

HOUSE BILL 929

C9, C8

2lr0104

By: **Chair, Environment and Transportation Committee (By Request –
Departmental – Housing and Community Development)**

Introduced and read first time: February 7, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development – Opportunity Zone**
3 **Fund – Establishment**

4 FOR the purpose of establishing the Opportunity Zone Fund as a special, nonlapsing fund;
5 requiring interest earnings of the Fund to be credited to the Fund; requiring the
6 Department of Housing and Community Development to use the Fund to operate
7 and pay expenses of the Fund and to provide financial assistance to certain entities
8 for projects and programs in opportunity zones; authorizing the Department to sell
9 certain loans and interests without Board of Public Works approval; and generally
10 relating to the Opportunity Zone Fund in the Department of Housing and
11 Community Development.

12 BY adding to

13 Article – Housing and Community Development
14 Section 4–512
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2021 Supplement)

17 BY repealing and reenacting, without amendments,

18 Article – State Finance and Procurement
19 Section 6–226(a)(2)(i)
20 Annotated Code of Maryland
21 (2021 Replacement Volume)

22 BY repealing and reenacting, with amendments,

23 Article – State Finance and Procurement
24 Section 6–226(a)(2)(ii)144. and 145.
25 Annotated Code of Maryland
26 (2021 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)146.
Annotated Code of Maryland
(2021 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Housing and Community Development

4–512.

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

(2) “FUND” MEANS THE OPPORTUNITY ZONE FUND.

**(3) “OPPORTUNITY ZONE” MEANS AN AREA THAT HAS BEEN
DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z–1
OF THE INTERNAL REVENUE CODE.**

(B) THERE IS AN OPPORTUNITY ZONE FUND.

**(C) AS PROVIDED IN THE STATE BUDGET, THE DEPARTMENT SHALL USE
THE FUND TO:**

(1) OPERATE AND PAY EXPENSES OF THE FUND; AND

**(2) PROVIDE FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS,
NONPROFIT ORGANIZATIONS, AND PRIVATE BUSINESSES FOR PROJECTS AND
PROGRAMS IN OPPORTUNITY ZONES.**

(D) THE DEPARTMENT SHALL ADMINISTER THE FUND.

**(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

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

(F) THE FUND CONSISTS OF:

(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

1 **(2) REPAYMENTS OF LOANS MADE FROM THE FUND;**

2 **(3) MONEY RECEIVED FROM THE SALE, ASSIGNMENT, OR OTHER**
3 **DISPOSITION OF PROGRAM LOANS AND EQUITY INTERESTS;**

4 **(4) INTEREST AND INVESTMENT EARNINGS OF THE FUND; AND**

5 **(5) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
6 **THE BENEFIT OF THE FUND.**

7 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
8 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

9 **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**
10 **THE FUND.**

11 **(H) THE RECIPIENT OF FINANCIAL ASSISTANCE FROM THE FUND MAY USE**
12 **THE ASSISTANCE FOR:**

13 **(1) DEVELOPMENT COSTS AS DEFINED IN § 4-201(F) OF THIS TITLE;**
14 **AND**

15 **(2) OPERATING COSTS AND EXPENSES OF PROVIDING COMMUNITY**
16 **EDUCATION, COUNSELING, AND SUPPORT PROGRAMS IN AN OPPORTUNITY ZONE.**

17 **(I) FINANCIAL ASSISTANCE FROM THE FUND MAY BE PROVIDED AS:**

18 **(1) A GRANT;**

19 **(2) A LOAN;**

20 **(3) A REDUCTION IN THE PRINCIPAL OBLIGATION OF OR INTEREST**
21 **RATE ON A LOAN OR PORTION OF A LOAN;**

22 **(4) A PREPAYMENT OF INTEREST ON A SUBORDINATE OR SUPERIOR**
23 **LOAN OR PORTION OF A LOAN;**

24 **(5) AN ASSURANCE;**

25 **(6) A GUARANTEE;**

26 **(7) ANY OTHER FORM OF CREDIT ENHANCEMENT; OR**

(8) AN EQUITY INVESTMENT, INCLUDING TAKING AN INTEREST IN:

(I) STOCK OR ANOTHER FORM OF LEGAL INTEREST IN AN ENTITY;

(II) A CONVERTIBLE NOTE;

(III) A CERTIFICATE OF INTEREST OR PARTICIPATION IN A PROFIT-SHARING AGREEMENT;

(IV) AN INVESTMENT CONTRACT;

(V) A CERTIFICATE OF DEPOSIT FOR A SECURITY;

(VI) A CERTIFICATE OF INTEREST OR PARTICIPATION IN A PATENT OR PATENT APPLICATION OR IN ROYALTY OR OTHER PAYMENTS UNDER A PATENT OR PATENT APPLICATION; OR

(VII) AN INTEREST OR INSTRUMENT COMMONLY KNOWN AS A "SECURITY" OR A CERTIFICATE FOR, RECEIPT FOR, GUARANTY OF, OR OPTION, WARRANT, OR RIGHT TO SUBSCRIBE TO OR PURCHASE A SECURITY.

(J) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

(K) THE DEPARTMENT MAY:

(1) CONTRACT FOR SERVICES RELATED TO THE FUND;

(2) CHARGE APPLICATION, ORIGINATION, AND PROCESSING FEES;

(3) REQUIRE FINANCIAL ASSISTANCE UNDER THE FUND TO BE SECURED BY A MORTGAGE OR OTHER SECURITY INSTRUMENT ON REAL OR PERSONAL PROPERTY;

(4) MODIFY THE INTEREST RATE, THE TIME OR AMOUNT OF PAYMENT, OR ANY OTHER TERM OF A GRANT OR LOAN TO FACILITATE THE SUCCESSFUL COMPLETION OR OPERATION OF A PROJECT;

(5) ENTER INTO AGREEMENTS WITH LENDERS OR OTHER ENTITIES TO PROVIDE FINANCIAL ASSISTANCE OR COLLECTIVELY LEND MONEY;

1 **(6) FORECLOSE OR EXECUTE ON A SECURITY INSTRUMENT; AND**

2 **(7) WITHOUT APPROVAL OR EXECUTION BY THE BOARD OF PUBLIC**
3 **WORKS:**

4 **(I) ENCUMBER, SELL, OR OTHERWISE DISPOSE OF PROPERTY**
5 **ACQUIRED IN CONNECTION WITH A LOAN IN DEFAULT; AND**

6 **(II) SELL OR ASSIGN A LOAN OR EQUITY INTEREST ACQUIRED**
7 **UNDER THIS SECTION.**

8 **Article – State Finance and Procurement**

9 6–226.

10 (a) (2) (i) Notwithstanding any other provision of law, and unless
11 inconsistent with a federal law, grant agreement, or other federal requirement or with the
12 terms of a gift or settlement agreement, net interest on all State money allocated by the
13 State Treasurer under this section to special funds or accounts, and otherwise entitled to
14 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
15 Fund of the State.

16 (ii) The provisions of subparagraph (i) of this paragraph do not apply
17 to the following funds:

18 144. the Health Equity Resource Community Reserve Fund;

19 **[and]**

20 145. the Access to Counsel in Evictions Special Fund; **AND**

21 **146. THE OPPORTUNITY ZONE FUND.**

22 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**
23 **1, 2022.**