

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 510

(Delegate Stewart)

Environment and Transportation

Education, Energy, and the Environment

Business Facade Improvement Program - Eligible Funding Recipients

This bill expands eligibility for funding under the Business Facade Improvement Program in the Department of Housing and Community Development (DHCD) to include community development organizations that (1) serve at least one sustainable community and (2) apply for the funds. The bill also makes conforming changes. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Overall finances of the Business Facade Improvement Program are not affected. DHCD can handle any administrative changes with existing budgeted resources.

Local Effect: To the extent eligible community development organizations apply for and receive funds from the Business Facade Improvement Program, fewer funds are available for local governments (currently the only eligible funding recipients).

Small Business Effect: Minimal.

Analysis

Current Law: A corporation, foundation, or other legal entity qualifies as a “community development organization” if (1) its purpose is to improve the physical, economic, or social environment of the area where it operates and (2) no part of its net earnings inures to the benefit of a private shareholder or individual holding an interest in that entity.

Chapter 437 of 2023 established the Business Facade Improvement Program within DHCD. The purpose of the program is to assist qualified businesses with improving the

outside appearance of the businesses' buildings and facilities. DHCD must distribute funds from the program to political subdivisions that have at least one sustainable community and apply for the funds. In addition, DHCD must develop (1) an application process for political subdivisions seeking to participate in the program and (2) criteria for rating political subdivisions that apply for funds and awarding funds to political subdivisions. Each political subdivision that receives funds under the program must distribute grants to qualified businesses that apply for a grant. Each political subdivision must develop (1) a grant application process for qualified businesses seeking to participate in the program and (2) criteria for rating qualified businesses that apply for grants and awarding grants to qualified businesses. Beginning in fiscal 2025, the Governor must include in the annual budget bill an appropriation of \$5.0 million to the program. The fiscal 2025 capital budget as passed by the General Assembly includes \$5.0 million in general obligation bond proceeds for the program.

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

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

Designated Cross File: None.

Information Source(s): Baltimore City; Harford, Montgomery, and Wicomico counties; City of Frostburg; Maryland Municipal League; Department of Housing and Community Development; Department of Legislative Services

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