

HB1517/697975/1

BY: Finance Committee

AMENDMENTS TO HOUSE BILL 1517
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike line 2 in its entirety and substitute “Department of Commerce – Financial Assistance Programs”; in line 3, after “of” insert “renaming the Maryland Economic Development Assistance Authority and the Maryland Economic Assistance Fund to be the Advantage Maryland Fund Authority and the Advantage Maryland Fund; altering the financial assistance authorized under the Fund; altering the manner in which certain recipients of financial assistance must approve financial assistance; repealing certain limits on providing financial assistance from the Fund for certain entities or purposes; altering the terms and required interest rates on a loan from the Fund;”; in line 10, after the first “Account” insert “and any other money appropriated, transferred, or repaid to the Account”; in line 22, after “Account” insert “beginning in a certain fiscal year; authorizing the Governor to transfer certain funds on or before a certain date to the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account; altering the circumstances in which a certain contribution of a taxing jurisdiction must be used for certain brownfields sites; requiring the publisher of the Annotated Code of Maryland, in consultation with the Department of Legislative Services, to correct cross-references and terminology in the Code that are rendered incorrect by this Act;”; and in line 24, after “definitions;” insert “repealing certain definitions;”.

On page 2, in line 1, after “relating to” insert “the renaming and restructuring of the Maryland Economic Development Assistance Authority and Fund, and to”; after line 2, insert:

“BY repealing and reenacting, without amendments,

Article - Economic Development

Section 5-301(a) and 5-323

Annotated Code of Maryland

(2008 Volume and 2016 Supplement)”;

(Over)

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in line 5, after “Section” insert “5-301(g), (n), (q) through (t), (v), and (w) to be under the amended subtitle “Subtitle 3. Advantage Maryland Fund Authority and Fund”; 5-305 to be under the amended part “Part II. Advantage Maryland Fund Authority”; 5-310, 5-313, and 5-316 to be under the amended part “Part III. Advantage Maryland Fund”; 5-319(d), 5-321(b), 5-322(a), and 5-325(b)(1) and (2); and”; after line 8, insert:

“BY repealing

Article - Economic Development

Section 5-301(p) and (u), 5-324, and 5-325(c) through (e)

Annotated Code of Maryland

(2008 Volume and 2016 Supplement)

BY adding to

Article - Economic Development

Section 5-325(c) and (d)

Annotated Code of Maryland

(2008 Volume and 2016 Supplement)”;

and after line 18, insert:

“BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9-229(c) and (g)

Annotated Code of Maryland

(2012 Replacement Volume and 2016 Supplement)”.

AMENDMENT NO. 2

On page 2, after line 32, insert:

“Subtitle 3. [Maryland Economic Development Assistance] **ADVANTAGE MARYLAND**
FUND Authority and Fund.

5-301.

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

(g) “Authority” means the [Maryland Economic Development Assistance] ADVANTAGE MARYLAND FUND Authority.

(n) “Fund” means the [Maryland Economic Development Assistance] ADVANTAGE MARYLAND Fund.

[(p) “Local economic development opportunity” means a project that:

(1) is determined by the Department or Authority to provide a valuable economic development opportunity to the jurisdiction in which the project is located;
and

(2) is a priority for and endorsed by the governing body of that jurisdiction.]

[(q)](P) “Local government” means:

(1) a county;

(2) a municipal corporation;

(3) a designated agency or instrumentality of a county; or

(4) a designated agency or instrumentality of a municipal corporation.

(Over)

[(r)](Q) “Qualified brownfields site” means a brownfields site that is determined by the Department to be eligible for financial assistance under this subtitle.

[(s)](R) “Qualified distressed county project” means a project that a local government or the Corporation carries out in a qualified distressed county.

[(t)](S) “Responsible person” has the meaning stated in § 7–201 of the Environment Article.

[(u)] “Significant strategic economic development opportunity” means a project that is determined by the Department or Authority to provide a valuable economic development opportunity of statewide, regional, or strategic industry impact.]

[(v)](T) “Specialized economic development opportunity” means:

- (1) an aquaculture project;
- (2) an arts and entertainment enterprise;
- (3) an arts and entertainment project;
- (4) the redevelopment of a qualified brownfields site; or
- (5) a project to create or expand a child care facility.

[(w)](U) **(1)** “Working capital” means money to be used for current operations of a business.

(2) **“WORKING CAPITAL” DOES NOT INCLUDE ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE, INVENTORY, OR ANY INVESTMENTS.**

Part II. [Maryland Economic Development Assistance] ADVANTAGE MARYLAND
FUND Authority.

5-305.

There is [a Maryland Economic Development Assistance] AN ADVANTAGE
MARYLAND FUND Authority in the Department.

Part III. [Maryland Economic Development Assistance] ADVANTAGE MARYLAND
Fund.

5-310.

There is [a Maryland Economic Development Assistance] AN ADVANTAGE
MARYLAND Fund in the Department.

5-313.

The Fund consists of:

- (1) money appropriated in the State budget to the Fund;
- (2) money made available to the Fund through federal programs or
private contributions;
- (3) repayments of principal and interest from loans made from the
Fund;
- (4) proceeds from the sale, disposition, lease, or rental of collateral
related to financial assistance provided by the Department under this subtitle;

(Over)

(5) application or other fees paid to the Fund to process requests for financial assistance;

(6) recovery of an investment made by the Department in a business, including an arrangement under which part of the investment is recovered through:

(i) a requirement that the Department receive a proportion of cash flow, commissions, royalties, or license fees;

(ii) the repurchase from the Department of any of its investment interest; or

(iii) the sale of an appreciated asset;

(7) repayments received from recipients of conditional grants from the Department;

(8) money collected under § 9-229 of the Tax – Property Article;

(9) repayments on or recoveries from financial assistance provided from the former:

(i) Brownfields Revitalization Incentive Fund;

(ii) Child Care Facilities Direct Loan Fund;

(iii) Child Care Special Loan Fund;

(iv) Maryland Industrial and Commercial Redevelopment Fund;

(v) Maryland Industrial Land Fund;

(vi) Maryland Seafood and Aquaculture Loan Fund; [and]

(vii) Smart Growth Economic Development Infrastructure Fund;

and

**(VIII) MARYLAND ECONOMIC DEVELOPMENT ASSISTANCE
FUND; AND**

(10) any other money made available to the Fund.

5-316.

Financial assistance is deemed authorized under this subtitle if it was provided, or approved to be provided, from the following programs that have been incorporated into the Fund:

(1) the Brownfields Revitalization Incentive Fund;

(2) the Child Care Facilities Direct Loan Fund;

(3) the Child Care Special Loan Fund;

(4) the Maryland Industrial and Commercial Redevelopment Fund;

(5) the Maryland Industrial Land Act;

(6) the Maryland Seafood and Aquaculture Loan Fund; [and]

(7) the Smart Growth Economic Development Infrastructure Fund;

AND

(Over)

(8) THE MARYLAND ECONOMIC DEVELOPMENT ASSISTANCE FUND.

5-319.

(d) [For a local economic development opportunity] EXCEPT FOR PROJECTS LOCATED IN A QUALIFIED DISTRESSED COUNTY, the local government of the jurisdiction in which the project is located shall provide:

(1) a formal resolution of the governing body of the jurisdiction in which the project is located that endorses the financial assistance to be provided from the Fund; and

(2) as determined by the Department or Authority to evidence the support of the local government for the project:

(i) a guarantee, secured by the full faith and credit of the county or municipal corporation in which the project is located, of all or part of the financial assistance to be provided by the Fund;

(ii) the financing of part of the costs of the project equal to at least 10% of the financial assistance to be provided from the Fund; or

(iii) both.

5-321.

(b) [(1)] For the purpose of providing financial assistance under this subtitle, the following are deemed to be in eligible industry sectors:

[(i)](1) aquaculture projects;

[(ii)](2) arts and entertainment enterprises;

[(iii)](3) arts and entertainment projects;

[(iv)](4) redevelopment of qualified brownfields sites;

[(v)](5) creation or expansion of child care facilities;

[(vi)](6) projects in areas that are declared to be federal disaster areas within 1 year before the Department receives an application for financial assistance under this subtitle; and

[(vii)](7) feasibility studies.

[(2) The requirements specifically imposed on significant strategic economic development opportunities and local economic development opportunities under this subtitle do not apply to the items listed in paragraph (1) of this subsection.]

5-322.

(a) Financial assistance from the Fund may be used only to finance costs incurred for:

(1) construction or acquisition of a building or real property, and associated development and carrying costs;

(2) construction, acquisition, or installation of equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements, including rail line enhancements on or to the site of an economic development project, and associated development and carrying costs;

(Over)

(3) working capital [for significant strategic economic development opportunities, arts and entertainment enterprises, or arts and entertainment projects];

(4) redevelopment of qualified brownfields sites;

(5) subject to § 5-325(b)(3) of this subtitle, construction, purchase, or renovation of real property, fixtures, or equipment related to a child care facility;

(6) if supported by a resolution adopted by the governing body of the jurisdiction in which a project may be located, feasibility studies;

(7) subject to § 5-325(b)(4) of this subtitle, preparation of a county's or municipal corporation's strategy or plan for economic development; and

(8) a project intended to assist businesses in areas that are declared to be federal disaster areas, but only if the Department receives an application for financial assistance within 1 year after the declaration of the federal disaster area.

5-323.

Financial assistance from the Fund may not exceed the lesser of:

(1) \$10,000,000; or

(2) 20% of the Fund balance.

[5-324.

(a) Each subsection of this section is subject to § 5-323 of this subtitle.

(b) If the Department or Authority determines a project to be a significant strategic economic development opportunity, the Department or Authority may provide a loan from the Fund for the project to an individual, private business, not-for-profit entity, or the Corporation in an amount not exceeding \$10,000,000.

(c) If the Department or Authority determines a project to be a local economic development opportunity, the Department or Authority may provide financial assistance from the Fund for the project to an individual, private business, not-for-profit entity, or the Corporation in an amount not exceeding:

(1) \$5,000,000 for a loan or investment; and

(2) \$2,000,000 for a grant.

(d) (1) Financial assistance provided to a local government or the Corporation to finance a project may be:

(i) in the form of a grant, loan, or investment; and

(ii) except as provided in paragraph (2) of this subsection, in an amount not exceeding \$3,000,000.

(2) Financial assistance for a qualified distressed county project may be in an amount determined by the Department.

(3) A grant to a local economic development fund is subject to the requirements of Part V of this subtitle.

(e) Financial assistance for a specialized economic development opportunity may be:

(1) provided to an individual, private business, not-for-profit entity, or local government, or the Corporation;

(2) in the form of a grant, loan, or investment; and

(3) in an amount determined by the Department or Authority.]

5-325.

(b) (1) Except as provided in paragraph (2), (3), or (4) of this subsection, financial assistance from the Fund may not exceed 70% of the total costs of [the] A project being financed **UNLESS THE SECRETARY DETERMINES THAT THE PROJECT'S ECONOMIC IMPACT WARRANTS A HIGHER PERCENTAGE.**

(2) Financial assistance from the Fund may constitute **UP TO 100%** of the total costs of the project being financed if:

(i) the recipient is the Corporation; or

(ii) the financial assistance is for:

1. an arts and entertainment enterprise;

2. an arts and entertainment project; or

3. a qualified distressed county project.

[(c) (1) A loan from the Fund shall bear an interest rate below the market rate of interest, as determined by the Department, if the loan is for:

(i) a significant strategic economic development opportunity; or

(ii) a specialized economic development opportunity.

(2) A loan from the Fund for a qualified distressed county project shall bear an interest rate determined by the Department or the Authority.

(3) A loan from the Fund shall bear an interest rate not exceeding one-eighth of 1% plus the net interest cost of the most recent State general obligation bond issue preceding the approval of the loan if the loan is:

(i) for a local economic development opportunity; or

(ii) to a local government.

(4) A loan from the Fund may not bear an interest rate of less than 3% unless:

(i) the project funded by the loan is located in an area of high unemployment; or

(ii) the Department determines that the borrower is carrying out a compelling economic development initiative.]

(C) THE DEPARTMENT SHALL DETERMINE THE TERMS OF ANY FINANCIAL ASSISTANCE, INCLUDING ESTABLISHING TERMS OF REPAYMENT AND INTEREST RATES OF LOANS.

[(d) (1) The Department may waive interest during the first 2 years of the term of a loan from the Fund.

(2) If a borrower defaults on a loan from the Fund, the Department may impose an interest rate that exceeds the limits set forth in subsection (c)(1) or (3) of this section.]

(D) (1) THE DEPARTMENT MAY IMPOSE A 0% INTEREST RATE ON A LOAN FROM THE FUND.

(2) IF A BORROWER DEFAULTS ON A LOAN FROM THE FUND, THE DEPARTMENT MAY IMPOSE A DEFAULT INTEREST RATE ON THE LOAN.

[(e) The term of a loan from the Fund may not exceed:

(1) for working capital, 3 years;

(2) for financing equipment, furnishings, or fixtures, the lesser of 15 years or the useful life of the asset, as determined by the Department;

(3) for financing the construction or acquisition of buildings and real property, 25 years; and

(4) for financing the redevelopment of a qualified brownfields site or a qualified distressed county project, a term approved by the Department or Authority.]”.

AMENDMENT NO. 3

On page 4, in line 25, after “OF” insert “:

A.”;

and in line 26, after “ARTICLE” insert “;AND

**B. ANY OTHER MONEY APPROPRIATED,
TRANSFERRED BY BUDGET AMENDMENT, OR REPAID TO THE ACCOUNT**.

On page 7, in line 23, before "FROM" insert "BEGINNING IN FISCAL YEAR 2021,".

On page 9, after line 11, insert:

"Article - Tax - Property

9-229.

(c) For each of the 5 taxable years immediately following the first revaluation of the property after completion of a voluntary cleanup or corrective action plan of a brownfields site, each participating taxing jurisdiction where a qualified brownfields site is located shall:

(1) grant a property tax credit against the property tax imposed on the qualified brownfields site in an amount equal to 50% of the property tax attributable to the increase in the assessment of the qualified brownfields site, including improvements added to the site within the 5-year period as provided under this subsection, over the assessment of the qualified brownfields site before the voluntary cleanup; and

(2) contribute to the [Maryland Economic Development Assistance] ADVANTAGE MARYLAND Fund under § 5-313(8) of the Economic Development Article, 30% of the property tax attributable to the increase in the assessment of the brownfields site, including improvements added to the site within the 5-year period as provided under this subsection, over the assessment of the qualified brownfields site before the voluntary cleanup.

(Over)

(g) [A] SUBJECT TO THE AVAILABILITY OF FUNDING UNDER THE ADVANTAGE MARYLAND FUND FOR THE ASSESSMENT OR REDEVELOPMENT OF BROWNFIELDS SITES, A taxing jurisdiction's contribution for each qualified brownfields site to the [Maryland Economic Development Assistance] ADVANTAGE MARYLAND Fund under subsection (c)(2) of this section shall be used only for brownfields sites in the taxing jurisdictions that have enacted a brownfields property tax credit ordinance.

SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, on or before June 30, 2017, the Governor may transfer by budget amendment to the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account established under Section 1 of this Act \$187,500 of the fiscal year 2017 special fund appropriation transferred in accordance with Section 11 of H.B. 152 of the Acts of the General Assembly of 2017 from the Department of Housing and Community Development to the Department of Commerce to be redistributed to the Small, Minority, and Women-Owned Businesses Account established under § 9-1A-35 of the State Government Article.”;

in lines 12 and 24, strike “2.” and “3.”, respectively, and substitute “3.” and “5.”, respectively; after line 23, insert:

“SECTION 4. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act or by any other Act of the General Assembly of 2017 that affects provisions enacted by this Act. The publisher shall adequately describe any such correction in an editor's note following the section affected.”;

and in line 25, strike “October” and substitute “June”.