

SENATE BILL 465

C8, C7

(7lr1132)

ENROLLED BILL

— Finance/Economic Matters —

Introduced by Senators Kagan, Astle, Bates, Benson, Cassilly, Conway, Currie, DeGrange, Eckardt, Edwards, Feldman, Ferguson, Guzzone, Hershey, Hough, Jennings, Kelley, King, Klausmeier, Lee, Madaleno, Manno, Mathias, McFadden, Middleton, Miller, Muse, Nathan-Pulliam, Norman, Peters, Pinsky, Ramirez, Ready, Reilly, Robinson, Rosapepe, Salling, Serafini, Simonaire, Smith, Waugh, Young, Zirkin, ~~and Zucker~~ Zucker, Oaks, Kasemeyer, and Brochin

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

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

President.

CHAPTER _____

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 expenses for certain nonprofit entities; establishing the
8 Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account within the Fund;
9 providing that the Account consists of certain money from the Small, Minority, and

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.

Italics indicate opposite chamber/conference committee amendments.



1 Women-Owned Businesses Account and any other money appropriated, transferred,
 2 or repaid to the Account; prohibiting money in the Account from exceeding a certain
 3 amount; requiring certain money in the Account to be transferred to the Small,
 4 Minority, and Women-Owned Businesses Account under certain circumstances;
 5 ~~expanding the Fund to include certain proceeds of video lottery terminals; requiring~~
 6 ~~certain money in the Fund to be transferred to the Education Trust Fund under~~
 7 ~~certain circumstances~~ money in the Account; authorizing the Department of
 8 Commerce to provide a certain bridge loan under certain circumstances; requiring
 9 the Department to establish a certain application process and receive a certain
 10 written confirmation before providing a bridge loan; requiring a bridge loan to be
 11 ~~repaid within a certain period of time~~ the Department to establish a certain schedule
 12 and terms of repayment for a bridge loan; requiring the Comptroller to pay a certain
 13 ~~amount from the proceeds of certain video lottery terminals to the Fund~~ percentage,
 14 up to a certain amount, from the Small, Minority, and Women-Owned Businesses
 15 Account to the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account
 16 beginning in a certain fiscal year; authorizing the Governor to transfer certain funds
 17 on or before a certain date to the Nonprofit, Interest-Free, Micro Bridge Loan
 18 (NIMBL) Account; requiring the Department to report to the Governor and the
 19 General Assembly on or before a certain date on certain matters; altering certain
 20 definitions; making certain conforming changes; and generally relating to the
 21 Maryland Nonprofit Development Center Program.

22 BY repealing and reenacting, with amendments,

23 Article – Economic Development

24 Section 5-1201 through 5-1205 to be under the amended subtitle “Subtitle 12.

25 Maryland Nonprofit Development Center Program”

26 Annotated Code of Maryland

27 (2008 Volume and 2016 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article – State Government

30 Section 9-1A-27(a)

31 Annotated Code of Maryland

32 (2014 Replacement Volume and 2016 Supplement)

33 BY repealing and reenacting, without amendments,

34 Article – State Government

35 Section 9-1A-27(b) and (c)

36 Annotated Code of Maryland

37 (2014 Replacement Volume and 2016 Supplement)

38 Preamble

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

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

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

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

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

10 **Article – Economic Development**

11 Subtitle 12. Maryland [~~Not–For–Profit~~] **NONPROFIT** Development Center Program.

12 5–1201.

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

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

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

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

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

24 (1) that has annual revenues not greater than \$750,000;

25 (2) that has been in existence for not more than 10 years; and

26 (3) whose principal purpose is providing health, education, environmental,
27 agricultural, or social services through community–based programs.

28 5–1202.

29 (a) There is a Maryland [~~Not–For–Profit~~] **NONPROFIT** Development Center
30 Program in the Department.

1 (b) The Program shall foster, support, and assist the economic growth and
2 revitalization of qualifying [not-for-profit] **NONPROFIT** entities in the State by providing
3 training and technical assistance services **AND BRIDGE LOANS TO NONPROFIT ENTITIES**
4 ~~WAITING TO RECEIVE THE~~ **THAT HAVE RECEIVED WRITTEN CONFIRMATION OF**
5 **FUNDING FROM GOVERNMENT GRANTS OR CONTRACTS BUT HAVE NOT YET**
6 **RECEIVED THE FUNDING.**

7 5-1203.

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

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

- 13 (i) [not-for-profit] **NONPROFIT** start-up;
- 14 (ii) budgeting and financial management;
- 15 (iii) facilities development and management;
- 16 (iv) board development;
- 17 (v) organizational development and strategic planning;
- 18 (vi) marketing;
- 19 (vii) federal and State contracting and grant making;
- 20 (viii) individual, corporate, and foundation fund-raising;
- 21 (ix) volunteer management;
- 22 (x) personnel management;
- 23 (xi) federal and State tax law and regulations;
- 24 (xii) federal and State law and regulations governing charitable
25 solicitations;
- 26 (xiii) federal and State regulations applicable to licensing or
27 accreditation;
- 28 (xiv) federal and State financing programs; and

1 (xv) information technology; and

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

5 5-1204.

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

8 **(II) 1. WITHIN THE FUND, THERE IS A NONPROFIT,**
9 **INTEREST-FREE, MICRO BRIDGE LOAN (NIMBL) ACCOUNT.**

10 **2. THE ACCOUNT CONSISTS OF:**

11 **A. MONEY RECEIVED UNDER § 9-1A-27 OF THE STATE**
12 **GOVERNMENT ARTICLE; AND**

13 **B. ANY OTHER MONEY APPROPRIATED, TRANSFERRED BY**
14 **BUDGET AMENDMENT, OR REPAID TO THE ACCOUNT.**

15 **3. THE MONEY IN THE ACCOUNT MAY NOT EXCEED**
16 **\$1,000,000.**

17 **4. IF THE MONEY IN THE ACCOUNT EXCEEDS**
18 **\$1,000,000, ANY MONEY IN EXCESS OF THAT AMOUNT SHALL BE TRANSFERRED TO**
19 **THE SMALL, MINORITY, AND WOMEN-OWNED BUSINESSES ACCOUNT ESTABLISHED**
20 **UNDER § 9-1A-35 OF THE STATE GOVERNMENT ARTICLE.**

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

23 (3) The Fund consists of:

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

25 (ii) ~~MONEY RECEIVED UNDER § 9-1A-27 OF THE STATE~~
26 ~~GOVERNMENT ARTICLE~~ **IN THE NONPROFIT, INTEREST-FREE, MICRO BRIDGE**
27 **LOAN (NIMBL) ACCOUNT; AND**

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

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

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

~~(c) WHEN THE FUND REACHES \$1,000,000, ANY MONEY IN EXCESS OF THAT AMOUNT SHALL BE TRANSFERRED TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THE STATE GOVERNMENT ARTICLE.~~

5-1205.

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

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

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

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

(3) demonstrate current expenditures that:

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

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

(c) (1) THE DEPARTMENT MAY PROVIDE A NO-INTEREST BRIDGE LOAN FOR OPERATING EXPENSES OF UP TO \$25,000 TO A NONPROFIT ENTITY THAT ~~IS WAITING TO RECEIVE THE~~ HAS RECEIVED WRITTEN CONFIRMATION OF FUNDING FROM A GOVERNMENT GRANT OR CONTRACT BUT HAS NOT YET RECEIVED THE FUNDING.

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

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

5 ~~(4) THE RECIPIENT OF A BRIDGE LOAN UNDER THIS SUBSECTION~~
6 ~~SHALL REPAY THE BRIDGE LOAN WITHIN 60 DAYS OF RECEIPT OF THE FUNDING~~
7 ~~ANTICIPATED FROM THE GOVERNMENT GRANT OR CONTRACT.~~

8 (4) THE DEPARTMENT SHALL ESTABLISH A SCHEDULE FOR
9 REPAYMENT FOR A BRIDGE LOAN THAT:

10 (I) IS REASONABLE BASED ON THE NATURE AND PAYMENT
11 SCHEDULE OF THE GOVERNMENT GRANT OR CONTRACT TO THE NONPROFIT ENTITY;
12 AND

13 (II) ASSURES REPAYMENT OF THE BRIDGE LOAN IS COMPLETED
14 NO LATER THAN THE DATE OF THE FINAL GRANT OR CONTRACT PAYMENT TO THE
15 NONPROFIT ENTITY.

16 Article – State Government

17 9-1A-27.

18 (a) Except as provided in subsections (b) and (c) of this section and §
19 9-1A-26(a)(3) of this subtitle, on a properly approved transmittal prepared by the
20 Commission, the Comptroller shall pay the following amounts from the proceeds of video
21 lottery terminals at each video lottery facility:

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

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

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

29 (3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this
30 subtitle;

31 (4) 7% to the Purse Dedication Account established under § 9-1A-28 of this
32 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

1 (5) (i) until the issuance of a video lottery operation license in
 2 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §
 3 9–1A–29 of this subtitle and distributed in accordance with that section; and

4 (ii) on or after the issuance of a video lottery operation license in
 5 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
 6 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed a
 7 total of \$20,000,000 to the Account annually;

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

10 **(II) BEGINNING IN FISCAL YEAR 2021, FROM THE AMOUNT PAID**
 11 **TO THE SMALL, MINORITY, AND WOMEN–OWNED BUSINESSES ACCOUNT UNDER**
 12 **ITEM (I) OF THIS ITEM, UP TO 5%, NOT TO EXCEED \$1,000,000, TO THE NONPROFIT,**
 13 **INTEREST–FREE, MICRO BRIDGE LOAN (NIMBL) ACCOUNT ESTABLISHED UNDER**
 14 **§ 5–1204 OF THE ECONOMIC DEVELOPMENT ARTICLE;**

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

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

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

23 (i) marketing, advertising, and promotional costs required under §
 24 9–1A–23 of this subtitle; and

25 (ii) capital improvements at the video lottery facilities; ~~and~~

26 (9) ~~5% TO THE MARYLAND NONPROFIT DEVELOPMENT PROGRAM~~
 27 ~~FUND ESTABLISHED UNDER § 5–1204 OF THE ECONOMIC DEVELOPMENT ARTICLE,~~
 28 ~~NOT TO EXCEED A TOTAL OF \$1,000,000 TO THE ACCOUNT ANNUALLY; AND~~

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

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

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

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

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

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

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

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

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

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

20 (iv) 2.5% to the Purse Dedication Account established under §
21 9-1A-28 of this subtitle;

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

24 (vi) the remainder to the Education Trust Fund established under §
25 9-1A-30 of this subtitle.

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any other
30 provision of law, on or before June 30, 2017, the Governor may transfer by budget
31 amendment to the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account
32 established under Section 1 of this Act \$187,500 of the fiscal year 2017 special fund
33 appropriation transferred in accordance with Section 11 of H.B. 152 of the Acts of the
34 General Assembly of 2017 from the Department of Housing and Community Development to

1 the Department of Commerce to be redistributed to the Small, Minority, and Women-Owned
 2 Businesses Account established under § 9-1A-35 of the State Government Article.

3 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That, on or before December 31,
 4 2020, the Department of Commerce shall report to the Governor and, in accordance with §
 5 2-1246 of the State Government Article, the General Assembly on the bridge loans issued
 6 under the Maryland Nonprofit Development Center Program, including:

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

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

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

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

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

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

15 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
 16 ~~October~~ June 1, 2017.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.