

SENATE BILL 389

R2, Q8

6lr0333
CF 6lr0334

By: **The President (By Request – Administration) and Senators Augustine, Beidle, Brooks, Charles, Harris, Hettleman, King, Lam, Love, and Zucker**

Introduced and read first time: January 27, 2026

Assigned to: Finance and Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Land Use – Transit–Oriented Development – Alterations**
3 **(Maryland Transit and Housing Opportunity Act)**

4 FOR the purpose of providing for the automatic designation of certain transit–oriented
5 developments as enterprise zones; requiring the Maryland Development Corporation
6 to prioritize certain redevelopment projects when making loans under the Strategic
7 Infrastructure Revolving Loan Program; altering the authority of local legislative
8 bodies to regulate land use planning on land located near certain transit stations;
9 delaying the collection of certain development excise taxes and development impact
10 fees for certain residential real estate projects; adding the use of project labor
11 agreements as a scoring preference for projects financed by the Transit–Oriented
12 Development Capital Grant and Revolving Loan Fund; applying certain provisions
13 of this Act retroactively; and generally relating to transit–oriented development.

14 BY renumbering
15 Article – Economic Development
16 Section 5–709
17 to be Section 5–710
18 Annotated Code of Maryland
19 (2024 Replacement Volume and 2025 Supplement)

20 BY repealing and reenacting, without amendments,
21 Article – Economic Development
22 Section 5–701(a) and 10–134(b)
23 Annotated Code of Maryland
24 (2024 Replacement Volume and 2025 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article – Economic Development
27 Section 5–701(d) and 10–134(d)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY adding to
Article – Economic Development
Section 5–709
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,
Article – Land Use
Section 1–101(a) and (g) and 7–501(a) and (i)
Annotated Code of Maryland
(2012 Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Land Use
Section 1–401(b), 4–104, and 10–103(b)
Annotated Code of Maryland
(2012 Volume and 2025 Supplement)

BY adding to
Article – Local Government
Section 20–128
Annotated Code of Maryland
(2013 Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Transportation
Section 7–1204(b)(2)
Annotated Code of Maryland
(2020 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 5–709 of Article – Economic Development of the Annotated Code of
Maryland be renumbered to be Section(s) 5–710.

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

Article – Economic Development

5–701.

(a) In this subtitle the following words have the meanings indicated.

(d) “Enterprise zone” means an area:

(1) that meets the requirements of § 5–704(a) of this subtitle and is designated as an enterprise zone by the Secretary under § 5–704(b) of this subtitle;

(2) (I) DESIGNATED AS A TRANSIT-ORIENTED DEVELOPMENT UNDER § 7–101 OF THE TRANSPORTATION ARTICLE; AND

(II) THAT IS SERVED BY A RAIL TRANSIT STATION THAT RECEIVES AT LEAST HOURLY SERVICE ON AVERAGE FROM 8:00 A.M. UNTIL 6:00 P.M. MONDAY THROUGH FRIDAY;

[(2)] (3) designated as an enterprise zone by the United States government under 42 U.S.C. §§ 11501 through 11505; or

[(3)] (4) designated as an empowerment zone or enterprise community by the United States government under 26 U.S.C. §§ 1391 through 1397F.

5–709.

AN AREA DESIGNATED AS A TRANSIT-ORIENTED DEVELOPMENT UNDER § 7–101 OF THE TRANSPORTATION ARTICLE THAT IS SERVED BY A RAIL TRANSIT STATION THAT RECEIVES AT LEAST HOURLY SERVICE ON AVERAGE FROM 8:00 A.M. UNTIL 6:00 P.M. MONDAY THROUGH FRIDAY SHALL AUTOMATICALLY BE DESIGNATED AS AN ENTERPRISE ZONE NOTWITHSTANDING THE LIMIT ON THE NUMBER OF ENTERPRISE ZONES THAT THE SECRETARY MAY DESIGNATE UNDER § 5–704(B) OF THIS SUBTITLE.

10–134.

(b) (1) There is a Strategic Infrastructure Revolving Loan Program in the Maryland Economic Development Corporation.

(2) The purpose of the Program is to make loans for targeted investments in real estate and infrastructure projects to support transformative place-making, enhance transit-oriented development, enhance community development, and achieve inclusive and equitable economic growth objectives, with a focus on bringing underutilized assets into performance and generating revenue.

(d) (1) An applicant for a loan under this section shall submit to the Corporation an application on the form that the Corporation requires.

(2) The application shall include:

(i) a detailed strategic plan for the targeted investment;

(ii) the amount of money required for the activities described in the

1 strategic plan;

2 (iii) the money available to the applicant without financial assistance
3 from the Program;

4 (iv) the amount of financial assistance requested from the Program;

5 (v) information relating to the financial status of the applicant,
6 including, if applicable:

7 1. a current balance sheet;

8 2. a profit and loss statement; and

9 3. credit references; and

10 (vi) any other relevant information that the Corporation requests.

11 (3) An applicant is eligible for a loan under the Program for projects located
12 in a sustainable community, priority funding area, or transit-oriented development area.

13 (4) The Corporation shall establish an Advisory Loan Committee to review
14 loan applications and make recommendations to the Corporation on approval.

15 (5) In making loans, the Corporation shall prioritize projects that:

16 (i) activate underutilized property owned by the government and
17 institutions;

18 (ii) **REDEVELOP STATE-OWNED LAND CONTIGUOUS TO RAIL**
19 **TRANSIT STATIONS;**

20 **(III)** offer significant development or redevelopment value;

21 **[(iii)] (IV)** leverage private investment; and

22 **[(iv)] (V)** have the potential for significant job growth or retention.

23 (6) Loans may be used:

24 (i) to acquire property, including vacant sites;

25 (ii) for design and development of a project; and

26 (iii) for rehabilitation, construction, and demolition.

1 1–101.

2 (a) In this division the following words have the meanings indicated.

3 (g) (1) “Legislative body” means the elected body of a local jurisdiction.

4 (2) “Legislative body” includes:

5 (i) the board of county commissioners;

6 (ii) the county council; and

7 (iii) the governing body of a municipal corporation.

8 1–401.

9 (b) The following provisions of this division apply to a charter county:

10 (1) this subtitle, including Parts II and III (Charter county –
11 Comprehensive plans);

12 (2) § 1–101(l), (m), and (o) (Definitions – “Plan”, “Priority funding area”,
13 and “Sensitive area”);

14 (3) § 1–201 (Visions);

15 (4) § 1–206 (Required education);

16 (5) § 1–207 (Annual report – In general);

17 (6) § 1–208 (Annual report – Measures and indicators);

18 (7) Title 1, Subtitle 3 (Consistency);

19 (8) Title 1, Subtitle 5 (Growth Tiers);

20 (9) § 4–104(c) (Limitations – [Bicycle parking] **PARKING**);

21 (10) § 4–104(d) (Limitations – Manufactured homes and modular dwellings);

22 **(11) § 4–104(E) (LIMITATIONS – MIXED–USE DEVELOPMENT);**

23 **(12) § 4–104(F) (LIMITATIONS – STATE–OWNED LAND FOR**
24 **TRANSPORTATION USE);**

25 **[(11)] (13) § 4–208 (Exceptions – Maryland Accessibility Code);**

- 1 **[(12)] (14)** § 4–210 (Permits and variances – Solar panels);
- 2 **[(13)] (15)** § 4–211 (Change in zoning classification – Energy generating
3 systems);
- 4 **[(14)] (16)** § 4–212 (Agritourism);
- 5 **[(15)] (17)** § 4–213 (Alcohol production);
- 6 **[(16)] (18)** § 4–214 (Agricultural alcohol production);
- 7 **[(17)] (19)** § 4–215 (Pollinator–friendly vegetation management);
- 8 **[(18)] (20)** § 4–216 (Limitations – Family child care homes and large family
9 child care homes);
- 10 **[(19)] (21)** Title 4, Subtitle 5 (Accessory Dwelling Units);
- 11 **[(20)] (22)** § 5–102(d) (Subdivision regulations – Burial sites);
- 12 **[(21)] (23)** § 5–104 (Major subdivision – Review);
- 13 **[(22)] (24)** Title 7, Subtitle 1 (Development Mechanisms);
- 14 **[(23)] (25)** Title 7, Subtitle 2 (Transfer of Development Rights);
- 15 **[(24)] (26)** except in Montgomery County or Prince George’s County, Title
16 7, Subtitle 3 (Development Rights and Responsibilities Agreements);
- 17 **[(25)] (27)** Title 7, Subtitle 4 (Inclusionary Zoning);
- 18 **[(26)] (28)** Title 7, Subtitle 5 (Housing Expansion and Affordability);
- 19 **[(27)] (29)** § 8–401 (Conversion of overhead facilities);
- 20 **[(28)] (30)** for Baltimore County only, Title 9, Subtitle 3 (Single–County
21 Provisions – Baltimore County);
- 22 **[(29)] (31)** for Frederick County only, Title 9, Subtitle 10 (Single–County
23 Provisions – Frederick County);
- 24 **[(30)] (32)** for Howard County only, Title 9, Subtitle 13 (Single–County
25 Provisions – Howard County);

1 [(31)] **(33)** for Talbot County only, Title 9, Subtitle 18 (Single-County
2 Provisions – Talbot County); and

3 [(32)] **(34)** Title 11, Subtitle 2 (Civil Penalty).

4 4–104.

5 (a) **(1)** IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
6 INDICATED.

7 **(2)** “MIXED-USE” HAS THE MEANING STATED IN § 7-501 OF THIS
8 ARTICLE.

9 **(3)** [In this section, “modular] “**MODULAR** dwelling” means a building
10 assembly or system of building subassemblies designed for habitation as a dwelling for one
11 or more individuals:

12 [(1)] **(I)** that includes the necessary electrical, plumbing, heating,
13 ventilating, and other service systems;

14 [(2)] **(II)** that is made or assembled by a manufacturer on or off the
15 building site for installation, or assembly and installation, on the building site; and

16 [(3)] **(III)** installed and set up according to the manufacturer’s instructions
17 on an approved foundation and support system.

18 (b) **(1)** The powers granted to a local jurisdiction under this subtitle do not:

19 [(1)] **(I)** grant the local jurisdiction powers in any substantive area not
20 otherwise granted to the local jurisdiction by any other public general or public local law;

21 [(2)] **(II)** restrict the local jurisdiction from exercising any power granted
22 to the local jurisdiction by any other public general or public local law or otherwise;

23 [(3)] **(III)** authorize the local jurisdiction or its officers to engage in any
24 activity that is beyond their power under any other public general or public local law or
25 otherwise; or

26 [(4)] **(IV)** preempt or supersede the regulatory authority of any unit of the
27 State under any public general law.

28 **(2)** SUBSECTIONS (C)(2) AND (E) OF THIS SECTION DO NOT APPLY TO:

29 **(I)** A RAIL STATION LOCATED ON THE CAMPUS OF AN
30 INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN § 10-101 OF THE EDUCATION

ARTICLE; OR

(II) PROPERTY THAT:

1. IS PARTIALLY LOCATED OUTSIDE:

A. FOR THE PROVISIONS IN SUBSECTION (C)(2) OF THIS SECTION, 0.25 MILES OF THE RAIL TRANSIT STATION; OR

B. FOR THE PROVISIONS IN SUBSECTION (E) OF THIS SECTION, 0.5 MILES OF THE RAIL TRANSIT STATION; OR

2. IS IN AN AREA THAT WAS ZONED FOR SINGLE-FAMILY RESIDENTIAL USE ON JANUARY 1, 2026.

(c) (1) **(I)** If a legislative body regulates off-street parking, the legislative body shall require space for the parking of bicycles in a manner that the legislative body considers appropriate.

[(2)] (II) A legislative body may allow a reduction in the number of required automobile parking spaces based on the availability of space for parking bicycles.

(2) A LEGISLATIVE BODY OR OTHER LOCAL AGENCY WITH LAND USE AUTHORITY MAY NOT IMPOSE A MINIMUM OFF-STREET PARKING REQUIREMENT ON A RESIDENTIAL OR MIXED-USE DEVELOPMENT THAT IS LOCATED WITHIN 0.25 MILES OF A RAIL TRANSIT STATION THAT RECEIVES AT LEAST HOURLY SERVICE ON AVERAGE FROM 8:00 A.M. UNTIL 6:00 P.M. MONDAY THROUGH FRIDAY.

(d) A legislative body may not prohibit the placement of a new manufactured home or modular dwelling in a zone that allows single-family residential uses if the home or dwelling:

(1) (i) meets the definition of modular dwelling under subsection (a) of this section; or

(ii) meets the definition of a manufactured home in § 9-102(a) of the Commercial Law Article and is, or will be after purchase, converted to real property in accordance with Title 8B, Subtitle 2 of the Real Property Article; or

(2) is located on land:

(i) currently or previously owned by the federal government;

(ii) greater than 80 acres in size; and

(iii) that was the site of a former U.S. military reservation.

(E) A LOCAL JURISDICTION'S ZONING REGULATIONS SHALL ALLOW MIXED-USE DEVELOPMENT ON LAND DESIGNATED FOR RESIDENTIAL USE OR APPROPRIATE COMMERCIAL USE FOR MIXED-USE DEVELOPMENT WITHIN 0.5 MILES OF A RAIL TRANSIT STATION THAT RECEIVES AT LEAST HOURLY SERVICE ON AVERAGE FROM 8:00 A.M. UNTIL 6:00 P.M. MONDAY THROUGH FRIDAY.

(F) FOR STATE-OWNED LAND IN USE FOR A TRANSPORTATION PURPOSE CONTIGUOUS TO A RAIL TRANSIT STATION THAT RECEIVES AT LEAST HOURLY SERVICE ON AVERAGE FROM 8:00 A.M. UNTIL 6:00 P.M. MONDAY THROUGH FRIDAY, A LEGISLATIVE BODY OR OTHER LOCAL AGENCY WITH LAND USE AUTHORITY MAY NOT IMPOSE LIMITATIONS OR RESTRICTIONS ON LAND USE CLASSIFICATION, HEIGHT, OR SETBACK, OR ANY SIMILAR REQUIREMENTS IF THE LAND IS SUBJECT TO A TRANSIT-ORIENTED DEVELOPMENT PLAN APPROVED BY THE DEPARTMENT OF TRANSPORTATION AND DEVELOPED IN COORDINATION WITH THE LOCAL JURISDICTION.

(G) SUBSECTIONS (E) AND (F) OF THIS SECTION MAY NOT BE CONSTRUED TO ALTER THE LAND USE AUTHORITY OF A LOCAL JURISDICTION GOVERNING:

(1) ENVIRONMENTAL OR NATURAL RESOURCES CONCERNS;

(2) PUBLIC HEALTH AND SAFETY CONSIDERATIONS; OR

(3) ADEQUATE PUBLIC FACILITIES ORDINANCES.

7-501.

(a) In this subtitle the following words have the meanings indicated.

(i) (1) "Mixed-use" means any combination of a residential use with a recreational, office, dining, or retail use.

(2) "Mixed-use" does not mean any combination of a residential use with an industrial or hazardous use.

10-103.

(b) The following provisions of this division apply to Baltimore City:

(1) this title;

(2) § 1-101(m) (Definitions – "Priority funding area");

- 1 (3) § 1–101(o) (Definitions – “Sensitive area”);
- 2 (4) § 1–201 (Visions);
- 3 (5) § 1–206 (Required education);
- 4 (6) § 1–207 (Annual report – In general);
- 5 (7) § 1–208 (Annual report – Measures and indicators);
- 6 (8) Title 1, Subtitle 3 (Consistency);
- 7 (9) Title 1, Subtitle 4, Parts II and III (Home Rule Counties –
8 Comprehensive Plans; Implementation);
- 9 (10) § 4–104(c) (Limitations – [Bicycle parking] **PARKING**);
- 10 (11) § 4–104(d) (Limitations – Manufactured homes and modular dwellings);
- 11 **(12) § 4–104(E) (LIMITATIONS – MIXED–USE DEVELOPMENT);**
- 12 **(13) § 4–104(F) (LIMITATIONS – STATE–OWNED LAND FOR**
13 **TRANSPORTATION USE);**
- 14 [(12)] **(14)** § 4–205 (Administrative adjustments);
- 15 [(13)] **(15)** § 4–208 (Exceptions – Maryland Accessibility Code);
- 16 [(14)] **(16)** § 4–210 (Permits and variances – Solar panels);
- 17 [(15)] **(17)** § 4–211 (Change in zoning classification – Energy generating
18 systems);
- 19 [(16)] **(18)** § 4–215 (Pollinator–friendly vegetation management);
- 20 [(17)] **(19)** § 4–216 (Limitations – Family child care homes and large family
21 child care homes);
- 22 [(18)] **(20)** Title 4, Subtitle 5 (Accessory Dwelling Units);
- 23 [(19)] **(21)** § 5–102(d) (Subdivision regulations – Burial sites);
- 24 [(20)] **(22)** Title 7, Subtitle 1 (Development Mechanisms);
- 25 [(21)] **(23)** Title 7, Subtitle 2 (Transfer of Development Rights);

1 [(22)] **(24)** Title 7, Subtitle 3 (Development Rights and Responsibilities
2 Agreements);

3 [(23)] **(25)** Title 7, Subtitle 4 (Inclusionary Zoning);

4 [(24)] **(26)** Title 7, Subtitle 5 (Housing Expansion and Affordability); and

5 [(25)] **(27)** Title 11, Subtitle 2 (Civil Penalty).

6 **Article – Local Government**

7 **20–128.**

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

10 **(2) “DEVELOPMENT EXCISE TAX” MEANS AN EXCISE TAX IMPOSED BY**
11 **A COUNTY OR MUNICIPALITY ON THE CONSTRUCTION OR IMPROVEMENT OF A**
12 **BUILDING.**

13 **(3) “DEVELOPMENT IMPACT FEE” MEANS A FEE IMPOSED BY A**
14 **COUNTY OR MUNICIPALITY FOR THE PURPOSE OF FINANCING ANY OF THE CAPITAL**
15 **COSTS OF ADDITIONAL OR EXPANDED PUBLIC WORKS, IMPROVEMENTS, AND**
16 **FACILITIES REQUIRED TO ACCOMMODATE NEW CONSTRUCTION OR DEVELOPMENT.**

17 **(4) “QUALIFYING RESIDENTIAL REAL ESTATE PROJECT” MEANS A**
18 **MIXED–USE DEVELOPMENT THAT:**

19 **(I) INCLUDES RESIDENTIAL UNITS; AND**

20 **(II) IS LOCATED WITHIN A TRANSIT–ORIENTED DEVELOPMENT**
21 **DESIGNATED UNDER § 7–101 OF THE TRANSPORTATION ARTICLE, WHERE THE**
22 **DEVELOPMENT IS SERVED BY A RAIL TRANSIT STATION THAT RECEIVES AT LEAST**
23 **HOURLY SERVICE ON AVERAGE FROM 8:00 A.M. UNTIL 6:00 P.M. MONDAY THROUGH**
24 **FRIDAY.**

25 **(B) THIS SECTION APPLIES ONLY TO:**

26 **(1) A COUNTY THAT:**

27 **(I) IS A CHARTER COUNTY THAT IMPOSES, BY LAW,**
28 **DEVELOPMENT IMPACT FEES, SURCHARGES, OR DEVELOPMENT EXCISE TAXES;**

29 **(II) IS A CODE COUNTY WITH PUBLIC LOCAL LAWS THAT**

1 REQUIRE THE PAYMENT OF DEVELOPMENT IMPACT FEES, SURCHARGES, OR
2 DEVELOPMENT EXCISE TAXES; OR

3 (III) IS A COMMISSION COUNTY THAT:

4 1. HAS BEEN AUTHORIZED TO ENACT DEVELOPMENT
5 IMPACT FEES, SURCHARGES, OR DEVELOPMENT EXCISE TAXES; AND

6 2. HAS ENACTED, BY LOCAL LAW, DEVELOPMENT
7 IMPACT FEES, SURCHARGES, OR DEVELOPMENT EXCISE TAXES; AND

8 (2) A MUNICIPALITY THAT IMPOSES, BY LOCAL LAW, DEVELOPMENT
9 IMPACT FEES, SURCHARGES, OR DEVELOPMENT EXCISE TAXES.

10 (C) THIS SECTION DOES NOT APPLY TO A DEVELOPMENT EXCISE TAX OR
11 DEVELOPMENT IMPACT FEE IMPOSED FOR THE PURPOSE OF FUNDING THE
12 CONSTRUCTION OF A CONNECTION TO A PUBLIC WATER OR SEWER SYSTEM.

13 (D) ANY DEVELOPMENT EXCISE TAX OR DEVELOPMENT IMPACT FEE
14 IMPOSED ON A QUALIFYING RESIDENTIAL REAL ESTATE PROJECT UNDER THE
15 AUTHORITY GRANTED IN THIS ARTICLE MAY NOT BE COLLECTED UNTIL AFTER:

16 (1) CONSTRUCTION OF THE QUALIFYING RESIDENTIAL REAL ESTATE
17 PROJECT IS COMPLETE; AND

18 (2) A CERTIFICATE OF OCCUPANCY, AN OCCUPANCY PERMIT, OR ANY
19 OTHER LOCAL EQUIVALENT HAS BEEN ISSUED FOR THE QUALIFYING RESIDENTIAL
20 REAL ESTATE PROJECT.

21 (E) NOTWITHSTANDING ANY OTHER LAW, A COUNTY OR MUNICIPALITY
22 THAT IMPOSES A DEVELOPMENT EXCISE TAX OR DEVELOPMENT IMPACT FEE ON A
23 QUALIFYING RESIDENTIAL REAL ESTATE PROJECT UNDER THE AUTHORITY
24 GRANTED IN THIS ARTICLE MAY REVOKE A CERTIFICATE OF OCCUPANCY, AN
25 OCCUPANCY PERMIT, OR ANY OTHER LOCAL EQUIVALENT IF THE DEVELOPMENT
26 EXCISE TAX OR DEVELOPMENT IMPACT FEE IS NOT PAID WITHIN A REASONABLE
27 TIME PERIOD SET BY THE COUNTY OR MUNICIPALITY.

28 Article – Transportation

29 7–1204.

30 (b) (2) The Sustainable Growth Subcabinet established under §
31 9–1406 of the State Government Article may establish:

1 (i) Different eligibility requirements and objective scoring
2 standards for different types of financial assistance; and

3 (ii) Scoring preferences for applications that demonstrate that the
4 proposed project will:

5 1. Enhance access to transit for low-income and minority
6 residents of the local jurisdiction;

7 2. Enhance access to transit in areas with affordable housing
8 and a diversity of job and educational opportunities; [or]

9 3. Encourage development around underdeveloped and
10 underutilized transit stations in transit-oriented developments; OR

11 **4. USE PROJECT LABOR AGREEMENTS.**

12 SECTION 3. AND BE IT FURTHER ENACTED, That § 4–104(e) of the Land Use
13 Article, as enacted by Section 2 of this Act, shall apply only to land use rezonings or actions
14 taken by a legislative body on or after the effective date of this Act.

15 SECTION 4. AND BE IT FURTHER ENACTED, That § 5–709 of the Economic
16 Development Article, as enacted by Section 2 of this Act, shall apply retroactively to an
17 area designated prior to the effective date of this Act as a transit-oriented development
18 under § 7–101 of the Transportation Article and that is served by a rail transit station that
19 receives at least hourly service on average from 8:00 a.m. until 6:00 p.m. Monday through
20 Friday.

21 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2026.