

HOUSE BILL 1517

C8, C7

7lr3001
CF SB 465

By: **Delegates Glenn and M. Washington**
Introduced and read first time: February 10, 2017
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Nonprofit Development Center Program and Fund – Bridge Loans**

3 FOR the purpose of renaming the Maryland Not–For–Profit Development Center Program
4 and the Maryland Not–For–Profit Development Center Program Fund to be the
5 Maryland Nonprofit Development Center Program and the Maryland Nonprofit
6 Development Center Program Fund; expanding the scope of the Program to include
7 bridge loans for certain nonprofit entities; expanding the Fund to include certain
8 proceeds of video lottery terminals; authorizing the Department of Commerce to
9 provide a certain bridge loan under certain circumstances; requiring the Department
10 to establish a certain application process and receive a certain written confirmation
11 before providing a bridge loan; requiring a bridge loan to be repaid within a certain
12 period of time; requiring the Comptroller to pay a certain amount from the proceeds
13 of certain video lottery terminals to the Fund; requiring the Department to report to
14 the Governor and the General Assembly on or before a certain date on certain
15 matters; altering certain definitions; making certain conforming changes; and
16 generally relating to the Maryland Nonprofit Development Center Program.

17 BY repealing and reenacting, with amendments,
18 Article – Economic Development
19 Section 5–1201 through 5–1205 to be under the amended subtitle “Subtitle 12.
20 Maryland Nonprofit Development Center Program”
21 Annotated Code of Maryland
22 (2008 Volume and 2016 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – State Government
25 Section 9–1A–27(a)
26 Annotated Code of Maryland
27 (2014 Replacement Volume and 2016 Supplement)

28 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 Article – State Government
2 Section 9–1A–27(b) and (c)
3 Annotated Code of Maryland
4 (2014 Replacement Volume and 2016 Supplement)

5 Preamble

6 WHEREAS, The nonprofit sector provides vital services to our community, including
7 affordable housing, job training, child development, and public health, without which the
8 government would have to foot the bill; and

9 WHEREAS, One in ten Maryland workers is employed by the nonprofit sector; and

10 WHEREAS, According to a report by Maryland Nonprofits and the Center for
11 Nonprofit Advancement, 37 percent of nonprofit entities in the State saw an increased
12 demand in their services and half of those nonprofit entities were unable to meet the
13 increased demand; and

14 WHEREAS, Nonprofit entities disproportionately employ, are led by, and benefit
15 marginalized groups, including minorities and women; now, therefore,

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

18 **Article – Economic Development**

19 Subtitle 12. Maryland [~~Not–For–Profit~~] **NONPROFIT** Development Center Program.
20 5–1201.

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

22 (b) “Fund” means the Maryland [~~Not–For–Profit~~] **NONPROFIT** Development
23 Center Program Fund established under § 5–1204 of this subtitle.

24 (c) [~~Not–for–profit~~] “**NONPROFIT** entity” means a corporation incorporated in
25 the State, or otherwise qualified to do business in the State, that has been determined by
26 the Internal Revenue Service to be exempt from taxation under § 501(c)(3), (4), or (6) of the
27 Internal Revenue Code.

28 (d) “Program” means the Maryland [~~Not–For–Profit~~] **NONPROFIT** Development
29 Center Program established under § 5–1202 of this subtitle.

30 (e) “Qualifying [~~not–for–profit~~] **NONPROFIT** entity” means a [~~not–for–profit~~]
31 **NONPROFIT** entity:

- 1 (1) that has annual revenues not greater than \$750,000;
- 2 (2) that has been in existence for not more than 10 years; and
- 3 (3) whose principal purpose is providing health, education, environmental,
4 agricultural, or social services through community-based programs.

5 5-1202.

6 (a) There is a Maryland [Not-For-Profit] **NONPROFIT** Development Center
7 Program in the Department.

8 (b) The Program shall foster, support, and assist the economic growth and
9 revitalization of qualifying [not-for-profit] **NONPROFIT** entities in the State by providing
10 training and technical assistance services **AND BRIDGE LOANS TO NONPROFIT ENTITIES**
11 **WAITING TO RECEIVE THE FUNDING FROM GOVERNMENT GRANTS OR CONTRACTS.**

12 5-1203.

13 The Program shall provide assistance to qualifying [not-for-profit] **NONPROFIT**
14 entities, including:

15 (1) operation of an information exchange governing current and new
16 technical information and data about all aspects of [not-for-profit] **NONPROFIT**
17 management, including:

- 18 (i) [not-for-profit] **NONPROFIT** start-up;
- 19 (ii) budgeting and financial management;
- 20 (iii) facilities development and management;
- 21 (iv) board development;
- 22 (v) organizational development and strategic planning;
- 23 (vi) marketing;
- 24 (vii) federal and State contracting and grant making;
- 25 (viii) individual, corporate, and foundation fund-raising;
- 26 (ix) volunteer management;
- 27 (x) personnel management;

- 1 (xi) federal and State tax law and regulations;
- 2 (xii) federal and State law and regulations governing charitable
3 solicitations;
- 4 (xiii) federal and State regulations applicable to licensing or
5 accreditation;
- 6 (xiv) federal and State financing programs; and
- 7 (xv) information technology; and

8 (2) individual consultation and technical assistance to any qualifying
9 [not-for-profit] **NONPROFIT** entity that requests the service, including assistance on any
10 of the subjects identified in item (1) of this section.

11 5-1204.

12 (a) (1) There is a Maryland [Not-For-Profit] **NONPROFIT** Development
13 Center Program Fund in the Department.

14 (2) The Fund is a special, nonlapsing fund that is not subject to reversion
15 under § 7-302 of the State Finance and Procurement Article.

16 (3) The Fund consists of:

17 (i) money appropriated in the State budget to the Fund; [and]

18 (ii) **MONEY RECEIVED UNDER § 9-1A-27 OF THE STATE**
19 **GOVERNMENT ARTICLE; AND**

20 (iii) all other money accepted for the benefit of the Fund, including
21 an additional \$50 fee to be paid for the processing of articles of incorporation of a nonstock
22 corporation in accordance with § 1-203 of the Corporations and Associations Article.

23 (b) (1) The purpose of the Fund is to provide grant money **AND BRIDGE**
24 **LOANS** to support the operations of the Program consistent with this subtitle.

25 (2) As provided in the State budget, the Fund also may be used by the
26 Department of General Services to evaluate the participation of [not-for-profit]
27 **NONPROFIT** entities in State procurement.

28 5-1205.

1 (a) The Department shall designate at least one private [not-for-profit]
2 **NONPROFIT** entity to receive grants from the Maryland [Not-For-Profit] **NONPROFIT**
3 Development Center Program Fund to implement the Program.

4 (b) In selecting a designee, the Department shall consider and give priority to
5 organizations that:

6 (1) have experience in providing the scope of assistance and services
7 required under § 5-1203 of this subtitle to qualifying [not-for-profit] **NONPROFIT** entities
8 in the State;

9 (2) demonstrate the capacity to provide the assistance and services
10 required under § 5-1203 of this subtitle on a statewide basis; and

11 (3) demonstrate current expenditures that:

12 (i) are equal to at least three times the amount of funding received
13 under this section; and

14 (ii) have been received from other sources for the provision of
15 assistance and services of the type required under § 5-1203 of this subtitle to
16 [not-for-profit] **NONPROFIT** entities in the State.

17 **(C) (1) THE DEPARTMENT MAY PROVIDE A NO-INTEREST BRIDGE LOAN**
18 **OF UP TO \$25,000 TO A NONPROFIT ENTITY THAT IS WAITING TO RECEIVE THE**
19 **FUNDING FROM A GOVERNMENT GRANT OR CONTRACT.**

20 **(2) THE DEPARTMENT SHALL ESTABLISH AN APPLICATION PROCESS**
21 **FOR BRIDGE LOANS PROVIDED UNDER THIS SUBSECTION.**

22 **(3) BEFORE PROVIDING A BRIDGE LOAN UNDER THIS SUBSECTION,**
23 **THE DEPARTMENT SHALL RECEIVE WRITTEN CONFIRMATION THAT THE NONPROFIT**
24 **ENTITY HAS BEEN AWARDED A GOVERNMENT GRANT OR CONTRACT BUT HAS NOT**
25 **YET RECEIVED THE FUNDING.**

26 **(4) THE RECIPIENT OF A BRIDGE LOAN UNDER THIS SUBSECTION**
27 **SHALL REPAY THE BRIDGE LOAN WITHIN 60 DAYS OF RECEIPT OF THE FUNDING**
28 **ANTICIPATED FROM THE GOVERNMENT GRANT OR CONTRACT.**

29 **Article – State Government**

30 9-1A-27.

31 (a) Except as provided in subsections (b) and (c) of this section and §
32 9-1A-26(a)(3) of this subtitle, on a properly approved transmittal prepared by the

1 Commission, the Comptroller shall pay the following amounts from the proceeds of video
2 lottery terminals at each video lottery facility:

3 (1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming
4 Control Agency for costs as defined in § 9–1A–01 of this subtitle; and

5 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming
6 Control Agency for costs as defined in § 9–1A–01 of this subtitle;

7 (2) to the video lottery operation licensee, the percentage stated in the
8 accepted application for the location, not to exceed, except as provided in subsection (b) of
9 this section, 33%;

10 (3) 5.5% in local impact grants, in accordance with § 9–1A–31 of this
11 subtitle;

12 (4) 7% to the Purse Dedication Account established under § 9–1A–28 of this
13 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

14 (5) (i) until the issuance of a video lottery operation license in
15 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §
16 9–1A–29 of this subtitle and distributed in accordance with that section; and

17 (ii) on or after the issuance of a video lottery operation license in
18 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
19 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed a
20 total of \$20,000,000 to the Account annually;

21 (6) 1.5% to the Small, Minority, and Women–Owned Businesses Account
22 established under § 9–1A–35 of this subtitle;

23 (7) (i) except as provided in item (ii) of this item, 6% to the video lottery
24 operation licensee if the video lottery operation licensee owns or leases each video lottery
25 terminal device and the associated equipment and software; and

26 (ii) 8% to the video lottery operation licensee in Anne Arundel
27 County;

28 (8) beginning after the issuance of a video lottery operation license for a
29 video lottery facility in Prince George’s County, 8% to the video lottery operation licensee
30 in Anne Arundel County and 7% to the licensee in Baltimore City for:

31 (i) marketing, advertising, and promotional costs required under §
32 9–1A–23 of this subtitle; and

33 (ii) capital improvements at the video lottery facilities; [and]

1 (9) **5% TO THE MARYLAND NONPROFIT DEVELOPMENT PROGRAM**
2 **FUND ESTABLISHED UNDER § 5-1204 OF THE ECONOMIC DEVELOPMENT ARTICLE;**
3 **AND**

4 (10) the remainder to the Education Trust Fund established under §
5 9-1A-30 of this subtitle.

6 (b) (1) Beginning July 1, 2013, for a video lottery facility in Worcester County
7 with less than 1,000 video lottery terminals, the percentage in subsection (a)(2) of this
8 section is equal to 43% provided that each year an amount equivalent to 2.5% of the
9 proceeds from video lottery terminals at the video lottery facility is spent on capital
10 improvements at the video lottery facility.

11 (2) After the first 10 years of operations at a video lottery facility in
12 Allegany County, the percentage:

13 (i) in subsection (a)(2) of this section is equal to 43% provided that
14 each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the
15 video lottery facility is spent on capital improvements at the video lottery facility; and

16 (ii) in subsection (a)(1) of this section is equal to 2%.

17 (3) For a video lottery facility in Prince George's County, the percentage in
18 subsection (a)(2) of this section stated in the accepted application for the location may not
19 exceed 38%.

20 (c) (1) For the first 10 years of operations at a video lottery facility in Allegany
21 County, on a properly approved transmittal prepared by the Commission, the Comptroller
22 shall pay the following amounts from the proceeds of video lottery terminals at a video
23 lottery facility in Allegany County:

24 (i) 2% to the State Lottery and Gaming Control Agency for costs as
25 defined in § 9-1A-01 of this subtitle;

26 (ii) to the video lottery operation licensee, the percentage stated in
27 the accepted application for the location, not to exceed 50%;

28 (iii) 2.75% in local impact grants, in accordance with § 9-1A-31 of
29 this subtitle;

30 (iv) 2.5% to the Purse Dedication Account established under §
31 9-1A-28 of this subtitle;

32 (v) 0.75% to the Small, Minority, and Women-Owned Businesses
33 Account established under § 9-1A-35 of this subtitle; and

1 (vi) the remainder to the Education Trust Fund established under §
2 9–1A–30 of this subtitle.

3 (2) After the first 10 years of operations at a video lottery facility in
4 Allegany County, the proceeds generated at the facility in Allegany County shall be
5 allocated as provided in subsections (a) and (b) of this section.

6 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31,
7 2020, the Department of Commerce shall report to the Governor and, in accordance with §
8 2–1246 of the State Government Article, the General Assembly on the bridge loans issued
9 under the Maryland Nonprofit Development Center Program, including:

10 (1) the number of bridge loan applications the Department received;

11 (2) the number of bridge loans provided to nonprofit entities;

12 (3) the dollar amount of the bridge loans provided;

13 (4) the length of time the Department took to process bridge loan
14 applications and award funds;

15 (5) the length of time between when nonprofit entities receive bridge loans
16 and repay the bridge loans; and

17 (6) the availability of funds to meet bridge loan demands.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2017.