

HOUSE BILL 1203

C8

4lr3107

By: **Delegate Smith**

Introduced and read first time: February 8, 2024

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2024

CHAPTER _____

1 AN ACT concerning

2 **Economic Development – Strategic Infrastructure Revolving Loan Program –**
3 **~~Established~~ and Tax Increment Financing**

4 FOR the purpose of establishing the Strategic Infrastructure Revolving Loan Program in
5 the Maryland Economic Development Corporation to make loans for targeted
6 investments in certain real estate and infrastructure projects located in certain
7 areas; establishing the Strategic Infrastructure Revolving Loan Fund as a special,
8 nonlapsing fund; authorizing the Corporation, with certain approval of a governing
9 body of a political subdivision, to pledge certain revenues generated within a certain
10 area, for certain purposes; and generally relating to the Strategic Infrastructure
11 Revolving Loan Program and tax increment financing.

12 BY adding to
13 Article – Economic Development
14 Section 10–134 and 12–210(d)
15 Annotated Code of Maryland
16 (2018 Replacement Volume and 2023 Supplement)

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

19 **Article – Economic Development**

20 **10–134.**

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.



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

(2) “FUND” MEANS THE STRATEGIC INFRASTRUCTURE REVOLVING LOAN FUND.

(3) “PRIORITY FUNDING AREA” MEANS AN AREA IDENTIFIED UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(4) “PROGRAM” MEANS THE STRATEGIC INFRASTRUCTURE REVOLVING LOAN PROGRAM.

(5) “SUSTAINABLE COMMUNITY” MEANS AN AREA DESIGNATED UNDER § 6-205 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

(6) “TRANSIT-ORIENTED DEVELOPMENT” HAS THE MEANING STATED IN § 7-101 OF THE TRANSPORTATION ARTICLE.

(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.

(C) (1) THERE IS A STRATEGIC INFRASTRUCTURE REVOLVING LOAN FUND IN THE CORPORATION.

(2) THE PURPOSE OF THE FUND IS TO PROVIDE LOANS FOR THE COST OF INFRASTRUCTURE PROJECTS THAT MEET THE PURPOSES OF THE PROGRAM.

(3) THE CORPORATION SHALL ADMINISTER THE FUND.

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

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

(5) THE FUND CONSISTS OF:

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

3 (II) PREMIUMS, FEES, INTEREST PAYMENTS, AND PRINCIPAL
4 PAYMENTS ON LOANS MADE UNDER THIS SECTION; AND

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

7 (6) THE FUND MAY BE USED ONLY FOR LOANS MADE UNDER THE
8 PROGRAM.

9 (7) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND
10 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

11 (8) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN
12 ACCORDANCE WITH THE STATE BUDGET.

13 (D) (1) AN APPLICANT FOR A LOAN UNDER THIS SECTION SHALL SUBMIT
14 TO THE CORPORATION AN APPLICATION ON THE FORM THAT THE CORPORATION
15 REQUIRES.

16 (2) THE APPLICATION SHALL INCLUDE:

17 (I) A DETAILED STRATEGIC PLAN FOR THE TARGETED
18 INVESTMENT;

19 (II) THE AMOUNT OF MONEY REQUIRED FOR THE ACTIVITIES
20 DESCRIBED IN THE STRATEGIC PLAN;

21 (III) THE MONEY AVAILABLE TO THE APPLICANT WITHOUT
22 FINANCIAL ASSISTANCE FROM THE PROGRAM;

23 (IV) THE AMOUNT OF FINANCIAL ASSISTANCE REQUESTED FROM
24 THE PROGRAM;

25 (V) INFORMATION RELATING TO THE FINANCIAL STATUS OF
26 THE APPLICANT, INCLUDING, IF APPLICABLE:

27 1. A CURRENT BALANCE SHEET;

28 2. A PROFIT AND LOSS STATEMENT; AND

29 3. CREDIT REFERENCES; AND

(VI) ANY OTHER RELEVANT INFORMATION THAT THE CORPORATION REQUESTS.

(3) AN APPLICANT IS ELIGIBLE FOR A LOAN UNDER THE PROGRAM FOR PROJECTS LOCATED IN A SUSTAINABLE COMMUNITY, PRIORITY FUNDING AREA, OR TRANSIT-ORIENTED DEVELOPMENT AREA.

(4) THE CORPORATION SHALL ESTABLISH AN ADVISORY LOAN COMMITTEE TO REVIEW LOAN APPLICATIONS AND MAKE RECOMMENDATIONS TO THE CORPORATION ON APPROVAL.

(5) IN MAKING LOANS, THE CORPORATION SHALL PRIORITIZE PROJECTS THAT:

(I) ACTIVATE UNDERUTILIZED PROPERTY OWNED BY THE GOVERNMENT AND INSTITUTIONS;

(II) OFFER SIGNIFICANT DEVELOPMENT OR REDEVELOPMENT VALUE;

(III) LEVERAGE PRIVATE INVESTMENT; AND

(IV) HAVE THE POTENTIAL FOR SIGNIFICANT JOB GROWTH OR RETENTION.

(6) LOANS MAY BE USED:

(I) TO ACQUIRE PROPERTY, INCLUDING VACANT SITES;

(II) FOR DESIGN AND DEVELOPMENT OF A PROJECT; AND

(III) FOR REHABILITATION, CONSTRUCTION, AND DEMOLITION.

(E) ~~(1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE~~ THE CORPORATION MAY SET THE TERMS AND CONDITIONS FOR LOANS MADE UNDER THE PROGRAM, INCLUDING THE LENGTH OF THE LOAN TERM AND RENEWALS, APPROPRIATE FEES, AND LOAN AMOUNT PER APPLICANT.

~~(2) THE LOANS SHALL:~~

~~(I) HAVE A TERM OF UP TO 5 YEARS;~~

~~(II) HAVE A FEE OF UP TO 1.5% OF THE PRINCIPAL AMOUNT, PLUS REASONABLE ATTORNEY'S FEES; AND~~

~~(H) BE NOT MORE THAN \$20,000,000 PER APPLICANT.~~

(F) (1) THE CORPORATION SHALL PREPARE THE LOAN DOCUMENTS.

(2) THE LOAN DOCUMENTS SHALL INCLUDE:

(I) THE INTEREST RATE ON THE LOAN;

(II) THE AMOUNT OF THE LOAN;

(III) REPAYMENT PROVISIONS FOR THE LOAN; AND

(IV) ANY OTHER PROVISION THAT THE CORPORATION DETERMINES IS NECESSARY, INCLUDING A PROVISION ON TAKING LIENS AND SECURITY INTERESTS IN REAL OR PERSONAL PROPERTY.

(G) (1) IF A RECIPIENT OF A LOAN UNDER THIS SECTION VIOLATES ANY PROVISION OF THE LOAN DOCUMENTS OR CEASES TO MEET THE REQUIREMENTS OF THIS SECTION, THE CORPORATION MAY, ON REASONABLE NOTICE TO THE LOAN RECIPIENT:

(I) WITHHOLD FURTHER ADVANCES OF LOAN PROCEEDS UNTIL THE LOAN RECIPIENT COMPLIES WITH THE AGREEMENT OR REQUIREMENTS; OR

(II) EXERCISE ANY OTHER REMEDY PROVIDED IN THE LOAN DOCUMENTS.

(2) (I) IF A LOAN MADE UNDER THIS SECTION IS IN DEFAULT, THE CORPORATION MAY FORECLOSE ON A MORTGAGE OR DEED OF TRUST HELD AS SECURITY FOR THE LOAN IN THE MANNER PROVIDED UNDER THE MARYLAND RULES FOR FORECLOSURES IN PRIVATE TRANSACTIONS.

(II) THE CORPORATION MAY TAKE TITLE IN THE CORPORATION'S NAME TO ANY PROPERTY FORECLOSED AND CONVEY TITLE TO A BONA FIDE PURCHASER.

(H) THE CORPORATION SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

12-210.

(D) (1) WITH THE APPROVAL BY RESOLUTION OF THE GOVERNING BODY OF A POLITICAL SUBDIVISION, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION MAY PLEDGE ALTERNATIVE REVENUES GENERATED WITHIN OR

OTHERWISE DIRECTLY ATTRIBUTABLE TO A PROJECT LOCATED IN AN APPROVED DEVELOPMENT DISTRICT, A TRANSIT-ORIENTED DEVELOPMENT, A RISE ZONE, A SUSTAINABLE COMMUNITY, OR A STATE HOSPITAL REDEVELOPMENT.

(2) THE REVENUES PLEDGED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION SHALL BE PAID, AS PROVIDED IN THE RESOLUTION, INTO THE SPECIAL FUND FOR THE DEVELOPMENT DISTRICT, TRANSIT-ORIENTED DEVELOPMENT, RISE ZONE, SUSTAINABLE COMMUNITY, OR STATE HOSPITAL REDEVELOPMENT TO:

(I) SECURE THE PAYMENT OF DEBT SERVICE ON BONDS OR MEDCO OBLIGATIONS;

(II) SUPPORT THE STRATEGIC INFRASTRUCTURE REVOLVING LOAN FUND ESTABLISHED UNDER § 10-134 OF THIS DIVISION; OR

(III) BE APPLIED TO THE OTHER PURPOSES STATED IN § 12-209 OF THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.