

SENATE BILL 300

C8

6lr1867
CF HB 461

By: **Senators Hester, Gallion, Gile, Harris, West, Henson, Brooks, ~~and Carozza~~
Carozza, and Hershey**

Introduced and read first time: January 21, 2026

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 20, 2026

CHAPTER _____

1 AN ACT concerning

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

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

11 BY renumbering

12 Article – Economic Development

13 Section 13–416

14 to be Section 13–417

15 Annotated Code of Maryland

16 (2024 Replacement Volume and 2025 Supplement)

17 BY repealing and reenacting, without amendments,

18 Article – Economic Development

19 Section 13–401

20 Annotated Code of Maryland

21 (2024 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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



1 BY adding to
2 Article – Economic Development
3 Section 13–416
4 Annotated Code of Maryland
5 (2024 Replacement Volume and 2025 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article – State Finance and Procurement
8 Section 2–206(e)(1) and 2–207(c)(1) and (g)(2)(i)
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2025 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – State Finance and Procurement
13 Section 2–206(e)(5)
14 Annotated Code of Maryland
15 (2021 Replacement Volume and 2025 Supplement)

16 BY adding to
17 Article – State Finance and Procurement
18 Section 2–207.1
19 Annotated Code of Maryland
20 (2021 Replacement Volume and 2025 Supplement)

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

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

26 **Article – Economic Development**

27 13–401.

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

29 **13–416.**

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

32 **(2) (I) “ELIGIBLE APPLICANT” MEANS:**

33 **1. A NONPROFIT ORGANIZATION;**

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

8 (II) “ELIGIBLE APPLICANT” DOES NOT INCLUDE STATE

9 GOVERNMENTAL ENTITIES.

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

11 (4) “RURAL COMMUNITY” HAS THE MEANING STATED IN § 2-207 OF

12 THE STATE FINANCE AND PROCUREMENT ARTICLE.

13 (B) THE GENERAL ASSEMBLY FINDS THAT:

14 (1) RURAL COMMUNITIES ARE OFTEN DISADVANTAGED WHEN

15 COMPETING FOR FINANCIAL AND OTHER RESOURCES DUE TO:

16 (I) A LACK OF CAPACITY AND POPULATION DENSITY

17 RESULTING IN LIMITED RESOURCES DUE TO A SMALLER TAX BASE; AND

18 (II) LIMITED ACCESS TO CRITICAL INFRASTRUCTURE,

19 INCLUDING BROADBAND AND TRANSPORTATION;

20 (2) A DEFICIENCY EXISTS IN THE ESSENTIAL ELEMENTS NEEDED FOR

21 RURAL COMMUNITIES TO THRIVE AND ADDRESS THE NEEDS OF THE RURAL

22 COMMUNITY;

23 (3) RURAL COMMUNITIES STRUGGLE TO RECRUIT AND RETAIN

24 SKILLED STAFF NEEDED TO IMPLEMENT AND MANAGE PROJECTS PARTICULARLY IN

25 TECHNICAL SUPPORT FOR ECONOMIC AND COMMUNITY DEVELOPMENT;

26 (4) RURAL COMMUNITIES EXPERIENCE CHALLENGES IN SOCIAL

27 COHESION AND NETWORKS THAT MAKE IT HARD TO MOBILIZE RESOURCES AND

28 COLLECTIVELY ADDRESS ISSUES;

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

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

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

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

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

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

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

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

20 **(II) PARTICIPATION GUIDELINES.**

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

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

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

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

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

4 **Article – State Finance and Procurement**

5 2-206.

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

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

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

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

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

16 2-207.

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

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

21 **2-207.1.**

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

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

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

1 (4) "ELIGIBLE APPLICANT" HAS THE MEANING STATED IN § 13-416
2 OF THE ECONOMIC DEVELOPMENT ARTICLE.

3 (5) "FUND" MEANS THE RURAL MARYLAND CAPACITY BUILDING
4 FUND.

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

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

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

11 (3) THE COUNCIL SHALL ADMINISTER THE FUND.

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

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

16 (5) THE FUND CONSISTS OF:

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

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

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

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

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

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

1 **(C) (1) THE BOARD SHALL:**

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

4 **(II) REVIEW APPLICATIONS FOR GRANTS; AND**

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

7 **(2) GRANTS MAY NOT BE AWARDED TO ELIGIBLE APPLICANTS THAT**
8 **HAVE NOT COMPLETED THE RURAL READINESS PROGRAM ESTABLISHED UNDER §**
9 **13-416 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

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

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

13 **(I) MULTIJURISDICTIONAL AND MULTISECTOR PROJECTS; AND**

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

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

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

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

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

23 **1. HOUSING;**

24 **2. BROADBAND SERVICES;**

25 **3. PLACEMAKING;**

26 **4. ENERGY;**

- 1 **5. TRANSPORTATION;**
- 2 **6. HEALTH;**
- 3 **7. INFRASTRUCTURE;**
- 4 **8 ECONOMIC DEVELOPMENT; AND**
- 5 **9. WORKFORCE;**

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

- 8 **1. DEVELOPMENT OF PROPERTY INVENTORIES;**
- 9 **2. SITE DEVELOPMENT STUDIES;**
- 10 **3. SITE MATERIAL DEVELOPMENT;**
- 11 **4. SITE IMPLEMENTATION OR LAND ASSEMBLY**
12 **ACTIVITIES; AND**
- 13 **5. FEASIBILITY OR MARKET STUDIES;**

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

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

18 **(2) GRANT FUNDS MAY NOT BE USED TO:**

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

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

23 **(III) PURCHASE OR LEASE REAL PROPERTY; OR**

24 **(IV) SUPPORT A NONRURAL AREA.**

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

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

5 **(2) THE NAME OF EACH GRANT RECIPIENT; AND**

6 **(3) THE PURPOSE AND USE OF EACH GRANT.**

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.