

SENATE BILL 393

C8

2lr0141
CF HB 414

By: **The President (By Request – Administration) and Senators Bailey, Carozza, Cassilly, Corderman, Eckardt, Edwards, Elfreth, Gallion, Hershey, Hester, Hough, Jennings, Ready, Salling, Simonaire, ~~and West~~ West, Kagan, and Ellis**

Introduced and read first time: January 24, 2022

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2022

CHAPTER _____

1 AN ACT concerning

2 **Economic Development – Project Restore Program and Fund**

3 FOR the purpose of establishing the Project Restore Program within the Department of
4 Housing and Community Development to provide financial incentives for small
5 businesses ~~and~~, commercial developers, and nonprofit organizations to revitalize
6 certain vacant retail and commercial space; authorizing the award of certain grants
7 to certain businesses ~~and~~, developers, and nonprofit organizations under certain
8 circumstances; establishing the Project Restore Fund as a special, nonlapsing fund
9 in the Department; requiring interest earnings of the Fund to be credited to the
10 Fund; and generally relating to the Project Restore Program and Fund.

11 BY repealing and reenacting, without amendments,
12 Article – Economic Development
13 Section 6–801(a) and (l)
14 Annotated Code of Maryland
15 (2018 Replacement Volume and 2021 Supplement)

16 BY adding to
17 Article – Housing and Community Development
18 Section 6–1101 and 6–1102 to be under the new subtitle “Subtitle 11. Project Restore
19 Program and Fund”
20 Annotated Code of Maryland

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.



(2019 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)144. and 145.
Annotated Code of Maryland
(2021 Replacement Volume)

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 – Economic Development

6–801.

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

(l) “Tier I area” means:

(1) a Tier I county, as defined in § 1–101 of this article;

(2) a county designated by the Department that is not a county described
in item (1) of this subsection, not to exceed three counties; or

(3) an opportunity zone.

Article – Housing and Community Development

SUBTITLE 11. PROJECT RESTORE PROGRAM AND FUND.

6–1101.

(A) IN THIS SECTION, “PROGRAM” MEANS THE PROJECT RESTORE
PROGRAM.

(B) THERE IS A PROJECT RESTORE PROGRAM IN THE DEPARTMENT.

(C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE FINANCIAL INCENTIVES FOR SMALL BUSINESSES ~~AND~~, COMMERCIAL DEVELOPERS, AND NONPROFIT ORGANIZATIONS TO REVITALIZE VACANT RETAIL AND COMMERCIAL SPACE.

(D) EXPENDITURES FOR THE PROGRAM MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(E) (1) SUBJECT TO THE AVAILABILITY OF FUNDING AND IN ACCORDANCE WITH CRITERIA ESTABLISHED BY THE DEPARTMENT, THE PROGRAM SHALL PROVIDE RENTAL GRANTS AND BUSINESS OPERATION GRANTS TO ELIGIBLE BUSINESSES AND NONPROFIT ORGANIZATIONS.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE PROGRAM SHALL GIVE GRANT PRIORITY TO SMALL BUSINESSES AND NONPROFIT ORGANIZATIONS THAT OFFER HEALTHY FOOD OPTIONS IN DESIGNATED FOOD DESERT AREAS OR SUSTAINABLE COMMUNITIES UNDER TITLE 6 OF THIS ARTICLE.

(II) FIRST PRIORITY SHALL BE GIVEN TO NEW, RECOVERING, OR EXPANDING SMALL BUSINESSES AND NONPROFIT ORGANIZATIONS THAT MEET THE REQUIREMENTS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH AND SOURCE FRESH FOOD FROM FARMERS IN THE STATE.

(F) (1) IN ORDER TO BE ELIGIBLE FOR THE PROGRAM, A BUSINESS OR NONPROFIT ORGANIZATION SHALL OPEN OR EXPAND IN A RETAIL OR COMMERCIAL PROPERTY THAT HAS BEEN VACANT FOR AT LEAST 6 CONTINUOUS MONTHS BEFORE THE LATER OF THE DATE THAT THE BUSINESS OR NONPROFIT ORGANIZATION:

(I) OBTAINED AN OWNERSHIP INTEREST IN THE PROPERTY; OR

(II) BEGAN CONSTRUCTION OR RENOVATION OF THE PROPERTY.

(2) A BUSINESS OR NONPROFIT ORGANIZATION THAT TOOK AN OWNERSHIP INTEREST IN A PROPERTY OR BEGAN CONSTRUCTION OR RENOVATION OF A PROPERTY BEFORE JULY 1, 2021, IS NOT ELIGIBLE FOR THE PROGRAM WITH RESPECT TO THAT PROPERTY.

(3) THE DEPARTMENT MAY EXCLUDE CERTAIN TYPES OF BUSINESSES OR NONPROFIT ORGANIZATIONS FROM ELIGIBILITY FOR THE PROGRAM.

(G) (1) THE PROGRAM MAY AWARD RENTAL GRANTS ONLY TO AN ELIGIBLE BUSINESS OR NONPROFIT ORGANIZATION WITH 50 OR FEWER FULL-TIME EQUIVALENT EMPLOYEES.

(2) AN ELIGIBLE BUSINESS OR NONPROFIT ORGANIZATION MAY USE RENTAL GRANT FUNDS AWARDED UNDER THIS SUBSECTION TO SUPPORT THE PAYMENT OF RENT, MORTGAGE, OR PROPERTY TAXES BASED ON WHETHER THE BUSINESS OR NONPROFIT ORGANIZATION WILL LEASE, WILL PURCHASE, OR ALREADY OWNS THE VACANT PROPERTY THAT THE BUSINESS OR NONPROFIT ORGANIZATION WILL OCCUPY.

(3) (I) ~~THE~~ SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE PROGRAM MAY AWARD AN ELIGIBLE BUSINESS OR NONPROFIT ORGANIZATION A RENTAL GRANT NOT EXCEEDING \$2,500 FOR EACH MONTH FOR A PERIOD NOT EXCEEDING 12 MONTHS.

(II) 1. THE PROGRAM MAY AWARD AN ELIGIBLE SMALL BUSINESS OR NONPROFIT ORGANIZATION THAT OFFERS HEALTHY FOOD OPTIONS IN DESIGNATED FOOD DESERT AREAS OR SUSTAINABLE COMMUNITIES UNDER TITLE 6 OF THIS ARTICLE A RENTAL GRANT NOT EXCEEDING \$2,500 FOR EACH MONTH FOR A PERIOD NOT EXCEEDING 5 YEARS.

2. A SMALL BUSINESS OR NONPROFIT ORGANIZATION AWARDED A GRANT UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH MAY SUBMIT AN APPLICATION TO RENEW THE RENTAL GRANT.

(H) (1) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, THE PROGRAM MAY AWARD A BUSINESS OPERATIONS GRANT TO PROVIDE SALES AND USE TAX REBATES TO AN ELIGIBLE BUSINESS OR NONPROFIT ORGANIZATION FOR THE AMOUNT OF SALES AND USE TAX COLLECTED BY THE BUSINESS OR NONPROFIT ORGANIZATION AND PAID TO THE STATE.

(2) (I) AN ELIGIBLE BUSINESS OR NONPROFIT ORGANIZATION MAY USE A BUSINESS OPERATIONS GRANT FOR ACTIVITIES AND COSTS RELATED TO SUSTAINING AND GROWING THE BUSINESS OR NONPROFIT ORGANIZATION, INCLUDING STAFF COSTS, CAPITAL IMPROVEMENTS, MARKETING, INVENTORY, SUPPLIES, UTILITIES, AND TRAINING.

(II) AN ELIGIBLE BUSINESS OR NONPROFIT ORGANIZATION MAY NOT USE A BUSINESS OPERATIONS GRANT FOR THE PAYMENT OF EXECUTIVE SALARIES OR EXECUTIVE BONUSES.

(3) A BUSINESS OPERATIONS GRANT MAY NOT EXCEED \$250,000 DURING A 12-MONTH PERIOD.

(4) THE PROGRAM MAY AWARD A BUSINESS OPERATIONS GRANT FOR:

(I) A PERIOD NOT EXCEEDING 2 YEARS FOR A BUSINESS OR NONPROFIT ORGANIZATION THAT IS LOCATED IN:

1. A TIER I AREA, AS DEFINED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE; OR

2. A LOCATION DESIGNATED BY THE DEPARTMENT AS A MAIN STREET MARYLAND COMMUNITY; ~~OR~~

(II) A PERIOD NOT EXCEEDING 1 YEAR FOR A BUSINESS OR NONPROFIT ORGANIZATION THAT IS NOT LOCATED IN AN AREA DESCRIBED UNDER ITEM (I) OF THIS PARAGRAPH; OR

(III) A PERIOD NOT EXCEEDING 5 YEARS FOR A SMALL BUSINESS OR NONPROFIT ORGANIZATION THAT OFFERS HEALTHY FOOD OPTIONS IN DESIGNATED FOOD DESERT AREAS OR SUSTAINABLE COMMUNITIES UNDER TITLE 6 OF THIS ARTICLE.

(5) A SMALL BUSINESS OR NONPROFIT ORGANIZATION AWARDED A GRANT UNDER PARAGRAPH (4)(III) OF THIS SUBSECTION MAY SUBMIT AN APPLICATION TO RENEW THE BUSINESS OPERATIONS GRANT.

(I) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THE PROGRAM.

(J) ON OR BEFORE NOVEMBER 1, 2023, AND EACH NOVEMBER 1 THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE AND THE HOUSE COMMITTEE ON WAYS AND MEANS, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE FOLLOWING FOR THE IMMEDIATELY PRECEDING REPORTING PERIOD:

(1) THE IMPLEMENTATION AND PERFORMANCE OF THE PROGRAM AND USE OF THE PROJECT RESTORE FUND;

(2) THE AMOUNT OF GRANT MONEY AWARDED;

(3) THE AMOUNT OF GRANT MONEY RECEIVED BY EACH COUNTY; AND

(4) THE TYPE OF ORGANIZATIONS THAT RECEIVED GRANT MONEY AND IN WHAT AMOUNTS.

1 **6-1102.**

2 (A) IN THIS SECTION, "FUND" MEANS THE PROJECT RESTORE FUND.

3 (B) THERE IS A PROJECT RESTORE FUND.

4 (C) THE PURPOSE OF THE FUND IS TO FUND RENTAL GRANTS AND
5 BUSINESS OPERATIONS GRANTS AWARDED UNDER THE PROJECT RESTORE
6 PROGRAM IN ACCORDANCE WITH § 6-1101 OF THIS SUBTITLE.

7 (D) THE DEPARTMENT SHALL ADMINISTER THE FUND.

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

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

12 (F) THE FUND CONSISTS OF:

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

14 (2) INTEREST EARNINGS; AND

15 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
16 THE BENEFIT OF THE FUND.

17 (G) THE FUND MAY BE USED ONLY:

18 (1) FOR THE PURPOSES DESCRIBED UNDER SUBSECTION (C) OF THIS
19 SECTION; AND

20 (2) TO PAY THE COSTS NECESSARY TO ADMINISTER THE FUND.

21 (H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND
22 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

23 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO
24 THE FUND.

25 (I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE
26 WITH THE STATE BUDGET.

(J) MONEY EXPENDED FROM THE FUND IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED ~~FOR BUSINESS-RELATED~~ AS GRANTS FOR BUSINESSES OR NONPROFIT ORGANIZATIONS.

Article – State Finance and Procurement

6–226.

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

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

144. the Health Equity Resource Community Reserve Fund;

[and]

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

146. THE PROJECT RESTORE FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022. It shall remain effective for a period of 5 years and, at the end of September 30, 2027, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.