

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 865

(Senators Corderman and McKay)

Budget and Taxation

Ways and Means

**Economic Development - Western Maryland Economic Future Investment Board
and Senator George C. Edwards Fund - Alterations**

This bill alters the Western Maryland Economic Future Investment program by (1) making changes to the membership of the Western Maryland Economic Future Investment Board and its related powers and duties and (2) creating an executive director position, subject to specified requirements and salary. The executive director must manage the administrative and technical affairs of the board and may assist in the administration of the related Senator George C. Edwards Fund. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: Overall State expenditures are not materially affected. The FY 2024 budget as passed by the General Assembly includes \$10.0 million for the Western Maryland Economic Future Investment Program, which is already authorized to pay for related administrative expenses through the Senator George C. Edwards Fund. Any additional expense reimbursements for board members are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

Local Effect: The bill does not materially affect local government finances or operations. The Tri-County Council for Western Maryland is already required to staff the Western Maryland Economic Future Investment Board and administer the Senator George C. Edwards Fund, and receives assistance with staffing the board and, potentially, administering the fund, from the newly created executive director position under the bill. Any additional staffing costs are assumed to be minimal and absorbable within existing budgeted resources.

Small Business Effect: None.

Analysis

Bill Summary: The membership of the Western Maryland Economic Future Investment Board is altered, mostly to add nonvoting members. The bill also specifies that the voting members have final approval authority on disbursements from the Senator George C. Edwards Fund and projects selected under the Western Maryland Economic Future Investment Program.

The board must appoint an executive director, who must manage the administrative affairs and technical activities of the board, in accordance with policies and procedures established by the board, and has other specified responsibilities. The executive director may also assist in administering the Senator George C. Edwards Fund.

Current Law: Chapters 62 and 63 of 2022 established the Western Maryland Economic Future Investment program and board and the Senator George C. Edwards Fund. The Tri-County Council for Western Maryland must staff the board and administer the fund. The purpose of the fund is to provide grants and loans for capital infrastructure projects and business development projects that improve economic conditions in the region; it may only be used for that purpose and administrative expenses. A (council) member county or local entity within a member county may apply for funding, as specified. From fiscal 2024 through 2026, the Governor must annually appropriate at least \$10.0 million to the fund in the State operating or capital budget. The fiscal 2023 budget includes \$20.0 million for the program.

A member county or local entity within a member county may submit a proposal for funding under the program. To qualify, a project must be:

- a capital infrastructure project that (1) is linked to economic development in the region, as approved by the board and (2) receives 20% matching funds from the member county where the project is located, another local entity, a private business, or a combination thereof;
- a business development project that (1) encourages and promotes downtown neighborhood revitalization, small business tourism, or other areas as approved by the board and (2) receives 10% matching funds from the member county where the project is located, another local entity, a private business, or a combination thereof; or
- any other project that the board determines is appropriate to promote economic development in the region.

The board must develop criteria to review, evaluate, and rate project proposals for funding under the program and must distribute funding in accordance with those criteria; however,

the criteria must ensure that the project creates or retains jobs, creates or retains businesses, increases wages, or creates new State or local tax revenue.

The board must monitor and track the progress of each project that receives funding. If the board determines that sufficient progress is not being made toward achieving program requirements, the board may reclaim the awarded funds. The funding provided under the program must be used to supplement, and not supplant, any funds that would otherwise be provided to the board or the member counties.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 768 (Delegate Buckel) - Ways and Means.

Information Source(s): Department of Commerce; Garrett and Washington counties; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2023
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