

Chapter 512

(House Bill 12)

AN ACT concerning

Equitable and Inclusive Transit-Oriented Development Enhancement Act

FOR the purpose of repealing the authority of the Secretary of Transportation to designate a transit-oriented development; establishing the Transit-Oriented Development Capital Grant and Revolving Loan Fund as a special, nonlapsing fund; requiring interest earnings of the Fund to be credited to the Fund; authorizing the Department of Transportation to use the Fund to provide financial assistance to local jurisdictions to be used for certain purposes within a transit-oriented development; and generally relating to transit-oriented development in the State.

BY repealing and reenacting, without amendments,
 Article – Transportation
 Section 7-101(a), ~~(l), (m), and (o)~~
 Annotated Code of Maryland
 (2020 Replacement Volume and 2022 Supplement)

~~BY repealing and reenacting, with amendments,
 Article – Transportation
 Section 7-102(a)
 Annotated Code of Maryland
 (2020 Replacement Volume and 2022 Supplement)~~

BY adding to
 Article – Transportation
 Section ~~7-101(l)~~ and 7-103; and 7-1201 through 7-1205 to be under the new subtitle
 “Subtitle 12. Transit-Oriented Development Capital Grant and Revolving
 Loan Fund”
 Annotated Code of Maryland
 (2020 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,
 Article – Transportation
 Section 7-101(l) through (p) and 7-102(a)
 Annotated Code of Maryland
 (2020 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,
 Article – State Finance and Procurement
 Section 6-226(a)(2)(i) and 10-306(a)
 Annotated Code of Maryland
 (2021 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,
 Article – State Finance and Procurement
 Section 6–226(a)(2)(ii)170. and 171. and 10–306(c)
 Annotated Code of Maryland
 (2021 Replacement Volume and 2022 Supplement)

BY adding to
 Article – State Finance and Procurement
 Section 6–226(a)(2)(ii)172.
 Annotated Code of Maryland
 (2021 Replacement Volume and 2022 Supplement)

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

Article – Transportation

7–101.

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

(L) (1) “TRANSIT CORRIDOR” MEANS A GEOGRAPHICALLY BOUND SET OF TWO OR MORE CONTIGUOUS SUBWAY, LIGHT RAIL, BUS RAPID TRANSIT, OR BUS TRANSIT STATIONS.

(2) “TRANSIT CORRIDOR” INCLUDES A GEOGRAPHICALLY BOUND SET OF TWO OR MORE CONTIGUOUS BUS TRANSIT STATIONS THAT HAVE FIXED-ROUTE BUS SERVICE THAT OPERATES ON A ROADWAY DEDICATED TO BUSES.

~~(M)~~ **(M)** “Transit facility” includes any one or more or combination of tracks, rights-of-way, bridges, tunnels, subways, rolling stock, stations, terminals, ports, parking areas, equipment, fixtures, buildings, structures, other real or personal property, and services incidental to or useful or designed for use in connection with the rendering of transit service by any means, including rail, bus, motor vehicle, or other mode of transportation, but does not include any railroad facility.

~~(N)~~ **(N)** “Transit-oriented development” means a mix of private or public parking facilities, commercial and residential structures, and uses, improvements, and facilities customarily appurtenant to such facilities and uses, that:

(1) Is part of a deliberate development plan or strategy involving:

(i) Property that is adjacent to the passenger boarding and alighting location of a planned or existing transit station; ~~or~~

(ii) Property, any part of which is located within one-half mile of the passenger boarding and alighting location of a planned or existing transit station; **OR**

(III) PROPERTY THAT IS ADJACENT TO A PLANNED OR EXISTING TRANSIT CORRIDOR;

(2) Is planned to maximize the use of transit, walking, and bicycling by residents and employees; and

(3) Is designated as a transit-oriented development by:

(i) ~~The Secretary, after considering a recommendation of the Smart Growth Subcabinet established under § 9-1406 of the State Government Article; and~~

(ii) The local government or multicounty agency with land use and planning responsibility for the relevant area **APPLYING FOR DESIGNATION.**

~~[(n)]~~ **(O)** (1) “Transit service” means the transportation of persons and their packages and baggage and of newspapers, express, and mail in regular route, special, or charter service by means of transit facilities between points within the District.

~~(2)~~ “Transit service” does not include any:

~~(i)~~ Vanpool operation; or

~~(ii)~~ Railroad service.

~~[(p)]~~ **(P)** (1) “Transit station” means any facility, the primary function of which relates to the boarding and alighting of passengers from transit vehicles.

(2) “Transit station” includes platforms, shelters, passenger waiting facilities, parking areas, access roadways, and other real property used to facilitate passenger access to transit service or railroad service.

~~[(p)]~~ **(Q)** “Transit vehicle” means a mobile device used in rendering transit service.

7-102.

(a) (1) **(I)** The development of improved and expanded railroad facilities, railroad services, transit facilities, and transit services operating as a unified and coordinated regional transportation system, and the realization of transit-oriented development throughout the State, represent transportation purposes that are essential for the satisfactory movement of people and goods, the alleviation of present and future traffic

congestion, the economic welfare and vitality, and the development of the metropolitan area of Baltimore and other political subdivisions of the State.

(II) IN ORDER TO REALIZE TRANSIT-ORIENTED DEVELOPMENT AS A TRANSPORTATION PURPOSE, IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE DEPARTMENT MAKE ALL REASONABLE ATTEMPTS TO INCLUDE TRANSIT-ORIENTED DEVELOPMENT AS PART OF THE PREFERRED PLAN FOR DEVELOPMENT IN AREAS SERVED BY TRANSIT SERVICES BY PROVIDING PREFERENCE TO PROPOSALS THAT FURTHER THIS PURPOSE WHEN:

1. DISTRIBUTING FUNDS FROM:

A. STATE PROGRAMS OFFERING GRANTS AND LOANS FOR DEVELOPMENT AND INFRASTRUCTURE INVESTMENT, INCLUDING THE COMPLETE STREETS PROGRAM ESTABLISHED UNDER TITLE 8, SUBTITLE 9 OF THIS ARTICLE;

B. ~~FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANTS~~ ELIGIBLE FEDERAL FUNDING; AND

C. THE PROCEEDS OF GENERAL OBLIGATION BOND AND GRANT ANTICIPATION REVENUE VEHICLE ISSUANCES; AND

2. AWARDING STATE TAX CREDITS.

(III) 1. ~~AN~~ EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 3 OF THIS SUBPARAGRAPH, AN AREA DESIGNATED AS TRANSIT-ORIENTED DEVELOPMENT AFTER JULY 1, 2023, SHALL RETAIN THAT DESIGNATION FOR A PERIOD OF 10 YEARS.

2. BEFORE THE END OF A 10-YEAR DESIGNATION PERIOD UNDER THIS SUBPARAGRAPH, A LOCAL GOVERNMENT OR MULTICOUNTY AGENCY MAY APPLY TO THE SMART GROWTH SUBCABINET TO HAVE THE DESIGNATION EXTENDED FOR AN ADDITIONAL 10 YEARS.

3. AN AREA DESIGNATED AS A TRANSIT-ORIENTED DEVELOPMENT THAT IS SUBJECT TO A GROUND LEASE OR OTHER AGREEMENT WITH THE STATE SHALL RETAIN THAT DESIGNATION FOR THE DURATION OF THE GROUND LEASE OR OTHER AGREEMENT.

(2) The establishment of the realization of transit-oriented development as a transportation purpose under paragraph (1) of this subsection may not be construed to:

(i) Limit the authority of local governments to govern land use as established under any other law; or

(ii) Grant the State or a department of the State additional authority to supersede local land use and planning authority.

7-103.

(A) ON OR BEFORE NOVEMBER 30, 2024, AND ON OR BEFORE NOVEMBER 30 EACH YEAR THEREAFTER, THE SECRETARY SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE ON EFFORTS TO INCREASE TRANSIT-ORIENTED DEVELOPMENT THROUGHOUT THE STATE.

(B) THE REPORT SHALL INCLUDE AN ANALYSIS OF THE FOLLOWING ISSUES FOR EACH TRANSIT-ORIENTED DEVELOPMENT IN THE STATE:

(1) THE DEMOGRAPHIC AND SOCIOECONOMIC INDICATORS PRESENT IN THE TRANSIT-ORIENTED DEVELOPMENT AND THE SURROUNDING AREAS;

(2) DEVELOPMENT ACTIVITY OCCURRING IN THE TRANSIT-ORIENTED DEVELOPMENT DURING THE PERIOD THAT THE REPORT COVERS; AND

(3) TRANSIT STATION UTILIZATION RATES FOR THE TRANSIT-ORIENTED DEVELOPMENT.

(C) THE DEPARTMENT SHALL CONSIDER THE FINDINGS OF THE REPORT REQUIRED UNDER THIS SECTION FOR PURPOSES OF UPDATING THE SCORING STANDARDS FOR APPLICATIONS FOR FINANCIAL ASSISTANCE FROM THE TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND ESTABLISHED UNDER SUBTITLE 12 OF THIS TITLE.

SUBTITLE 12. TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND.

7-1201.

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

(B) “FINANCIAL ASSISTANCE” MEANS A GRANT OR LOAN FROM THE FUND.

(C) “FUND” MEANS THE TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND.

(D) “GAP FUNDING” MEANS FUNDING PROVIDED TO COMPENSATE FOR A SHORTFALL BETWEEN THE EXPECTED DEVELOPMENT COSTS OF A PROJECT AND THE AVAILABLE FUNDS FOR THE PROJECT.

(E) “LOCAL JURISDICTION” MEANS A COUNTY OR A MUNICIPAL CORPORATION.

(F) “MUNICIPAL CORPORATION” MEANS A MUNICIPALITY AS DEFINED IN § 1-101 OF THE LOCAL GOVERNMENT ARTICLE.

7-1202.

(A) THERE IS A TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND.

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

7-1203.

(A) THE PURPOSE OF THE FUND IS TO PROMOTE THE EQUITABLE AND INCLUSIVE DEVELOPMENT OF TRANSIT-ORIENTED DEVELOPMENTS THROUGHOUT THE STATE.

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

(C) (1) THE FUND CONSISTS OF:

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

(II) MONEY MADE AVAILABLE FOR QUALIFYING USES BY THE FUND FROM OTHER GOVERNMENTAL SOURCES, INCLUDING ~~COMMUNITY DEVELOPMENT BLOCK GRANTS~~ ELIGIBLE FEDERAL FUNDING AND THE TRANSPORTATION TRUST FUND;

(III) GROUND RENTS OR LAND SALE PROCEEDS IN ACCORDANCE WITH § 10-306(C)(2) OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(IV) PAYMENTS OF PRINCIPAL OF AND INTEREST ON LOANS MADE UNDER THIS TITLE;

(V) INVESTMENT EARNINGS OF THE FUND; AND

(VI) ANY OTHER MONEY FROM ANY OTHER SOURCE, PUBLIC OR PRIVATE, ACCEPTED FOR THE BENEFIT OF THE FUND.

(2) CONTRIBUTIONS TO THE FUND UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION SHALL:

(I) BE SEPARATELY ACCOUNTED FOR IN THE FUND; AND

(II) BE USED ONLY FOR THE BENEFIT OF TRANSIT-ORIENTED DEVELOPMENTS IN THE SAME COUNTY WHERE THE REAL PROPERTY SUBJECT TO THE GROUND RENT OR LAND SALE IS LOCATED.

(D) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION SUFFICIENT TO ENSURE A FUND BALANCE OF AT LEAST ~~\$10,000,000~~ \$5,000,000 AT THE START OF THE FISCAL YEAR.

7-1204.

(A) (1) THE FUND MAY BE USED BY THE DEPARTMENT TO PROVIDE FINANCIAL ASSISTANCE TO LOCAL JURISDICTIONS FOR:

(I) DESIGN PLANS FOR A TRANSIT-ORIENTED DEVELOPMENT, PROVIDED THAT THE TRANSIT-ORIENTED DEVELOPMENT WILL BE DESIGNED TO MEET EQUITY GOALS ESTABLISHED BY THE DEPARTMENT;

(II) PUBLIC INFRASTRUCTURE IMPROVEMENTS WITHIN A TRANSIT-ORIENTED DEVELOPMENT; OR

(III) GAP FUNDING FOR PUBLIC OR PRIVATE DEVELOPMENT WITHIN A TRANSIT-ORIENTED DEVELOPMENT.

(2) A PRIVATE ENTITY, INCLUDING A NONPROFIT ENTITY, PARTICIPATING IN THE DEVELOPMENT OF A TRANSIT-ORIENTED DEVELOPMENT MAY PARTNER WITH A LOCAL JURISDICTION TO SUBMIT AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION.

(B) (1) THE SMART GROWTH SUBCABINET ESTABLISHED UNDER § 9-1406 OF THE STATE GOVERNMENT ARTICLE SHALL ESTABLISH ELIGIBILITY

REQUIREMENTS AND OBJECTIVE SCORING STANDARDS FOR THE REVIEW OF APPLICATIONS FOR FINANCIAL ASSISTANCE.

(2) THE SMART GROWTH SUBCABINET ESTABLISHED UNDER § 9-1406 OF THE STATE GOVERNMENT ARTICLE MAY ESTABLISH:

(I) DIFFERENT ELIGIBILITY REQUIREMENTS AND OBJECTIVE SCORING STANDARDS FOR DIFFERENT TYPES OF FINANCIAL ASSISTANCE; AND

(II) SCORING PREFERENCES FOR APPLICATIONS THAT DEMONSTRATE THAT THE PROPOSED PROJECT WILL:

1. ENHANCE ACCESS TO TRANSIT FOR LOW-INCOME AND MINORITY RESIDENTS OF THE LOCAL JURISDICTION;

2. ENHANCE ACCESS TO TRANSIT IN AREAS WITH AFFORDABLE HOUSING AND A DIVERSITY OF JOB AND EDUCATIONAL OPPORTUNITIES; OR

3. ENCOURAGE DEVELOPMENT AROUND UNDERDEVELOPED AND UNDERUTILIZED TRANSIT STATIONS IN TRANSIT-ORIENTED DEVELOPMENTS.

~~(B)~~ (C) ~~(1)~~ THE DEPARTMENT SHALL:

~~(1) ESTABLISH ELIGIBILITY REQUIREMENTS AND SCORING STANDARDS FOR THE REVIEW OF APPLICATIONS FOR FINANCIAL ASSISTANCE; AND~~

~~(1)~~ (1) PUBLISH THE ELIGIBILITY REQUIREMENTS AND SCORING STANDARDS ON THE DEPARTMENT’S WEBSITE; AND

(2) IN COLLABORATION WITH THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, SUPPORT RECIPIENTS OF AWARDS FROM THE FUND BY SUPPORTING ANY STUDIES, PLANS, AND CODE CHANGES WITH TECHNICAL SERVICES.

~~(2) THE DEPARTMENT MAY ESTABLISH:~~

~~(1) DIFFERENT ELIGIBILITY REQUIREMENTS AND SCORING STANDARDS FOR DIFFERENT TYPES OF FINANCIAL ASSISTANCE; AND~~

~~(1) SCORING PREFERENCES FOR APPLICATIONS THAT DEMONSTRATE THAT THE PROPOSED PROJECT WILL:~~

~~1. ENHANCE ACCESS TO TRANSIT FOR LOW INCOME AND MINORITY RESIDENTS OF THE LOCAL JURISDICTION;~~

~~2. ENHANCE ACCESS TO TRANSIT IN AREAS WITH AFFORDABLE HOUSING AND A DIVERSITY OF JOB AND EDUCATIONAL OPPORTUNITIES; OR~~

~~3. ENCOURAGE DEVELOPMENT AROUND UNDERDEVELOPED AND UNDERUTILIZED TRANSIT STATIONS IN TRANSIT-ORIENTED DEVELOPMENTS.~~

~~(c)~~ (d) AN APPLICATION FOR FINANCIAL ASSISTANCE SHALL INCLUDE:

(1) COMMITMENTS FROM THE LOCAL JURISDICTION TO:

(i) ESTABLISH TRANSIT-SUPPORTIVE LAND USE DESIGNATIONS FOR REAL PROPERTY WITHIN A TRANSIT-ORIENTED DEVELOPMENT; AND

(ii) IMPLEMENT, WHERE PRACTICABLE, IMPROVEMENTS TO THE TRANSIT-ORIENTED DEVELOPMENT THAT PROMOTE THE COMPLETE STREETS POLICY ADOPTED IN ACCORDANCE WITH § 2-112 OF THIS ARTICLE;

(2) IF A PRIVATE ENTITY PARTNERS WITH A LOCAL JURISDICTION TO SUBMIT AN APPLICATION FOR FINANCIAL ASSISTANCE, COMMITMENTS FROM KEY STAKEHOLDERS TO DEVELOP THE TRANSIT-ORIENTED DEVELOPMENT; AND

(3) IF THE APPLICATION IS FOR A GRANT TO SUPPORT THE DESIGN OR CONSTRUCTION OF A PROPOSED ENHANCEMENT TO A TRANSIT-ORIENTED DEVELOPMENT, CREDIBLE FUNDING STRATEGIES THAT DEMONSTRATE FULL FUNDING OF THE DESIGN OR CONSTRUCTION COSTS FOR THE PROPOSED ENHANCEMENT ON AWARD OF THE GRANT.

7-1205.

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

(B) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO THE FUND.

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:

170. the Cannabis Public Health Fund; [and]

171. the Community Reinvestment and Repair Fund; **AND**

172. THE TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND.

10-306.

(a) In this section, “capital asset” means an asset of a substantial permanent nature.

(c) (1) Except as provided in paragraphs (2) and (3) of this subsection, if cash is received as consideration for the disposition of a capital asset of the State or any unit of the State government, the cash shall be applied to the State Annuity Bond Fund Account for the payment of the principal of and interest on the bonded indebtedness of the State.

(2) If the capital asset is real property that is being leased or sold to a private party for the purpose of realizing a transit-oriented development as defined under § 7-101 of the Transportation Article, at the discretion of the State agency that is disposing of the property, all or a portion of the cash proceeds resulting from the transaction shall be deposited in:

(I) the Baltimore City Community Enhancement Transit-Oriented Development Fund established under Title 15 of the Economic Development Article for the purposes of that Fund; **OR**

(II) THE TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND ESTABLISHED UNDER TITLE 7 OF THE TRANSPORTATION ARTICLE FOR THE PURPOSES OF THAT FUND.

(3) (i) If cash is received as consideration for the disposition of a capital asset, and if the capital asset was originally purchased with special funds, the cash shall be applied to the special fund.

(ii) Notwithstanding subparagraph (i) of this paragraph, cash received as consideration for the disposition of helicopters, auxiliary helicopter equipment, ground support equipment, or other capital equipment related to helicopters shall be applied to the State Annuity Bond Fund Account for the payment of the principal of and interest on the bonded indebtedness of the State.

(4) If cash is received as consideration for the disposition of any real or personal property of the State or any unit of the State government, other than a capital asset, the cash shall be accounted for and paid into the State Treasury.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

Approved by the Governor, May 8, 2023.