

Chapter 543

(House Bill 461)

AN ACT concerning

**Economic Development – Rural Readiness Program and Rural Maryland
Capacity Building Fund – Establishment**

FOR the purpose of establishing the Rural Readiness Program administered by the Rural Maryland Council to provide assistance to rural communities to enhance their capacity for economic development; requiring priority to be given when making certain grants to entities that have completed the Rural Readiness Program; establishing the Rural Maryland Capacity Building Fund as a special, nonlapsing fund to be administered by the Council to provide grants to support certain planning and capacity building initiatives; and generally relating to rural communities.

BY renumbering

Article – Economic Development
Section 13–416
to be Section 13–417
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,

Article – Economic Development
Section 13–401
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY adding to

Article – Economic Development
Section 13–416
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement
Section 2–206(e)(1) and 2–207(c)(1) and (g)(2)(i)
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement
Section 2–206(e)(5)
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY adding to

Article – State Finance and Procurement

Section 2–207.1

Annotated Code of Maryland

(2021 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 13–416 of Article – Economic Development of the Annotated Code of Maryland be renumbered to be Section(s) 13–417.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Economic Development

13–401.

In this subtitle, “Council” means the Rural Maryland Council.

13–416.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) “ELIGIBLE APPLICANT” MEANS:

- 1. A NONPROFIT ORGANIZATION;**
- 2. A UNIT OF LOCAL GOVERNMENT;**
- 3. A STATE–RECOGNIZED TRIBE;**
- 4. AN INSTITUTION OF HIGHER EDUCATION IN THE STATE;**
- 5. A REGIONAL PLANNING AGENCY; OR**
- 6. AN ECONOMIC OR WORKFORCE DEVELOPMENT ORGANIZATION.**

(II) “ELIGIBLE APPLICANT” DOES NOT INCLUDE STATE GOVERNMENTAL ENTITIES.

(3) “PROGRAM” MEANS THE RURAL READINESS PROGRAM.

(4) “RURAL COMMUNITY” HAS THE MEANING STATED IN § 2-207 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(B) THE GENERAL ASSEMBLY FINDS THAT:

(1) RURAL COMMUNITIES ARE OFTEN DISADVANTAGED WHEN COMPETING FOR FINANCIAL AND OTHER RESOURCES DUE TO:

(I) A LACK OF CAPACITY AND POPULATION DENSITY RESULTING IN LIMITED RESOURCES DUE TO A SMALLER TAX BASE; AND

(II) LIMITED ACCESS TO CRITICAL INFRASTRUCTURE, INCLUDING BROADBAND AND TRANSPORTATION;

(2) A DEFICIENCY EXISTS IN THE ESSENTIAL ELEMENTS NEEDED FOR RURAL COMMUNITIES TO THRIVE AND ADDRESS THE NEEDS OF THE RURAL COMMUNITY;

(3) RURAL COMMUNITIES STRUGGLE TO RECRUIT AND RETAIN SKILLED STAFF NEEDED TO IMPLEMENT AND MANAGE PROJECTS PARTICULARLY IN TECHNICAL SUPPORT FOR ECONOMIC AND COMMUNITY DEVELOPMENT;

(4) RURAL COMMUNITIES EXPERIENCE CHALLENGES IN SOCIAL COHESION AND NETWORKS THAT MAKE IT HARD TO MOBILIZE RESOURCES AND COLLECTIVELY ADDRESS ISSUES;

(5) THE POPULATION OF RURAL COMMUNITIES IS LIKELY TO BE OLDER, POORER, AND SICKER DUE TO AGE AND AN OUTMIGRATION OF YOUNGER PEOPLE; AND

(6) NOT ADDRESSING THE CHALLENGES OF RURAL COMMUNITIES WILL MANIFEST AS DISPARITIES IN HEALTH CARE ACCESS, EDUCATIONAL ATTAINMENT, ECONOMIC OPPORTUNITIES, AND INFRASTRUCTURE DEVELOPMENT.

(C) THERE IS A RURAL READINESS PROGRAM ADMINISTERED BY THE COUNCIL.

(D) (1) THE PURPOSE OF THE PROGRAM IS TO ENHANCE THE CAPACITY IN RURAL COMMUNITIES FOR ECONOMIC DEVELOPMENT BY ASSISTING ELIGIBLE APPLICANTS ACCEPTED INTO THE PROGRAM WITH GRANT APPLICATIONS AND DEVELOPING PROJECTS THAT GENERATE REVENUE.

(2) THE COUNCIL SHALL ESTABLISH ASSESSMENTS, TOOLKITS, AND OTHER RESOURCES TO SUPPORT THE PURPOSE OF THE PROGRAM.

(E) (1) ELIGIBLE APPLICANTS MAY APPLY TO THE COUNCIL TO PARTICIPATE IN THE PROGRAM.

(2) THE COUNCIL'S EXECUTIVE BOARD SHALL ESTABLISH:

(I) CRITERIA TO EVALUATE ELIGIBLE APPLICANTS FOR ACCEPTANCE INTO THE PROGRAM; AND

(II) PARTICIPATION GUIDELINES.

(F) (1) THE COUNCIL'S EXECUTIVE DIRECTOR SHALL CERTIFY THE ELIGIBLE APPLICANTS THAT HAVE SUCCESSFULLY COMPLETED THE PROGRAM.

(2) ELIGIBLE APPLICANTS THAT HAVE RECEIVED A COMPLETION CERTIFICATE SHALL BE GIVEN PRIORITY FOR THE FOLLOWING GRANT PROGRAMS:

(I) THE MARYLAND AGRICULTURAL EDUCATION AND RURAL DEVELOPMENT ASSISTANCE FUND ESTABLISHED UNDER § 2-206 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(II) THE RURAL MARYLAND PROSPERITY INVESTMENT FUND ESTABLISHED UNDER § 2-207 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

(III) THE RURAL MARYLAND CAPACITY BUILDING FUND ESTABLISHED UNDER § 2-207.1 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

Article – State Finance and Procurement

2-206.

(e) (1) There is a Maryland Agricultural Education and Rural Development Assistance Board.

(5) The Board shall give funding priority to organizations described in subsection (c)(2)(i) of this section that have:

(i) obtained an equal matching amount of funding from a source other than the State in the immediate prior fiscal year; [or]

(ii) sufficient evidence of a commitment of a third party funding source to provide an equal matching amount of funding in the current fiscal year; **OR**

(III) RECEIVED A COMPLETION CERTIFICATE UNDER § 13-416 OF THE ECONOMIC DEVELOPMENT ARTICLE.

2-207.

(c) (1) There is a Rural Maryland Prosperity Investment Fund.

(g) (2) (i) Subject to subparagraph (ii) of this paragraph, the Board shall award grants from the Fund under subsection (f)(1)(ii) of this section on a competitive basis in accordance with the procedures in § 2-206(e) of this subtitle.

2-207.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “BOARD” MEANS THE MARYLAND AGRICULTURAL EDUCATION AND RURAL DEVELOPMENT ASSISTANCE BOARD ESTABLISHED IN § 2-206 OF THIS SUBTITLE.

(3) “COUNCIL” MEANS THE RURAL MARYLAND COUNCIL ESTABLISHED UNDER TITLE 13, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(4) “ELIGIBLE APPLICANT” HAS THE MEANING STATED IN § 13-416 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(5) “FUND” MEANS THE RURAL MARYLAND CAPACITY BUILDING FUND.

(6) “RURAL COMMUNITY” HAS THE MEANING STATED IN § 2-207 OF THIS SUBTITLE.

(B) (1) THERE IS A RURAL MARYLAND CAPACITY BUILDING FUND.

(2) THE PURPOSE OF THE FUND IS TO SUPPORT COLLABORATIVE PLANNING AND CAPACITY BUILDING INITIATIVES THAT ADDRESS THE NEEDS OF RURAL COMMUNITIES.

(3) THE COUNCIL SHALL ADMINISTER THE FUND.

(4) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(II) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(5) THE FUND CONSISTS OF:

(I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(6) THE FUND MAY BE USED ONLY FOR GRANTS PROVIDED UNDER THIS SECTION.

(7) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(8) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(C) (1) THE BOARD SHALL:

(I) ESTABLISH PROCEDURES FOR APPLICATIONS FOR GRANTS PROVIDED UNDER THIS SECTION;

(II) REVIEW APPLICATIONS FOR GRANTS; AND

(III) APPROVE GRANT RECIPIENTS AND THE AMOUNT OF THE GRANT AWARD.

(2) GRANTS MAY NOT BE AWARDED TO ELIGIBLE APPLICANTS THAT HAVE NOT COMPLETED THE RURAL READINESS PROGRAM ESTABLISHED UNDER § 13-416 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(3) GRANTS SHALL BE AWARDED ON A COMPETITIVE BASIS.

(4) THE BOARD SHALL GIVE PRIORITY TO ELIGIBLE APPLICANTS THAT HAVE:

(I) MULTIJURISDICTIONAL AND MULTISECTOR PROJECTS; AND

(II) PROVIDED SUFFICIENT EVIDENCE OF A COMMITMENT TO A FUNDING MATCH OF AT LEAST 20% OF THE GRANT AMOUNT.

(5) A GRANT AMOUNT MAY NOT EXCEED \$50,000.

(D) ELIGIBLE APPLICANTS MUST APPLY FOR A GRANT IN A MANNER CONSISTENT WITH THE PROCEDURES ESTABLISHED BY THE BOARD.

(E) (1) GRANT FUNDS MAY BE USED TO SUPPORT:

(I) COLLABORATIVE PLANNING AND CAPACITY BUILDING INITIATIVES THAT ADVANCE EFFORTS TO ADDRESS THE NEEDS OF RURAL COMMUNITIES, INCLUDING:

1. HOUSING;

2. BROADBAND SERVICES;

3. PLACEMAKING;

4. ENERGY;

5. TRANSPORTATION;

6. HEALTH;

7. INFRASTRUCTURE;

8. ECONOMIC DEVELOPMENT; AND

9. WORKFORCE;

(II) READINESS FOR INVESTMENT IN AND DEVELOPMENT OF A RURAL COMMUNITY OR PROPERTY IN A RURAL COMMUNITY, INCLUDING:

1. DEVELOPMENT OF PROPERTY INVENTORIES;
2. SITE DEVELOPMENT STUDIES;
3. SITE MATERIAL DEVELOPMENT;
4. SITE IMPLEMENTATION OR LAND ASSEMBLY ACTIVITIES; AND
5. FEASIBILITY OR MARKET STUDIES;

(III) PARTNERSHIPS AND PLANNING TO BUILD READINESS FOR FUTURE PROJECTS AND COLLABORATIVE INITIATIVES; AND

(IV) CROSS-SECTOR COLLABORATION FOR COMMUNITY AND STAKEHOLDER ENGAGEMENT THAT FOSTERS PLANNING AND DIALOGUE.

(2) GRANT FUNDS MAY NOT BE USED TO:

(I) PAY OR REIMBURSE THE GRANTEE FOR EMPLOYEE SALARY, WAGES, BENEFITS, OR OTHER INDIRECT COSTS OF THE GRANTEE THAT ARE NOT RELATED TO THE PROJECT FOR WHICH A GRANT WAS AWARDED;

(II) FUND OPERATIONAL ACTIVITIES AT A FOR-PROFIT ENTITY;

(III) PURCHASE OR LEASE REAL PROPERTY; OR

(IV) SUPPORT A NONRURAL AREA.

(F) ON OR BEFORE OCTOBER 1 EACH YEAR, THE COUNCIL SHALL SUBMIT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY A REPORT ON:

(1) THE NUMBER OF GRANTS MADE IN THE PREVIOUS FISCAL YEAR;

(2) THE NAME OF EACH GRANT RECIPIENT; AND

(3) THE PURPOSE AND USE OF EACH GRANT.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.

Approved by the Governor, May 12, 2026.