SENATE BILL 586

Unofficial Copy 2001 Regular Session
C8 (1lr1900)

ENROLLED BILL

-- Budget and Taxation/Economic Matters and Ways and Means --

Introduced by **Senators Hoffman, Munson, ~~and Sfikas~~ Sfikas, Currie, Lawlah, Madden, McFadden, Ruben, ~~and Van Hollen~~ Van Hollen, Green, and Dorman**

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____M.

_____
President.

CHAPTER 608

AN ACT concerning

Smart Growth - Arts and Entertainment Districts

FOR the purpose of authorizing the Secretary of the Department of Business and Economic Development to designate one or more arts and entertainment districts within which certain tax benefits would apply; establishing an application process for a county or municipal corporation to apply to the Secretary to designate an area as an arts and entertainment district; ~~establishing the Art and Entertainment Districts Fund; authorizing certain uses of the moneys in the Fund; exempting certain projects from certain procurement laws~~ requiring the Secretary to adopt certain regulations; authorizing the use of the Maryland Economic Development Assistance Fund for certain purposes relating to arts and entertainment enterprises and arts and entertainment projects; *defining certain terms; altering certain definitions;* limiting property tax credits under this Act to ten years; and generally relating to the establishment of arts and entertainment districts in which certain tax benefits

would apply and to the provision of financial assistance to arts and entertainment enterprises and arts and entertainment projects.

BY adding to
Article 83A - Department of Business and Economic Development
Section 4-701 through 4-703, inclusive, to be under the new subtitle "Subtitle 7. Arts and Entertainment Districts" and 5-1410
Annotated Code of Maryland
(1998 Replacement Volume and 2000 Supplement)

BY repealing and reenacting, with amendments,
Article 83A - Department of Business and Economic Development
Section 5-1401, 5-1402, 5-1405(b) and (c), and 5-1410
Annotated Code of Maryland
(1998 Replacement Volume and 2000 Supplement)

BY adding to
Article - Tax - General
Section ~~4-104(e), 10-207(v), and 11-229~~ 4-104(e) and 10-207(v)
Annotated Code of Maryland
(1997 Replacement Volume and 2000 Supplement)

BY repealing and reenacting, with amendments,
Article - Tax - Property
Section 9-229(a)(3) and 14-902(a)(2)
Annotated Code of Maryland
(1994 Replacement Volume and 2000 Supplement)

BY adding to
Article - Tax - Property
Section 9-239
Annotated Code of Maryland
(1994 Replacement Volume and 2000 Supplement)

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

Article 83A - Department of Business and Economic Development

SUBTITLE 7. ARTS AND ENTERTAINMENT DISTRICTS.

4-701.

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

(2) (I) "ARTISTIC WORK" MEANS AN ORIGINAL AND CREATIVE WORK, WHETHER WRITTEN, COMPOSED, OR EXECUTED, THAT FALLS INTO ONE OF THE FOLLOWING CATEGORIES:

1. A BOOK OR OTHER WRITING;

2. A PLAY OR PERFORMANCE OF A PLAY;

3. A MUSICAL COMPOSITION OR THE PERFORMANCE OF A MUSICAL COMPOSITION;

4. A PAINTING OR OTHER PICTURE;

5. A SCULPTURE;

6. TRADITIONAL OR FINE CRAFTS;

7. THE CREATION OF A FILM OR THE ACTING WITHIN A FILM; OR

8. THE CREATION OF A DANCE OR THE PERFORMANCE OF A DANCE.

(II) "ARTISTIC WORK" INCLUDES ANY PRODUCT GENERATED AS A RESULT OF ANY OF THE CATEGORIES LISTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(III) "ARTISTIC WORK" DOES NOT INCLUDE ANY PIECE OR PERFORMANCE CREATED OR EXECUTED FOR INDUSTRY-ORIENTED OR INDUSTRY-RELATED PRODUCTION.

(3) "ARTS AND ENTERTAINMENT DISTRICT" MEANS A DEVELOPED DISTRICT OF PUBLIC AND PRIVATE USES THAT:

(I) RANGES IN SIZE FROM A PORTION OF A COUNTY OR MUNICIPAL CORPORATION TO A REGIONAL DISTRICT WITH A SPECIAL COHERENCE; AND

(II) IS DISTINGUISHED BY PHYSICAL AND CULTURAL RESOURCES THAT PLAY A VITAL ROLE IN THE LIFE AND DEVELOPMENT OF THE COMMUNITY AND CONTRIBUTE TO THE PUBLIC THROUGH INTERPRETIVE, EDUCATIONAL, AND RECREATIONAL USES.

(4) "ARTS AND ENTERTAINMENT ENTERPRISE" MEANS A FOR PROFIT OR NONPROFIT ENTITY DEDICATED TO VISUAL OR PERFORMING ARTS.

(5) "QUALIFYING RESIDING ARTIST" MEANS AN INDIVIDUAL WHO:

(I) ~~RESIDES AT LEAST 180 DAYS ANNUALLY~~ *OWNS OR RENTS RESIDENTIAL REAL PROPERTY* IN AN ARTS AND ENTERTAINMENT DISTRICT AND CONDUCTS A BUSINESS IN THE ARTS AND ENTERTAINMENT DISTRICT; AND

(II) DERIVES INCOME FROM THE SALE OR PERFORMANCE WITHIN THE ARTS AND ENTERTAINMENT DISTRICT OF AN ARTISTIC WORK THAT THE INDIVIDUAL WROTE, COMPOSED, OR EXECUTED, EITHER SOLELY OR WITH ~~ANOTHER INDIVIDUAL~~ ONE OR MORE OTHER INDIVIDUALS.

(B) SUBJECT TO THE REQUIREMENTS OF THIS SECTION, THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY APPLY TO THE SECRETARY FOR DESIGNATION OF AN ARTS AND ENTERTAINMENT DISTRICT IN THE COUNTY OR MUNICIPAL CORPORATION IN WHICH:

(1) QUALIFYING RESIDING ARTISTS ARE ELIGIBLE FOR THE INCOME TAX SUBTRACTION MODIFICATION UNDER § 10-207(V) OF THE TAX - GENERAL ARTICLE;

(2) ~~THE SALES AND USE TAX EXEMPTION UNDER § 11-229 OF THE TAX - GENERAL ARTICLE APPLIES;~~

~~(3)~~ A PROPERTY TAX CREDIT UNDER § 9-239 OF THE TAX - PROPERTY ARTICLE APPLIES; AND

~~(4)~~ (3) AN EXEMPTION FROM THE ADMISSIONS AND AMUSEMENT TAX UNDER § 4-104 OF THE TAX - GENERAL ARTICLE APPLIES.

(C) AN ARTS AND ENTERTAINMENT DISTRICT SHALL BE A CONTIGUOUS GEOGRAPHIC AREA OF A COUNTY THAT IS:

(1) WHOLLY WITHIN A PRIORITY FUNDING AREA AS PROVIDED UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR

(2) WHOLLY WITHIN A DESIGNATED NEIGHBORHOOD AS DEFINED UNDER ARTICLE 83B, § 4-202 OF THE CODE.

(D) (1) THE SECRETARY SHALL GIVE THE COMPTROLLER NOTICE OF THE ESTABLISHMENT OF AN ARTS AND ENTERTAINMENT DISTRICT ON OR BEFORE JULY 1 PRIOR TO THE EFFECTIVE DATE OF ITS ESTABLISHMENT.

(2) THE SUBTRACTION MODIFICATION UNDER § 10-207(V) OF THE TAX - GENERAL ARTICLE SHALL BE APPLICABLE TO ALL TAXABLE YEARS BEGINNING AFTER DECEMBER 31 OF THE YEAR IN WHICH THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION IS PROVIDED.

~~(3)~~ ~~THE SALES AND USE TAX EXEMPTION UNDER § 11-229 OF THE TAX - GENERAL ARTICLE SHALL TAKE EFFECT THE FIRST JANUARY 1 AFTER THE NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS PROVIDED.~~

4-702.

(A) A COUNTY OR MUNICIPAL CORPORATION MAY APPLY TO THE SECRETARY FOR DESIGNATION OF AN AREA WITHIN THAT POLITICAL SUBDIVISION AS AN ARTS

AND ENTERTAINMENT DISTRICT, BUT IF A COUNTY SEEKS TO DESIGNATE AN AREA WITHIN A MUNICIPAL CORPORATION AS AN ARTS AND ENTERTAINMENT DISTRICT, THEN THE GOVERNING BODY OF THE MUNICIPAL CORPORATION MUST FIRST CONSENT.

(B) A COUNTY MAY APPLY TO THE SECRETARY ON BEHALF OF A MUNICIPAL CORPORATION, WITH THE CONSENT OF THE GOVERNING BODY OF THE MUNICIPAL CORPORATION, FOR DESIGNATION OF ANY AREA WITHIN THAT MUNICIPAL CORPORATION AS AN ARTS AND ENTERTAINMENT DISTRICT.

(C) TWO OR MORE POLITICAL SUBDIVISIONS MAY APPLY JOINTLY TO THE SECRETARY FOR DESIGNATION OF AN AREA AS AN ARTS AND ENTERTAINMENT DISTRICT THAT IS LOCATED ASTRIDE THEIR COMMON BOUNDARIES.

(D) THE APPLICATION SHALL BE IN THE FORM AND MANNER AND CONTAIN SUCH INFORMATION AS THE SECRETARY MAY, BY REGULATION, DETERMINE, PROVIDED THAT THE APPLICATION SHALL:

(1) CONTAIN INFORMATION SUFFICIENT FOR THE SECRETARY TO DETERMINE IF THE CRITERIA ESTABLISHED IN §§ 4-701(A)(3) AND (C) OF THIS SUBTITLE HAVE BEEN MET; AND

(2) BE SUBMITTED ON BEHALF OF THE POLITICAL SUBDIVISION BY ITS CHIEF ELECTED OFFICER, OR, IF NONE, BY THE GOVERNING BODY OF THE POLITICAL SUBDIVISION.

(E) (1) WITHIN 60 DAYS FOLLOWING ANY SUBMISSION DATE, THE SECRETARY MAY DESIGNATE ONE OR MORE ARTS AND ENTERTAINMENT DISTRICTS FROM AMONG THE APPLICATIONS SUBMITTED TO THE SECRETARY ON OR BEFORE THAT SUBMISSION DATE.

(2) THE SECRETARY MAY NOT DESIGNATE MORE THAN 1 ARTS AND ENTERTAINMENT DISTRICT IN A COUNTY IN ANY CALENDAR YEAR.

(3) THE DETERMINATION OF THE SECRETARY AS TO THE AREAS DESIGNATED AS ARTS AND ENTERTAINMENT DISTRICTS SHALL BE FINAL, EXCEPT THAT, FOR ANY AREA NOT DESIGNATED AN ARTS AND ENTERTAINMENT DISTRICT, A POLITICAL SUBDIVISION MAY REAPPLY AT ANY TIME TO THE SECRETARY FOR DESIGNATION OF THAT AREA AS AN ARTS AND ENTERTAINMENT DISTRICT.

(F) A POLITICAL SUBDIVISION MAY APPLY TO THE SECRETARY FOR THE EXPANSION OF AN EXISTING ARTS AND ENTERTAINMENT DISTRICT IN THE SAME MANNER AS THE POLITICAL SUBDIVISION WOULD APPLY FOR THE DESIGNATION OF A NEW ARTS AND ENTERTAINMENT DISTRICT.

~~4-703.~~

~~(A) (1) THERE IS AN ARTS AND ENTERTAINMENT DISTRICTS FUND IN THE DEPARTMENT.~~

~~(2) THE FUND IS A NONLAPSING, REVOLVING SPECIAL FUND THAT SHALL BE MANAGED AND SUPERVISED BY THE SECRETARY.~~

~~(B) THE FUND SHALL CONSIST OF ANY OF THE FOLLOWING:~~

~~(1) MONEYS APPROPRIATED IN THE STATE BUDGET;~~

~~(2) MONEYS MADE AVAILABLE TO THE FUND THROUGH APPROPRIATE FEDERAL PROGRAMS OR PRIVATE CONTRIBUTIONS;~~

~~(3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES FROM MONEYS IN THE FUND;~~

~~(4) REPAYMENTS OF PRINCIPAL AND INTEREST FROM LOANS MADE FROM THE FUND;~~

~~(5) PROCEEDS FROM THE SALE, DISPOSITION, LEASE OR RENTAL BY THE DEPARTMENT OF COLLATERAL RELATED TO ANY FINANCING PROVIDED BY THE DEPARTMENT UNDER THIS SUBTITLE;~~

~~(6) PREMIUMS, FEES, ROYALTIES, AND REPAYMENTS OF PRINCIPAL, INTEREST AND INVESTMENT PAID TO THE DEPARTMENT BY OR ON BEHALF OF AN ARTS AND ENTERTAINMENT ENTERPRISE IN WHICH THE DEPARTMENT HAS MADE AN EQUITY INVESTMENT, OR BY OR ON BEHALF OF AN INVESTOR PROVIDING AN INVESTMENT GUARANTEED BY THE DEPARTMENT UNDER THIS SUBTITLE;~~

~~(7) RECOVERY OF ANY EQUITY INVESTMENT MADE BY THE DEPARTMENT IN AN ARTS AND ENTERTAINMENT ENTERPRISE, INCLUDING ANY ARRANGEMENT UNDER WHICH THE DEPARTMENT'S INVESTMENT IN THE ARTS AND ENTERTAINMENT ENTERPRISE IS RECOVERED THROUGH:~~

~~(I) A REQUIREMENT THAT THE DEPARTMENT RECEIVE A PROPORTION OF CASH FLOW, COMMISSIONS, ROYALTIES, OR PAYMENTS ON A PATENT; OR~~

~~(II) THE REPURCHASE FROM THE DEPARTMENT OF ANY EVIDENCE OF EQUITY PARTICIPATION, SUCH AS NOTES, STOCKS, BONDS OR DEBENTURES;~~

~~(8) REPAYMENTS RECEIVED FROM CONDITIONAL GRANTS EXTENDED BY THE DEPARTMENT; AND~~

~~(9) ANY OTHER MONEYS MADE AVAILABLE TO THE DEPARTMENT.~~

~~(C) (1) THE DEPARTMENT SHALL USE THE FUND FOR THE FOLLOWING PURPOSES:~~

~~(I) TO MAKE A GRANT OR LOAN, AT A RATE OF INTEREST TO BE DETERMINED BY THE DEPARTMENT, TO BENEFIT AN ARTS AND ENTERTAINMENT ENTERPRISE;~~

~~(II) TO PROVIDE EQUITY INVESTMENT FINANCING FOR AN ARTS AND ENTERTAINMENT ENTERPRISE;~~

~~(III) TO PROVIDE GUARANTEES OF LOANS, EQUITY, INVESTMENT, OR OTHER PRIVATE FINANCING TO EXPAND THE CAPITAL RESOURCES OF AN ARTS AND ENTERTAINMENT ENTERPRISE;~~

~~(IV) TO PURCHASE ADVISORY SERVICES AND TECHNICAL ASSISTANCE TO ENABLE THE DEPARTMENT TO BETTER SUPPORT THE DEVELOPMENT OF AN ARTS AND ENTERTAINMENT ENTERPRISE; AND~~

~~(V) TO PAY EXPENSES FOR ADMINISTRATIVE, LEGAL AND ACTUARIAL SERVICES FOR THE DEPARTMENT ASSOCIATED WITH THE IMPLEMENTATION OF THIS SUBTITLE.~~

~~(2) UNLESS OTHERWISE DETERMINED BY THE SECRETARY, MONEYS IN THE FUND THAT HAVE BEEN GENERATED BY A PARTICULAR DIVISION WITHIN THE DEPARTMENT SHALL BE ALLOCATED FOR THE USE OF THAT DIVISION.~~

~~(D) (1) THE STATE TREASURER SHALL HOLD AND THE STATE COMPTROLLER SHALL ACCOUNT FOR THE FUND.~~

~~(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO THE FUND.~~

~~(E) (1) SECTION 10-305 OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES NOT APPLY TO ANY SALE, LEASE, TRANSFER, EXCHANGE, OR OTHER DISPOSITION OF ANY REAL OR PERSONAL PROPERTY ACQUIRED BY THE DEPARTMENT IN ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE, INCLUDING SHARES OF STOCK IN AN ARTS AND ENTERTAINMENT ENTERPRISE.~~

~~(2) THE DEPARTMENT SHALL CONSULT WITH THE OFFICE OF THE TREASURER IN CONNECTION WITH ANY PROPOSED DISPOSITION OF PROPERTY ACQUIRED BY THE DEPARTMENT UNDER THIS SUBTITLE.~~

~~(F) DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES NOT APPLY TO THE DEPARTMENT FOR SERVICES RELATED TO THE INVESTMENT, MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF ASSETS OF THE DEPARTMENT IN ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.~~

4-703.

THE SECRETARY SHALL ADOPT REGULATIONS THAT SPECIFY APPLICATION PROCEDURES AND CRITERIA FOR DESIGNATION OF ARTS AND ENTERTAINMENT DISTRICTS.

5-1401.

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

(b) "Animal waste technology project" means the research, development, implementation, or market development of technology that is intended to:

(1) Reduce the amount of nutrients in animal waste;

(2) Alter the composition of animal waste;

(3) Develop alternative waste management strategies; or

(4) Use animal waste in a production process.

(c) "Aquaculture project" means a project that encourages innovation, expansion, and modernization of the seafood processing industry or the aquaculture industry.

(d) "ARTS AND ENTERTAINMENT DISTRICT" MEANS AN AREA DESIGNATED UNDER TITLE 4, SUBTITLE 7 OF THIS ARTICLE AS AN ARTS AND ENTERTAINMENT DISTRICT.

(E) "ARTS AND ENTERTAINMENT ENTERPRISE" MEANS A FOR PROFIT OR NONPROFIT ENTITY LOCATED IN AN ARTS AND ENTERTAINMENT DISTRICT AND DEDICATED TO THE VISUAL OR PERFORMING ARTS.

(F) "ARTS AND ENTERTAINMENT PROJECT" MEANS A PROJECT THAT PROMOTES OR ENHANCES THE DEVELOPMENT OF AN ARTS AND ENTERTAINMENT DISTRICT.

(G) "Authority" means the Maryland Economic Development Assistance Authority.

[(e)] (H) "Brownfields Revitalization Incentive Program" means the Program within the Department under which financial assistance from the Fund is provided for the redevelopment of qualified brownfields sites, as set forth in § 5-1408 of this subtitle.

[(f)] (I) (1) "Brownfields site" means:

(i) An eligible property, as defined in § 7-501 of the Environment Article, that is:

1. Owned or operated by:

A. An inculpable person, as defined in § 7-501 of the Environment Article; or

B. An innocent purchaser that meets the requirements set forth in § 7-201(x)(2)(i) of the Environment Article; and

2. Located in a county or municipal corporation that has elected to participate in the Brownfields Revitalization Incentive Program in accordance with § 5-1408(a) of this subtitle; or

(ii) Property where there is a release, discharge, or threatened release of oil, as defined in § 4-401 of the Environment Article, that is:

1. Subject to a corrective action plan approved by the Department of the Environment in accordance with Title 4 of the Environment Article; and

2. Located in a county or municipal corporation that has elected to participate in the Brownfields Revitalization Incentive Program in accordance with § 5-1408(a) of this subtitle.

(2) "Brownfields site" does not include property that is owned or operated by a responsible person or a person responsible for the discharge.

[(g)] (J) "Child care facility" means a facility that is required to be licensed as a child care center under §§ 5-570 through 5-585 of the Family Law Article.

[(h)] (K) "Child care special loan" means a direct loan for the expansion or improvement of child care services at child care facilities in the State, which is governed by the terms of § 5-1409 of this subtitle.

[(i)] (L) "Fund" means the Maryland Economic Development Assistance Fund.

[(j)] (M) "Financial assistance" means a grant, loan, or investment provided under this subtitle.

[(k)] (N) "Local economic development fund" means a revolving, nonlapsing fund that one or more local governments establish for purposes of economic development within the areas under their jurisdictions.

[(l)] (O) "Local economic development opportunity" means a project that the Department determines provides a valuable economic development opportunity to the jurisdiction in which the project is located and which is a priority for and endorsed by the governing body of that jurisdiction.

[(m)] (P) "Local government" means a county or municipality or its designated agency or instrumentality or the Maryland Economic Development Corporation.

[(n)] (Q) "Person responsible for the discharge" has the meaning stated in § 4-401 of the Environment Article.

[(o)] (R) "Qualified brownfields site" means a brownfields site that has been determined by the Department of Business and Economic Development to be eligible for financial incentives under this subtitle.

[(p)] (S) "Responsible person" has the meaning stated in § 7-201 of the Environment Article.

[(q)] (T) "Significant strategic economic development opportunity" means a project that the Department determines provides a valuable economic development opportunity of statewide, regional, or strategic industry impact.

[(r)] (U) "Specialized economic development opportunity" means an animal waste technology project, an aquaculture project, redevelopment of a qualified brownfields site, [or] a project to create or expand a child care facility, AN ARTS AND ENTERTAINMENT ENTERPRISE, OR AN ARTS AND ENTERTAINMENT PROJECT.

[(s)] (V) "Working capital" means funds to be used for current operations of a business.

5-1402.

The purposes of the Maryland Economic Development Assistance Fund are to:

(1) Expand employment opportunities in the State by providing financial assistance to businesses that are engaged in eligible industry sectors, including financial assistance for creation and expansion of child care facilities, animal waste technology projects, [and] aquaculture projects, ARTS AND ENTERTAINMENT ENTERPRISES, AND ARTS AND ENTERTAINMENT PROJECTS;

(2) Provide financial incentives for redevelopment of qualified brownfields sites; and

(3) Provide financial assistance to local governments for economic development projects and grants for local economic development funds.

5-1405.

(b) Financial assistance from the Fund may be used only to finance costs incurred for:

(1) Acquisition or construction of a building or real estate;

(2) Acquisition, construction, or installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements, including rail line enhancements on or to the site of an economic development project;

(3) Working capital for significant strategic economic development opportunities, ARTS AND ENTERTAINMENT ENTERPRISES, OR ARTS AND ENTERTAINMENT PROJECTS;

(4) Redevelopment of qualified brownfields sites;

(5) (i) Except as provided in item (ii) of this paragraph, up to 50% of the costs of renovations, construction, or purchase of real property, fixtures, or equipment related to a child care facility, but not for refinancing existing loans, working capital, supplies, or inventory; or

(ii) A business that has received or will receive a day care loan insured by the Maryland Industrial Development Financing Authority; such businesses shall be limited to financial assistance from the Fund of not more than 20% of the costs described in item (i) of this paragraph;

(6) If incurred by a local government, costs of feasibility studies; and

(7) Up to 50% of the costs of preparing a county's or municipality's strategy or plan for economic development, not to exceed a total of $50,000 in a 3-year period.

(c) (1) Financial assistance from the Fund:

(i) May not exceed the lesser of $10,000,000 or 20% of the Fund balance;

(ii) Except as provided in item (iii) of this paragraph, may not exceed 70% of the total costs of the project being financed;

(iii) May constitute 100% of the total costs of the project being financed if [the recipient]:

1. THE RECIPIENT is the Maryland Economic Development Corporation; OR

2. THE FINANCIAL ASSISTANCE IS FOR AN ARTS AND ENTERTAINMENT ENTERPRISE OR ARTS AND ENTERTAINMENT PROJECT;

(iv) If a loan for a significant strategic economic development opportunity or for a specialized economic development opportunity, shall carry an interest rate below the market rate of interest, as determined by the Department;

(v) If a loan for a local economic development opportunity or to a local government, shall carry an interest rate not exceeding one-eighth of one percent plus the net interest cost of the most recent State general obligation bond issue preceding the approval of the loan;

(vi) Shall not bear a rate of interest less than 3% unless the project funded by a loan is located in an area of high unemployment or the Department determines that the borrower is carrying out a compelling economic development initiative; and

(vii) May not be used to refinance existing debt.

(2) Loans from the Fund may not be for a term exceeding:

(i) For working capital - 3 years;

(ii) For financing machinery, equipment, furnishings, or fixtures - the lesser of 15 years or the useful life of the asset, as determined by the Department;

(iii) For financing the construction or acquisition of buildings and real estate - 25 years; and

(iv) For financing redevelopment of a qualified brownfields site - a term approved by the Department or the Authority.

(3) For loans from the Fund the Department may:

(i) Waive interest during the first 2 years of a loan term; or

(ii) Upon a default by the borrower, impose an interest rate that exceeds the limits set forth in paragraph (1) of this subsection.

(4) Investments from the Fund may be made only in conjunction with a loan or a grant from the Fund.

5-1410.

(a) Annually, after considering the recommendation of the Maryland Economic Development Commission, the Authority shall establish a list of industry sectors that will be eligible for loans from the Fund.

(b) Before making its recommendation to the Authority, the Maryland Economic Development Commission shall:

(1) Consult with the Department and the Department of Labor, Licensing, and Regulation; and

(2) Evaluate the potential employment and economic growth of Maryland's industry sectors.

(c) In determining whether an applicant is engaged in an eligible industry sector, the Department shall consider the definitions set forth in the standard industrial classification manual.

(d) The provisions of this section do not apply to financial assistance to a local government that uses the financial assistance provided under this subtitle to carry out a project that does not benefit a particular private sector entity.

(e) For the purpose of providing financial assistance under this subtitle, the following shall be deemed to be in eligible industry sectors and are not subject to the requirements specifically imposed on significant strategic economic development opportunities and local economic development opportunities:

(1) Animal waste technology projects;

(2) Aquaculture projects;

(3) Redevelopment of qualified brownfields sites; [and]

(4) Creation or expansion of child care facilities; AND

(5) ARTS AND ENTERTAINMENT ENTERPRISES AND ARTS AND ENTERTAINMENT PROJECTS.

Article - Tax - General

4-104.

(E) (1) IN THIS SUBSECTION, "ARTS AND ENTERTAINMENT DISTRICT", "ARTS AND ENTERTAINMENT ENTERPRISE" AND "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN ARTICLE 83A, § 4-701 OF THE CODE.

(2) A COUNTY OR A MUNICIPAL CORPORATION MAY EXEMPT FROM THE ADMISSIONS AND AMUSEMENT TAX GROSS RECEIPTS FROM ANY ADMISSIONS OR AMUSEMENT CHARGE LEVIED BY AN ARTS AND ENTERTAINMENT ENTERPRISE OR QUALIFYING RESIDING ARTIST IN AN ARTS AND ENTERTAINMENT DISTRICT.

10-207.

(V) (1) IN THIS SUBSECTION, "ARTISTIC WORK", "ARTS AND ENTERTAINMENT DISTRICT", AND "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN ARTICLE 83A, § 4-701 OF THE CODE.

(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF INCOME DERIVED WITHIN AN ARTS AND ENTERTAINMENT DISTRICT BY A QUALIFYING RESIDING ARTIST FROM THE PUBLICATION, PRODUCTION, OR SALE OF AN ARTISTIC WORK THAT THE ARTIST WROTE, COMPOSED, OR EXECUTED.

(3) FOR THE PURPOSE OF DETERMINING WHETHER INCOME IS DERIVED WITHIN AN ARTS AND ENTERTAINMENT DISTRICT FOR THE PURPOSE OF THIS SUBSECTION, A QUALIFYING RESIDING ARTIST SHALL ALLOCATE RECEIPTS AND EXPENSES AS THE COMPTROLLER MAY REQUIRE.

~~11-229.~~

~~(A) IN THIS SECTION, "ARTISTIC WORK", "ARTS AND ENTERTAINMENT DISTRICT", AND "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN ARTICLE 83A, § 4-701 OF THE CODE.~~

~~(B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF AN ARTISTIC WORK WITHIN AN ARTS AND ENTERTAINMENT DISTRICT.~~

Article - Tax - Property

9-229.

(a) (3) "Qualified brownfields site" has the meaning stated in Article 83A, [§ 5-1401(o)] § 5-1401 of the Code.

9-239.

(A) IN THIS SECTION, "ARTS AND ENTERTAINMENT DISTRICT" AND "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN ARTICLE 83A, § 4-701 OF THE CODE.

(B) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON A MANUFACTURING, COMMERCIAL, OR INDUSTRIAL BUILDING THAT:

(1) IS LOCATED IN AN ARTS AND ENTERTAINMENT DISTRICT; AND

(2) IS WHOLLY OR PARTIALLY RENOVATED FOR USE BY A QUALIFYING RESIDING ARTIST OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

(C) A TAX CREDIT GRANTED UNDER THIS SECTION MAY NOT BE GRANTED FOR MORE THAN 10 YEARS.

<u>14-902.</u>

<u>(a) (2) "Qualified brownfields site" has the meaning stated in Article 83A, [§ 5-1401(o)] § 5-1401 of the Code.</u>

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2001.