

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 235

(Chair, Economic Matters Committee)(By Request -
Departmental - Housing and Community Development)

Economic Matters

**Housing and Community Development - Neighborhood Business Development
Program - Local Approval Requirement**

This departmental bill (1) repeals the stipulation that the Department of Housing and Community Development (DHCD) may not approve an application for financial assistance under the Business Development Program unless the political subdivision where the proposed project is located approves of the application through specified means and (2) repeals a related authorization for DHCD to approve the application if the political subdivision does not respond within 45 days after receiving notice from DHCD, as specified. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: DHCD can handle any administrative changes with existing resources. No effect on revenues.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: DHCD has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) disagrees with this assessment, as discussed below.

Analysis

Current Law: The Neighborhood Business Development Program, operating publicly as Neighborhood BusinessWorks, provides grants and loans to community-based economic development activities in revitalization areas designated by local governments. In food deserts or parts of priority funding areas or eligible opportunity zones that serve food deserts, the purpose of the program is to help create and retain small businesses and other food-related enterprises that provide fresh fruits, vegetables, and other healthy foods to residents of the food desert.

A small business, nonprofit organization, or microenterprise in a priority funding area or eligible opportunity zone may apply for financial assistance under the program. Financial assistance under the program may be provided as (1) a grant; (2) a loan; (3) a reduction in the principal obligation of or interest rate on a loan or portion of a loan; (4) a prepayment of interest on a subordinate or superior loan or portion of a loan; (5) an assurance; (6) a guarantee; (7) any other form of credit enhancement; or (8) a promissory note, as specified.

DHCD may not approve an application under the program unless the political subdivision where the proposed project is located approves the application by (1) resolution or (2) letter, delivered to DHCD by the political subdivision's authorized designee, expressing support for the plan or project. If DHCD does not receive notice of approval or denial of an application within 45 days after notice of the proposed project is given, DHCD may approve the application.

Background: DHCD advises the bill is intended to expedite the application process for program applicants by removing the required 45-day period for local governments to respond before DHCD can approve an application. DHCD advises that it generally does not receive a response from local governments when notice is sent regarding program applications. Furthermore, DHCD further advises that only one local government has responded with a denial in the last 30 years.

Small Business Effect: DHCD advises that removing the required notice of program applicants to local jurisdictions and the 45-day period to respond will have a meaningful impact on small businesses as small business applicants may receive program funding more quickly. DLS disagrees and notes that while applicants may receive funding more quickly, most applicants must still be approved by DHCD prior to receiving any program funding.

Additional Information

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

Designated Cross File: SB 47 (Chair, Education, Energy, and the Environment Committee)(By Request - Departmental - Housing and Community Development) - Education, Energy, and the Environment.

Information Source(s): Baltimore City; Kent, Washington, and Worcester counties; City of Salisbury; Maryland Municipal League; Town of Bel Air; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2026
sj/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Housing and Community Development - Neighborhood Business Development Program - Local Approval Requirement

BILL NUMBER: HB 235

PREPARED BY: Chuck Cook

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 X WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This legislation will benefit small businesses who apply for grants or loans through the Neighborhood BusinessWorks by shortening the timeline by as much as 45 days. The mission of the program is to provide vital financing to small businesses cannot access workable capital through the private market and this legislation will make that mission easier to achieve.