

HOUSE BILL 451

C8

4lr0065

By: **Chair, Environmental Matters Committee (By Request – Departmental – Housing and Community Development)**

Introduced and read first time: January 27, 2014

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Neighborhood Business Development Program – Financial Assistance for**
3 **Food Desert Areas**

4 FOR the purpose of altering the purpose of the Neighborhood Business Development
5 Program to include help creating certain small businesses and other
6 food-related enterprises in food deserts; requiring the Program to provide
7 financial assistance to projects in food deserts; authorizing certain entities to
8 apply for financial assistance for a project in a food desert under certain
9 circumstances; establishing the Interagency Food Desert Advisory Committee;
10 establishing the membership, chair, staffing, and duties of the Advisory
11 Committee; authorizing the Secretary of Housing and Community Development,
12 on the recommendation of the Advisory Committee, to designate an area as a
13 food desert after considering certain factors; requiring the Department of
14 Housing and Community Development to adopt certain regulations; defining a
15 certain term; and generally relating to the Neighborhood Business Development
16 Program and food deserts.

17 BY repealing and reenacting, with amendments,
18 Article – Housing and Community Development
19 Section 6–301, 6–303, 6–304, 6–305, and 6–308
20 Annotated Code of Maryland
21 (2006 Volume and 2013 Supplement)

22 BY adding to
23 Article – Housing and Community Development
24 Section 6–308.2
25 Annotated Code of Maryland
26 (2006 Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Housing and Community Development**

4 6–301.

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

6 (b) (1) “Development costs” means the costs incurred to construct or
7 rehabilitate a neighborhood business development project.

8 (2) “Development costs” includes the costs of:

9 (i) necessary studies, surveys, plans, and specifications;

10 (ii) architectural, engineering, or other special services,
11 including flood plain studies, environmental audits, and critical area or wetland
12 assessments;

13 (iii) land and improvements;

14 (iv) site preparation;

15 (v) construction, reconstruction, and rehabilitation;

16 (vi) machinery, equipment, and furnishings;

17 (vii) essential start-up operating costs, including working capital
18 and initial occupancy expenses;

19 (viii) indemnity and surety bonds and premiums on insurance;

20 (ix) temporary relocation expenses; and

21 (x) other necessary fees.

22 **(C) “FOOD DESERT” MEANS THE PART OF A PRIORITY FUNDING AREA**
23 **DESIGNATED BY THE SECRETARY UNDER § 6–308(C) OF THIS SUBTITLE.**

24 **[(c)] (D)** “Fund” means the Neighborhood Business Development Fund.

25 **[(d)] (E)** “Microenterprise” means a business with not more than five
26 employees that:

1 (1) requires not more than \$35,000 in total start-up capital or
2 financial assistance; and

3 (2) does not have access to the traditional commercial banking sector.

4 **[(e)] (F)** “Program” means the Neighborhood Business Development
5 Program.

6 **[(f)] (G)** (1) “Project” means a neighborhood business development
7 project that receives financial assistance from the Fund.

8 (2) “Project” includes a microenterprise project that receives financial
9 assistance from the Fund.

10 **[(g)] (H)** “Small business” means a business that qualifies as a small
11 business under § 6–302 of this subtitle.

12 **[(h)] (I)** “Sustainable community” means the part of a priority funding area
13 that:

14 (1) as determined by the Smart Growth Subcabinet, satisfies the
15 requirements of § 6–205 of this title;

16 (2) has been designated as a BRAC Revitalization and Incentive Zone
17 under Title 5, Subtitle 13 of the Economic Development Article; or

18 (3) has been designated a transit-oriented development under § 7–101
19 of the Transportation Article.

20 6–303.

21 (a) There is a Neighborhood Business Development Program.

22 (b) The purposes of the Program **[are,] ARE:**

23 **(1)** in sustainable communities, to:

24 **[(1)] (I)** help develop, redevelop, or expand small businesses and
25 microenterprises;

26 **[(2)] (II)** stimulate investment by the private sector;

27 **[(3)] (III)** invest in revitalization projects for small businesses and
28 microenterprises; and

1 ~~[(4)]~~ **(IV)** stimulate political subdivisions to participate in developing
2 and expanding small businesses and microenterprises; **AND**

3 **(2) IN FOOD DESERTS, TO HELP CREATE SMALL BUSINESSES AND**
4 **OTHER FOOD-RELATED ENTERPRISES THAT PROVIDE FRESH FRUITS,**
5 **VEGETABLES, AND OTHER HEALTHY FOODS TO RESIDENTS IN THE FOOD**
6 **DESERT.**

7 (c) The Program includes:

8 (1) the Business Development Program; and

9 (2) the Capital Access Program.

10 6–304.

11 (a) There is a Business Development Program in the Neighborhood Business
12 Development Program.

13 (b) The Business Development Program shall provide financial assistance to
14 projects in sustainable communities **AND FOOD DESERTS.**

15 6–305.

16 (a) (1) A small business, nonprofit organization, or microenterprise may
17 apply for financial assistance under the Business Development Program.

18 (2) The Department shall review each application.

19 (b) An applicant may qualify for financial assistance for a project in a
20 sustainable community **OR FOOD DESERT** if the application demonstrates that:

21 (1) except for a microenterprise project, the project has significant
22 commitments for financing from other private and nonstate public sources that are
23 sufficient to complete the project with the money from the Fund;

24 (2) the financial assistance from the Fund is the minimum amount
25 necessary to make the project financially feasible;

26 (3) the project is ready to proceed when it receives financial assistance
27 from the Business Development Program; **[and]**

28 (4) the political subdivision has adopted a resolution, or its authorized
29 designee has delivered a letter to the Business Development Program, that expresses
30 support for the project; **AND**

1 **(5) ANY FOOD DESERT PROJECT INCLUDES A PLAN TO SEEK OUT**
2 **SOURCES OF MARYLAND-GROWN PRODUCE AND MARYLAND PRODUCED FOODS.**

3 (c) Financial assistance under the Business Development Program may be
4 provided to a small business, nonprofit organization, or microenterprise as:

5 (1) a grant;

6 (2) a loan;

7 (3) a reduction in the principal obligation of or interest rate on a loan
8 or portion of a loan;

9 (4) a prepayment of interest on a subordinate or superior loan or
10 portion of a loan;

11 (5) an assurance;

12 (6) a guarantee; or

13 (7) any other form of credit enhancement.

14 6-308.

15 (a) The Department shall:

16 (1) administer the Business Development Program;

17 (2) adopt regulations to carry out the Business Development Program,
18 **INCLUDING A PROCESS TO DESIGNATE AN AREA AS A FOOD DESERT UNDER**
19 **SUBSECTION (C) OF THIS SECTION;**

20 (3) establish, for each category of financing described in § 6-306(c) of
21 this subtitle, minimum percentages or amounts of private and nonstate public
22 financing that an applicant for the Business Development Program must secure; and

23 (4) make a reasonable, good faith effort to make 25% of the Business
24 Development Program loans and grants to microenterprises.

25 (b) The Department may:

26 (1) sell, assign, or otherwise dispose of a Program loan or revenue
27 from a loan on terms and conditions acceptable to the Department, including selling
28 loans at a discount, if the maximum sale proceeds in any fiscal year do not exceed
29 \$4,000,000; and

1 (2) apply the proceeds received from a sale, assignment, or other
2 disposition under item (1) of this subsection to the Fund.

3 **(C) THE SECRETARY, ON THE RECOMMENDATION OF THE**
4 **INTERAGENCY FOOD DESERT ADVISORY COMMITTEE ESTABLISHED UNDER §**
5 **6-308.2 OF THIS SUBTITLE, MAY DESIGNATE AN AREA AS A FOOD DESERT AFTER**
6 **CONSIDERING THE FOLLOWING FACTORS:**

7 **(1) AVAILABILITY OF FRESH FRUIT, VEGETABLES, AND OTHER**
8 **HEALTHY FOODS IN THE AREA;**

9 **(2) INCOME LEVELS OF LOCAL RESIDENTS;**

10 **(3) TRANSPORTATION NEEDS OF LOCAL RESIDENTS AND THE**
11 **AVAILABILITY OF PUBLIC TRANSPORTATION;**

12 **(4) COMMENTS FROM LOCAL GOVERNMENTS; AND**

13 **(5) ANY OTHER FACTORS THAT THE DEPARTMENT CONSIDERS**
14 **RELEVANT.**

15 **6-308.2.**

16 **(A) THERE IS AN INTERAGENCY FOOD DESERT ADVISORY COMMITTEE.**

17 **(B) THE COMMITTEE CONSISTS OF THE FOLLOWING SEVEN MEMBERS:**

18 **(1) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;**

19 **(2) THE SECRETARY OF AGRICULTURE, OR THE SECRETARY'S**
20 **DESIGNEE;**

21 **(3) THE SECRETARY OF PLANNING, OR THE SECRETARY'S**
22 **DESIGNEE;**

23 **(4) THE SECRETARY OF HEALTH AND MENTAL HYGIENE, OR THE**
24 **SECRETARY'S DESIGNEE;**

25 **(5) THE SECRETARY OF HUMAN RESOURCES, OR THE**
26 **SECRETARY'S DESIGNEE;**

27 **(6) THE SECRETARY OF BUSINESS AND ECONOMIC**
28 **DEVELOPMENT, OR THE SECRETARY'S DESIGNEE; AND**

1 **(7) THE SECRETARY OF EDUCATION, OR THE SECRETARY'S**
2 **DESIGNEE.**

3 **(C) THE SECRETARY OR THE SECRETARY'S DESIGNEE IS THE CHAIR OF**
4 **THE COMMITTEE.**

5 **(D) THE DEPARTMENT SHALL PROVIDE STAFF FOR THE COMMITTEE.**

6 **(E) THE COMMITTEE SHALL:**

7 **(1) ADVISE AND MAKE RECOMMENDATIONS TO THE DEPARTMENT**
8 **ON THE DEVELOPMENT AND ADOPTION OF REGULATIONS RELATED TO FOOD**
9 **DESERTS PROJECTS;**

10 **(2) MAKE RECOMMENDATIONS TO THE SECRETARY ON**
11 **APPLICATIONS FOR DESIGNATING AN AREA AS A FOOD DESERT; AND**

12 **(3) MAKE RECOMMENDATIONS FOR INTERAGENCY**
13 **COORDINATION TO REDUCE THE NUMBER OF FOOD DESERTS AND PROMOTE**
14 **HEALTHY FOOD ACCESS FOR MARYLAND NEIGHBORHOODS.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2014.