replacement Volume and 2021 Supplement)
- 17 BY repealing and reenacting, with amendments,
- 18 Article Housing and Community Development
- 19 Section 4–223
- 20 Annotated Code of Maryland
- 21 (2019 Replacement Volume and 2021 Supplement)
- (As enacted by Section 1 of this Act)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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

26		(1)	A LOAN;			
24 25	(C)	FINA	ANCIAL ASSISTANCE FOR A BUSINESS PROJECT MAY BE PROVIDED			
23		(6)	any other collateral acceptable to the Administration.			
22		(5)	credit enhancement, assurance, or guaranty; or			
21		(4)	certificates of deposit, stocks, and bonds;			
20		(3)	bank accounts;			
19		(2)	personal property;			
18		(1)	real property;			
17	(b)	Repa	yment of principal and interest for a business project may be secured by:			
15 16	Developmen	nt Fun	(ii) eligible for funding from the Neighborhood Business d under § 6–310 of this article.			
12 13 14	(2) (i) acquired, owned, developed, constructed, reconstructed, rehabilitated, or improved by a person or an entity for the purposes of carrying on a business whether or not for profit; or					
9 10 11	Internal Re County; and	(ii) a qualified opportunity zone designated under § 1400Z–1 of the rnal Revenue Code in Allegany County, Garrett County, Somerset County, or Wicomico sty; and				
7 8	of the State	Finar	(i) an area designated as a priority funding area under \S 5–7B–02 area and Procurement Article; or			
6		(1)	located in:			
5	(a)	A pro	oject qualifies as a business project if the project is:			
4	4–223.					
3	Article - Housing and Community Development					
$\frac{1}{2}$	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:					

1 A REDUCTION IN THE PRINCIPAL OBLIGATION OF OR INTEREST **(2)** 2 RATE ON A LOAN OR PORTION OF A LOAN; 3 A PREPAYMENT OF INTEREST ON A SUBORDINATE OR SUPERIOR **(3)** 4 LOAN OR PORTION OF A LOAN; **(4)** 5 AN ASSURANCE; 6 **(5)** A GUARANTEE OR OTHER FORM OF CREDIT ENHANCEMENT; OR 7 **(6)** A PROMISSORY NOTE THAT MAY BE CONVERTED TO AN EQUITY 8 OWNERSHIP INTEREST AND LIQUIDATED AT THE EARLIEST OPPORTUNITY TO REALIZE THE HIGHEST MARKET VALUE FOR THE ADMINISTRATION. 9 10 6-305.11 (a) (1) A small business, nonprofit organization, or microenterprise may apply 12 for financial assistance under the Business Development Program. (2)13 The Department shall review each application. 14 An applicant may qualify for financial assistance for a project in a priority funding area or an eligible opportunity zone if the application demonstrates that: 15 16 the financial assistance from the Fund is the minimum amount 17 necessary to make the project financially feasible; the project is ready to proceed when it receives financial assistance from 18 the Business Development Program; and 19 20 any food desert project includes a plan to seek out sources of Maryland-grown produce and Maryland produced foods. 2122 The Department shall provide written notice to the political subdivision 23 in which the proposed project is located. 24 Except as provided in paragraph (3) of this subsection, the Department 25 may not approve an application unless the political subdivision in which the proposed project is located approves the application by: 2627 (i) resolution; or 28 letter, delivered to the Department by the political subdivision's

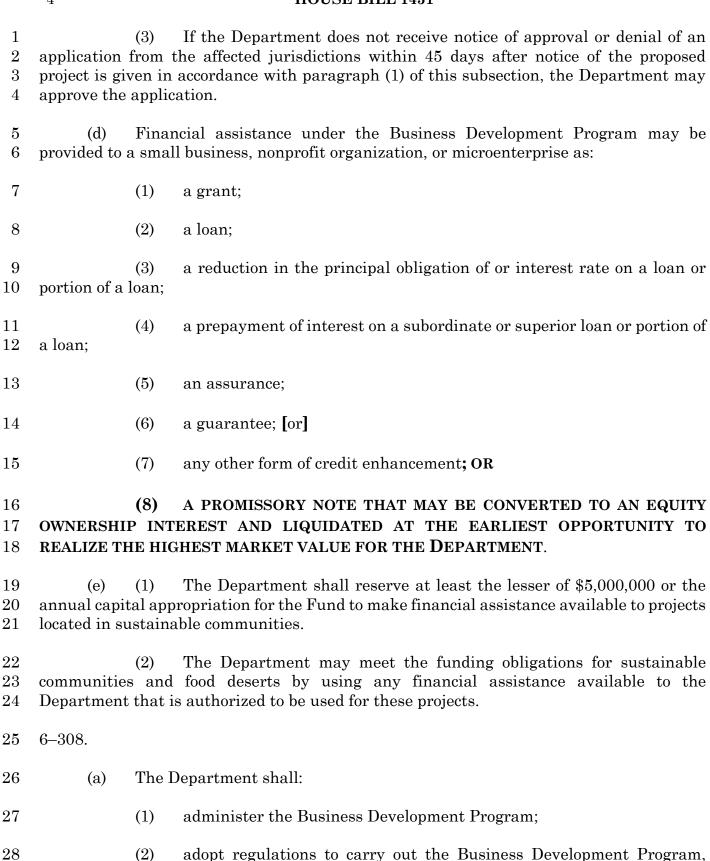
authorized designee, expressing support of the plan or project.

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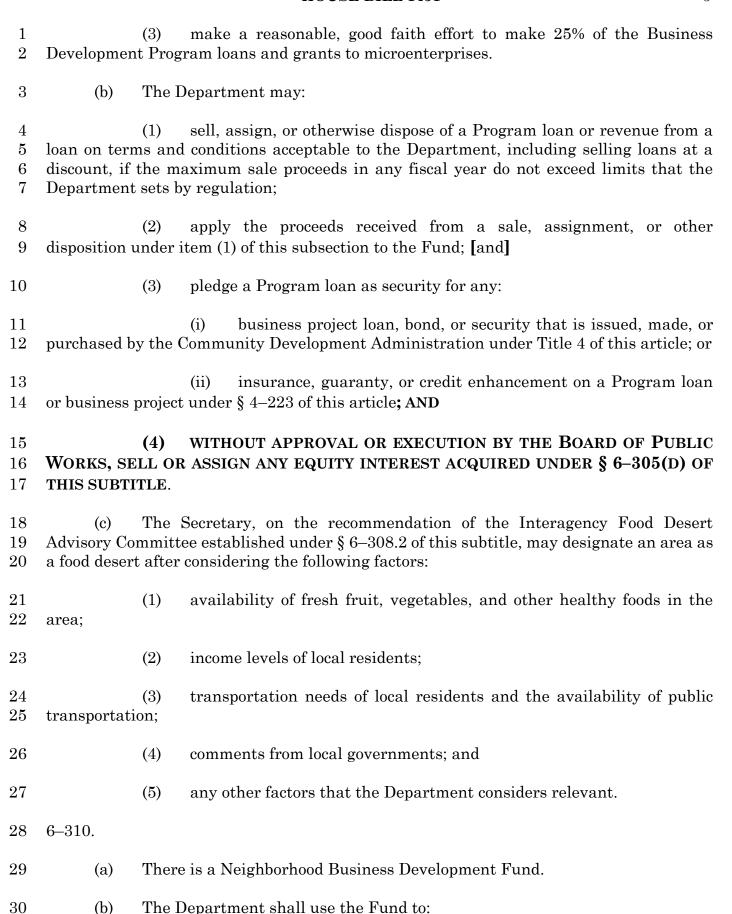
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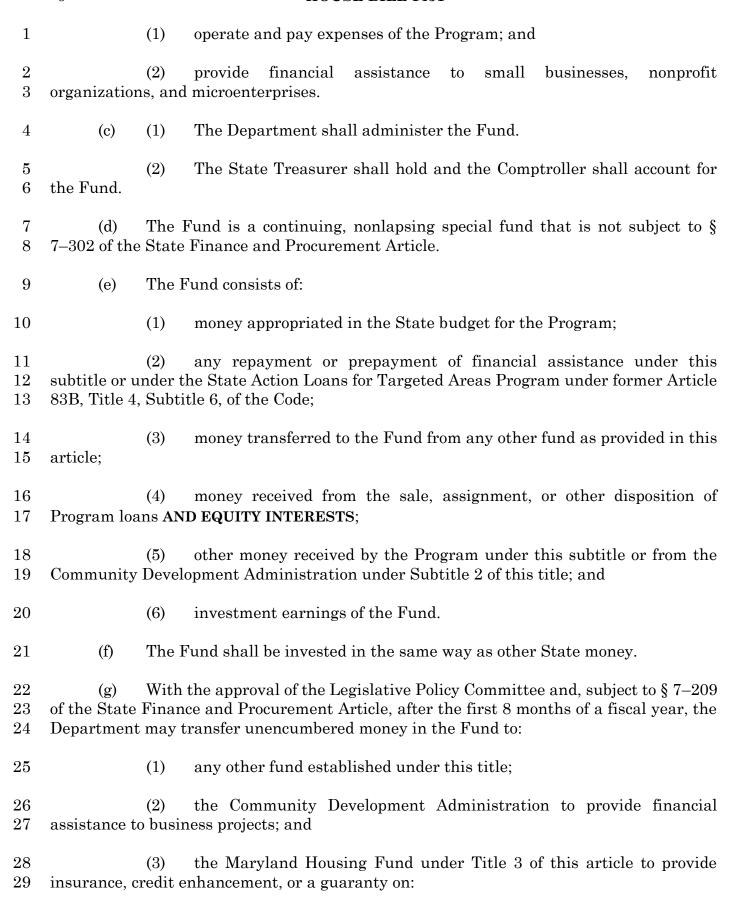
and



including a process to designate an area as a food desert under subsection (c) of this section;



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a Program loan; or

(i)

$\frac{1}{2}$	purchased by	` '	a business project loan, bond, or security that is issued, made, or nity Development Administration under Title 4 of this article.
3 4	SECTION as follows:	ON 2. AND	BE IT FURTHER ENACTED, That the Laws of Maryland read
5		Article	- Housing and Community Development
6	4–223.		
7	(a) A	project qua	alifies as a business project if the project is:
8	(1) located	d in:
9	of the State Fi	` '	an area designated as a priority funding area under § 5–7B–02 Procurement Article; or
11 12 13	Internal Rever	` '	a qualified opportunity zone designated under § 1400Z–1 of the Allegany County, Garrett County, Somerset County, or Wicomico
14 15 16	`	or improve	acquired, owned, developed, constructed, reconstructed, d by a person or an entity for the purposes of carrying on a or profit; or
17 18	Development	` '	eligible for funding from the Neighborhood Business § 6–310 of this article.
9	(b) F	depayment o	of principal and interest for a business project may be secured by:
20	(l) real pr	roperty;
21	(2	2) person	nal property;
22	(3) bank a	accounts;
23	(4) certific	cates of deposit, stocks, and bonds;
24	(5) credit	enhancement, assurance, or guaranty; or
25	(3) any ot	her collateral acceptable to the Administration.
26	(c) F	inancial ass	sistance for a business project may be provided as:
27	(1) a loan	

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$\begin{array}{c} 1 \\ 2 \end{array}$	(2) portion of a loan;	a reduction in the principal obligation of or interest rate on a loan or				
3 4	(3) a loan;	a prepayment of interest on a subordinate or superior loan or portion or				
5	(4)	an assurance; OR				
6	(5)	a guarantee or other form of credit enhancement[; or				
7 8 9	(6) interest and liquidathe administration	a promissory note that may be converted to an equity ownership dated at the earliest opportunity to realize the highest market value for n].				
10 11	SECTION 3 effect July 1, 2026	3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take 3.				
12 13		ION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section this Act shall take effect July 1, 2022.				
	Approved:					
		Governor.				
	Speaker of the House of Delegates.					

President of the Senate.