

# HOUSE BILL 1464

C8

7lr1326

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By: **Delegates Waldstreicher and Barkley**

Introduced and read first time: February 10, 2017

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Make Office Vacancies Extinct Program**

3 FOR the purpose of establishing the Make Office Vacancies Extinct Program in the  
4 Department of Commerce; providing for the purposes of the Program; establishing  
5 qualifications for participation in the Program; ~~providing for authorizing the~~  
6 Program to provide certain grants to certain businesses ~~under the Program on a~~  
7 first-come, first-served basis, subject to a certain limitation; providing for the  
8 coordination of certain activities of the Program with comparable county programs;  
9 providing that a certain grant recipient may be required to return certain funds  
10 under certain circumstances; establishing a Make Office Vacancies Extinct Matching  
11 Fund as a special, nonlapsing fund; specifying the purpose of the Fund; requiring the  
12 Secretary of Commerce to administer the Fund; requiring the State Treasurer to hold  
13 the Fund and the Comptroller to account for the Fund; specifying the contents of the  
14 Fund; specifying the purpose for which the Fund may be used; providing for the  
15 investment of money in and expenditures from the Fund; requiring interest earnings  
16 of the Fund to be credited to the Fund; exempting the Fund from a certain provision  
17 of law requiring interest earnings on State money to accrue to the General Fund of  
18 the State; requiring the Secretary to review and evaluate the Program on a periodic  
19 basis; authorizing the Secretary to submit certain recommendations to the Governor  
20 and the General Assembly; authorizing the Secretary to adopt certain regulations;  
21 defining certain terms; and generally relating to the Make Office Vacancies Extinct  
22 Program.

23 BY repealing and reenacting, with amendments,

24 Article – Economic Development

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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.



Section 5–102  
Annotated Code of Maryland  
(2008 Volume and 2016 Supplement)

BY adding to

Article – Economic Development  
Section 5–1501 through 5–1507 to be under the new subtitle “Subtitle 15. Make  
Office Vacancies Extinct Program”  
Annotated Code of Maryland  
(2008 Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement  
Section 6–226(a)(2)(i)  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement  
Section 6–226(a)(2)(ii)94. and 95.  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

BY adding to

Article – State Finance and Procurement  
Section 6–226(a)(2)(ii)96.  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

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

### **Article – Economic Development**

5–102.

The Department shall administer the State’s economic development and financial  
assistance programs and funds including:

(1) the BRAC Revitalization and Incentive Zone Program, under Subtitle  
13 of this title;

(2) the Enterprise Fund, under Subtitle 6 of this title;

(3) the Enterprise Zones Program, under Subtitle 7 of this title;

(4) **THE MAKE OFFICE VACANCIES EXTINGUISHED PROGRAM, UNDER SUBTITLE 15 OF THIS TITLE;**

(5) the Maryland Economic Adjustment Fund, under Subtitle 2 of this title;

[(5)] (6) the Maryland Economic Development Assistance Authority and Fund, under Subtitle 3 of this title;

[(6)] (7) the Maryland Industrial Development Financing Authority, under Subtitle 4 of this title;

[(7)] (8) the Maryland Small Business Development Financing Authority, under Subtitle 5 of this title;

[(8)] (9) the Appalachian Regional Development Program, under Title 13, Subtitle 1 of this article;

[(9)] (10) jointly with the Department of Housing and Community Development, the Community Development Block Grant for Economic Development;

[(10)] (11) the Regional Institution Strategic Enterprise Zone Program under Subtitle 14 of this title; and

[(11)] (12) any other programs or funds designated by statute, the Governor, or the Secretary.

**SUBTITLE 15. MAKE OFFICE VACANCIES EXTINGUISHED PROGRAM.**

**5–1501.**

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

(B) “FUND” MEANS THE MAKE OFFICE VACANCIES EXTINGUISHED MATCHING FUND.

(C) “PROGRAM” MEANS THE MAKE OFFICE VACANCIES EXTINGUISHED PROGRAM.

**5–1502.**

(A) THERE IS A MAKE OFFICE VACANCIES EXTINGUISHED PROGRAM IN THE DEPARTMENT.

(B) THE PURPOSE OF THE PROGRAM IS TO ENCOURAGE THE LOCATION OF NEW BUSINESSES IN THE STATE IN COUNTIES THAT PROVIDE COMPARABLE OFFICE SPACE SUPPORT TO THE BUSINESSES.

5-1503.

(A) IN ORDER TO QUALIFY FOR PARTICIPATION IN THE PROGRAM, A NEW BUSINESS MUST MEET THE CRITERIA IN THIS SECTION.

(B) THE BUSINESS MUST:

(1) BE LOCATED IN A COUNTY THAT HAS A COMPARABLE SUPPORT PROGRAM TO REDUCE OFFICE SPACE VACANCIES IN THE COUNTY;

(2) BE:

(I) A HOME-BASED START-UP ENTERPRISE OCCUPYING ITS FIRST COMMERCIAL SPACE IN THE COUNTY; ~~OR~~

(II) A BUSINESS RELOCATING ~~OR~~ FROM OUTSIDE THE STATE; OR

(III) A BUSINESS SIGNIFICANTLY EXPANDING ITS OPERATIONS IN THE COUNTY;

(3) (I) EXECUTE A DIRECT LEASE WITH THE LANDLORD FOR AT LEAST 3 YEARS OF NOT MORE THAN 10,000 SQUARE FEET; OR

(II) OBTAIN AN OCCUPANCY PERMIT, IF SHARING OFFICE SPACE WITH ANOTHER BUSINESS; AND

(4) APPLY FOR SUPPORT FROM THE PROGRAM WITHIN 90 DAYS AFTER SIGNING THE LEASE OR OBTAINING THE OCCUPANCY PERMIT.

(C) ~~THE FOLLOWING BUSINESSES ARE NOT ELIGIBLE FOR SUPPORT FROM THE PROGRAM:~~

~~(1) A RETAIL ESTABLISHMENT;~~

~~(2) A RESTAURANT;~~

~~(3) AN INDEPENDENT FINANCIAL BROKER OR AGENT; OR~~

~~(4) AN INSURANCE PRODUCER.~~

~~(D)~~ THE PROGRAM MAY EXCLUDE FROM SUPPORT A BUSINESS THAT IS RELOCATING FROM ONE COUNTY ~~THAT HAS A COMPARABLE PROGRAM~~ TO ANOTHER COUNTY ~~THAT HAS A COMPARABLE PROGRAM~~ WITHIN THE STATE.

~~(D)~~ (D) A GRANT RECIPIENT THAT FAILS TO FULFILL THE ELIGIBILITY AND MAINTENANCE REQUIREMENTS OF THE PROGRAM OR OF THE COUNTY COMPARABLE PROGRAM THAT SUPPORTS THE RECIPIENT MAY BE REQUIRED TO RETURN ALL OR PART OF THE GRANT TO THE PROGRAM.

5-1504.

(A) (1) AN APPLICANT SHALL SUBMIT AN APPLICATION FOR A PROGRAM GRANT ON THE FORM THAT THE SECRETARY REQUIRES.

(2) THE APPLICANT MAY SUBMIT AN APPLICATION TO THE PROGRAM AT THE SAME TIME THE APPLICANT APPLIES FOR SUPPORT FROM A COUNTY COMPARABLE PROGRAM.

(B) THE PROGRAM SHALL REVIEW THE APPLICATION AND ALL SUPPORTING MATERIALS IN ORDER TO EVALUATE WHETHER THE APPLICANT QUALIFIES FOR A GRANT FROM THE PROGRAM.

(C) (1) ~~THE~~ SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND, THE PROGRAM SHALL MAY PROVIDE TO AN ELIGIBLE BUSINESS A GRANT THAT EQUALS THE AMOUNT OF THE GRANT THAT THE COUNTY COMPARABLE PROGRAM PROVIDES TO THE BUSINESS.

(2) THE PROGRAM SHALL PROVIDE THE GRANTS DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED BASIS.

(D) THE PROGRAM SHALL COORDINATE WITH COUNTY COMPARABLE PROGRAMS TO EVALUATE APPLICATIONS AND TO PROVIDE ASSISTANCE TO ELIGIBLE BUSINESSES UNDER THIS SUBTITLE.

5-1505.

(A) THERE IS A MAKE OFFICE VACANCIES EXTINCT MATCHING FUND.

(B) THE PURPOSE OF THE FUND IS TO PROVIDE MATCHING FUNDS TO REDUCE VACANT OFFICE SPACE IN COUNTIES OF THE STATE THAT PROVIDE COMPARABLE SUPPORT TO NEW BUSINESSES.

(C) THE SECRETARY SHALL ADMINISTER THE FUND.

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

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

(E) THE FUND CONSISTS OF:

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

(2) MONEY RECAPTURED FROM BUSINESSES THAT FAIL TO FULFILL THE TERMS AND CONDITIONS OF A GRANT MADE FROM THE PROGRAM;

(3) INTEREST EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) THE FUND MAY BE USED ONLY FOR:

(1) MATCHING GRANTS THAT COUNTIES PROVIDE TO ELIGIBLE BUSINESSES UNDER COMPARABLE VACANCY REDUCTION PROGRAMS; AND

(2) ADMINISTRATIVE EXPENSES OF THE PROGRAM.

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

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

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

5-1506.

(A) AT LEAST ONCE EVERY 3 YEARS, THE SECRETARY SHALL REVIEW AND EVALUATE THE PROGRAM, INCLUDING THE NUMBER OF PARTICIPATING COUNTIES WITH COMPARABLE SUPPORT PROGRAMS AND THE NUMBER AND SIZE OF ELIGIBLE BUSINESSES THAT RECEIVE SUPPORT FROM THE PROGRAM.

(B) BASED ON THE REVIEW AND EVALUATION, THE SECRETARY MAY SUBMIT RECOMMENDATIONS TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE

STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE CONTINUED  
EFFECTIVENESS OF THE PROGRAM AND THE LEVEL OF MATCHING FUNDING THAT  
SHOULD BE PROVIDED TO PARTICIPATING COUNTIES UNDER THE PROGRAM.

**5-1507.**

**THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.**

**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:

94. the Community Program Fund; [and]

95. the Maryland Corps Program Fund; AND

**96. THE MAKE OFFICE VACANCIES EXTINGUISHED MATCHING  
FUND.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
October 1, 2017.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.