

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1228  
Appropriations

(Delegate Queen, *et al.*)

---

National Capital Strategic Economic Development Fund - Authorized Uses

---

This bill makes permanent the requirement that the National Capital Strategic Economic Development Fund must be used only for community enhancement projects in sustainable communities located in specified areas of Montgomery and Prince George’s counties. The bill also repeals the requirement that, starting in fiscal 2024 and annually thereafter, 100% of the fund be used for community enhancement projects in sustainable communities located, at least in part, within the boundary created by Interstate 495 in the State and the District of Columbia. **The bill takes effect July 1, 2023.**

---

Fiscal Summary

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** Overall, the bill does not affect total funding for Montgomery and Prince George’s counties; however, some municipalities in Montgomery County may benefit from the changes while others may be disadvantaged.

**Small Business Effect:** Minimal.

---

Analysis

**Current Law:**

*National Capital Strategic Economic Development Program*

Chapter 732 of 2019 established the National Capital Strategic Economic Development Program. The program provides financial assistance to specified government agencies,

entities controlled by housing authorities, and community development organizations in the “national capital region” for community enhancement projects. The “national capital region” is defined as the areas of the State located within a sustainable community in Montgomery or Prince George’s counties. The Governor is required to include annual appropriations of \$200,000 in the operating budget to administer the program and \$7.0 million in either the operating or capital budget to be distributed under the program.

In fiscal 2022 and 2023, 100% of program funding must be used for community enhancement projects in sustainable communities in specified areas of Montgomery and Prince George’s counties. In Prince George’s County, the projects must be located, at least in part, within the boundary created by Interstate 495 in the State and the District of Columbia. In Montgomery County, eligible projects must be within an enterprise zone or the boundary created by (1) Prince George’s County; (2) Maryland Route 200; (3) Interstate 270; (4) Interstate 495 to the Maryland State line; and (5) the District of Columbia.

Beginning in fiscal 2024, 100% of program funding must be used for community enhancement projects in sustainable communities located, at least in part, within the boundary created by Interstate 495 in the State and the District of Columbia.

#### *Sustainable Communities and Priority Funding Areas*

A sustainable community is defined as a part of a priority funding area that (1) is designated by the Smart Growth Subcabinet on the recommendation of the Secretary of Housing and Community Development; (2) has been designated as a Base Realignment and Closure Revitalization Incentive Zone; or (3) has been designated a transit-oriented development.

Chapter 759 of 1997 established that State spending on certain growth-related activities must be directed to priority funding areas. Growth-related projects include most State programs that encourage or support growth and development such as highways, sewer and water construction, economic development assistance, and State leases or construction of new office facilities. Priority funding areas include all municipalities that existed in the State in 1997; areas inside the Washington Beltway and the Baltimore Beltway; and areas designated as enterprise zones, neighborhood revitalization areas, heritage areas, and certain industrial areas. Areas that were annexed by a municipality after 1997 may also be designated priority funding areas, as long as the areas satisfy specified requirements in statute generally related to density, water and sewer access, and other related factors.

## Additional Information

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

**Designated Cross File:** SB 273 (Senator Zucker, *et al.*) - Budget and Taxation.

**Information Source(s):** Montgomery and Prince George's counties; Maryland Municipal League; Department of Housing and Community Development; Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2023  
js/mcr

---

Analysis by: Thomas S. Elder

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510