

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
Department of Business & Economic Development  
(DLS Control No. 14-232)**

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**Overview and Legal and Fiscal Impact**

This regulation implements Chapter 576 of 2014 by updating the definition of “qualifying residing artist” for the arts and entertainment district program.

The regulation presents no legal issues of concern.

There is no fiscal impact on State or local agencies. The regulation implements Chapter 576 of 2014. Any fiscal impact is a result of that legislation and not the regulation.

**Regulation of COMAR Affected**

**Department of Business & Economic Development:**

Economic Development: Arts and Entertainment Districts: COMAR 24.05.26.03

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**Legal Analysis**

**Background**

Chapter 608 of 2001 authorized the Department of Business and Economic Development to establish arts and entertainment districts within a county or municipality. Counties and municipalities must apply to the department to have an area designated as an arts and entertainment district, and districts must be wholly within a priority funding area and a designated neighborhood. Several tax benefits are available in arts and entertainment districts, including a subtraction modification on State and local income taxes for the artistic work of a “qualifying residing artist.” Chapter 576 of 2014 extended the income tax benefits to more artists by broadening the definition of “qualifying residing artist.”

**Summary of Regulation**

Regulation .03 conforms the definition of “qualifying residing artist” to the statutory definition of “qualifying residing artist” under Chapter 576 of 2014. “Qualifying residing artist” means an individual who (1) owns or rents residential real property in the State; (2) conducts a business in any arts and entertainment district; and (3) derives income from the sale or performance within any arts and entertainment district of an artistic work that the individual wrote, composed, or executed, either alone or with others, in any arts and entertainment district.

## **Legal Issue**

The regulation presents no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The department cites §§ 4–701 through 4–707 of the Economic Development Article as authority for the regulation. Sections 4–701 through 4–706 generally relate to arts and entertainment districts but do not provide authority for the regulation. Section 4–707 requires the Secretary of the department to adopt regulations on application procedures and criteria to designate arts and entertainment districts.

This authority is correct and complete. The regulation complies with the legislative intent of the law.

## **Fiscal Analysis**

There is no fiscal impact on State or local agencies. The regulation implements Chapter 576 of 2014. Any fiscal impact is a result of that legislation and not the regulation.

## **Agency Estimate of Projected Fiscal Impact**

The department advises that the regulation has minimal or no impact on State or local governments. The Department of Legislative Services concurs with this assessment, as the regulation merely implements Chapter 576 of 2014 (SB 1054), and any fiscal impact is a result of that legislation and not the regulation.

The fiscal and policy note for SB 1054 indicated that general fund revenues and local revenues decrease beginning in fiscal 2015 to the extent that additional and/or larger subtraction modifications are taken by qualifying residing artists under the legislation; however, the fiscal and policy note also indicated that the amount could not be reliably estimated.

## **Impact on Budget**

There is no impact on the State operating or capital budget.

## **Agency Estimate of Projected Small Business Impact**

The department advises that the regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

## **Contact Information**

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