

SENATE BILL 814

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By: **Senator Hester**

Introduced and read first time: February 7, 2022

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Public Safety – Resilient Maryland Revolving Loan Fund – Alterations**

3 FOR the purpose of altering the Resilient Maryland Revolving Loan Fund to provide for
4 loans to be made to the Department of Housing and Community Development and
5 local governments; authorizing the Fund to include money from the Federal
6 Emergency Management Agency; requiring a portion of the Fund to be reserved for
7 a certain purpose; authorizing loan forgiveness under certain circumstances; and
8 generally relating to the Resilient Maryland Revolving Loan Fund.

9 BY repealing and reenacting, with amendments,
10 Article – Public Safety
11 Section 14–110.4
12 Annotated Code of Maryland
13 (2018 Replacement Volume and 2021 Supplement)

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

16 **Article – Public Safety**

17 14–110.4.

18 (a) **(1)** In this section[, “Fund”] **THE FOLLOWING WORDS HAVE THE**
19 **MEANINGS INDICATED.**

20 **(2)** **“FUND”** means the Resilient Maryland Revolving Loan Fund.

21 **(3)** **“STORM ACT”** **MEANS THE FEDERAL SAFEGUARDING**
22 **TOMORROW THROUGH ONGOING RISK MITIGATION ACT.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) There is a Resilient Maryland Revolving Loan Fund.

2 (c) The purpose of the Fund is to provide loans for [local] resilience projects that
3 address mitigation of all hazards, including natural disasters.

4 (d) (1) The Fund may be used [only] to provide low- or no-interest loans to
5 local governments, **THE DEPARTMENT OF HOUSING AND COMMUNITY**
6 **DEVELOPMENT**, and nonprofit organizations for [local] resilience projects.

7 **(2) LOANS FROM THE FUND MAY BE MADE DIRECTLY TO LOCAL**
8 **GOVERNMENTS, AT LEAST IN PART, TO:**

9 **(I) MEET FEDERAL MATCHING REQUIREMENTS FOR FEDERAL**
10 **RESILIENCE GRANT PROGRAMS, INCLUDING BUILDING RESILIENT**
11 **INFRASTRUCTURES AND COMMUNITIES, FLOOD MITIGATION ASSISTANCE, AND**
12 **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY**
13 **DEVELOPMENT BLOCK GRANT MITIGATION; AND**

14 **(II) WORK WITH THE U.S. ARMY CORPS OF ENGINEERS FLOOD**
15 **RISK MANAGEMENT PROGRAM.**

16 **(3) (I) THE DEPARTMENT OF HOUSING AND COMMUNITY**
17 **DEVELOPMENT MAY LOAN FUNDS TO LOCAL GOVERNMENTS FOR THE PURPOSE OF**
18 **LOCAL GOVERNMENTS OFFERING LOAN FUNDS TO PRIVATE PROPERTY OWNERS TO**
19 **USE FOR HAZARD MITIGATION PROJECTS FOR A BUILDING.**

20 **(II) HAZARD MITIGATION PROJECTS FOR PRIVATE PROPERTY**
21 **OWNERS MAY INCLUDE WIND RETROFITS, FLOOD MITIGATION ELEVATION,**
22 **FLOODPROOFING, FIRE RETROFIT MITIGATION, AND EARTHQUAKE RETROFIT**
23 **MITIGATION.**

24 **(4) (I) REPAYMENT OF A LOAN PROVIDED UNDER PARAGRAPH (3)**
25 **OF THIS SUBSECTION BY A LOCAL GOVERNMENT TO A PRIVATE PROPERTY OWNER**
26 **MAY BE COLLECTED IN THE SAME MANNER AS PROPERTY TAXES.**

27 **(II) A PROPERTY OWNER MAY SELL A PROPERTY AFTER**
28 **RECEIVING A LOAN UNDER PARAGRAPH (3) OF THIS SUBSECTION IF THE PROPERTY**
29 **OWNER REPAYS THE LOAN OR THE NEW OWNER AGREES IN WRITING TO ASSUME THE**
30 **OBLIGATION FOR REPAYMENT OF THE LOAN.**

31 **[(2)] (5)** The loans provided under [paragraph (1) of] this subsection shall
32 be for a fixed loan period.

33 (e) The [Maryland Emergency Management Agency] **DEPARTMENT** shall

1 administer the Fund.

2 (f) The [Maryland Emergency Management Agency] **DEPARTMENT** shall
3 prioritize making loans to projects it determines to have the greatest impact on eliminating
4 hazards.

5 (g) (1) The Fund is a special, nonlapsing fund that shall be available in
6 perpetuity for the purpose of providing loans in accordance with the provisions of this
7 section.

8 (2) The Fund is not subject to § 7-302 of the State Finance and
9 Procurement Article.

10 (3) The State Treasurer shall hold the Fund separately, and the
11 Comptroller shall account for the Fund.

12 (h) The Fund consists of:

13 (1) money appropriated in the State budget to the Fund;

14 (2) investment and interest earnings of the Fund;

15 (3) repayments of principal and interest from loans made from the Fund;
16 [and]

17 **(4) MONEY RECEIVED FROM THE FEDERAL EMERGENCY**
18 **MANAGEMENT AGENCY; AND**

19 **[(4) (5)** any other money from any other source accepted for the benefit
20 of the Fund.

21 **(I) A PORTION OF THE FUND SHALL BE RESERVED FOR ALLOCATION ONLY**
22 **TO THE HAZARD MITIGATION OF BUILDINGS AND MAY NOT BE AVAILABLE FOR**
23 **OTHER USES.**

24 **[(i) (J)** (1) The State Treasurer shall invest the money of the Fund in the
25 same manner as other State money may be invested.

26 (2) Any interest earnings of the Fund shall be credited to the Fund.

27 **[(j) (K)** Money expended from the Fund is supplemental to and is not intended
28 to take the place of funding that otherwise would be appropriated to local governments for
29 resilience projects.

30 **[(k)** Loans from the Fund may be used to satisfy the nonfederal match for federal
31 mitigation grants.]

1 (1) (1) Subject to paragraph (2) of this subsection, the [Maryland Emergency
2 Management Agency] **DEPARTMENT, TAKING INTO CONSIDERATION REQUIREMENTS**
3 **FROM THE STORM ACT**, shall establish application procedures and eligibility criteria for
4 loans from the Fund.

5 (2) The eligibility criteria shall require that a local government, **THE**
6 **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**, or A nonprofit
7 organization demonstrate:

8 (i) need for a loan to address hazard mitigation; and

9 (ii) the ability to repay the loan, if required, at a later date.

10 **(M) (1) LOCAL GOVERNMENTS THAT PROVIDE LOANS TO PRIVATE**
11 **PROPERTY OWNERS SHALL ESTABLISH A GRADUATED LOAN FORGIVENESS**
12 **PROGRAM FOR PRIVATE PROPERTY OWNERS.**

13 **(2) THE GRADUATED LOAN FORGIVENESS PROGRAM SHALL, AT A**
14 **MINIMUM:**

15 **(I) PROVIDE FULL LOAN FORGIVENESS FOR HOUSEHOLDS**
16 **WITH BETWEEN 50% AND 80% OF THE MEDIAN INCOME FOR THE AREA IN WHICH THE**
17 **PROPERTY TO WHICH THE LOAN APPLIES IS LOCATED;**

18 **(II) PROVIDE 50% LOAN FORGIVENESS FOR HOUSEHOLDS WITH**
19 **80% TO 100% OF THE MEDIAN INCOME FOR THE AREA IN WHICH THE PROPERTY TO**
20 **WHICH THE LOAN APPLIES IS LOCATED; AND**

21 **(III) PROVIDE ADDITIONAL LOAN FORGIVENESS PERCENTAGES**
22 **FOR HOUSEHOLDS WITH INCOMES NOT WITHIN 50% TO 100% OF THE MEDIAN**
23 **INCOME FOR THE AREA IN WHICH THE PROPERTY TO WHICH THE LOAN APPLIES IS**
24 **LOCATED BASED ON:**

25 1. **THE NUMBER OF PRIVATE PROPERTY OWNERS WITH**
26 **OUTSTANDING LOANS;**

27 2. **THE AVAILABILITY OF FUNDING; AND**

28 3. **ANY OTHER FACTS THE LOCAL GOVERNMENT FINDS**
29 **REASONABLE AND NECESSARY.**

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2022.