

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1525

(Chair, Appropriations Committee)(By Request -
Departmental - Stadium Authority)

Appropriations

Budget and Taxation

Maryland Stadium Authority - Camden Yards Football Sports Facility Special
Funds - Established

This departmental bill establishes two special, nonlapsing funds in the Maryland Stadium Authority (MSA) to pay for expenses related to capital improvements, repairs, and emergency repairs at the “Camden Yards football sports facility.” In addition to other sources, each fund consists of, to the extent considered appropriate by MSA, proceeds from the sale of bonds concerning the facility. The bill also requires that \$5.0 million of specified MSA bond proceeds be transferred to each fund. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Nonbudgeted expenditures for MSA increase by \$10.0 million in FY 2025 to reflect the required bond proceeds transfer. Special fund revenues for MSA increase correspondingly. Special fund revenues for MSA increase by \$2.0 million annually from FY 2026 through 2030 (\$1.0 million each from MSA and the Ravens) and by \$1.0 million annually thereafter through the duration of the lease (at least through FY 2038). Special fund expenditures for MSA increase to the extent that spending is required for capital and/or emergency purposes. Nonbudgeted expenditures for MSA are also affected by ongoing required transfers, although amounts in any particular fiscal year are unknown. **This bill establishes a mandated distribution for FY 2025.**

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: MSA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

Capital Works and Emergency Repair Funds

The Camden Yards Football Sports Facility Capital Works Fund and the Camden Yards Football Sports Facility Emergency Repair Fund are established in MSA as special, nonlapsing funds. MSA must administer each fund.

The purpose of the Camden Yards Football Sports Facility Capital Works Fund is to enable MSA to pay all expenses related to capital improvements and repairs at the Camden Yards football sports facility. The fund may be used only for (1) capital improvements or capital repairs at or for the benefit of the facility and (2) to the extent funds in the Camden Yards Football Sports Facility Emergency Repair Fund are insufficient, emergency repairs. The purpose of the Camden Yards Football Sports Facility Emergency Repair Fund is to enable MSA to pay all expenses related to emergency repairs at the facility. The fund may only be used for that purpose.

In addition to money appropriated in the State budget, interest, and any other money from any other source, each fund consists of, to the extent considered appropriate by MSA, proceeds from the sale of bonds concerning the facility. Neither fund may be (1) pledged to or charged with MSA borrowing; (2) used for payment of debt service; or (3) used for the associated charges, expenses, or management of MSA obligations related to MSA bonds. No part of either fund may revert or be credited to the general fund or any special fund.

Required Transfers

The proceeds of bonds issued on July 6, 2023, as the Series 2023B Bonds for the Camden Yards football sports facility and currently held by the State Treasurer must be transferred as follows:

- \$5.0 million to the Camden Yards Football Sports Facility Capital Works Fund; and
- \$5.0 million to the Camden Yards Football Sports Facility Emergency Repair Fund.

Current Law: Chapter 60 of 2022 increased the amount of taxable or tax-exempt bonds that MSA may issue for sports facilities at Camden Yards from \$235.0 million to \$1.2 billion, split evenly between the baseball and football stadiums (and the sports facilities directly related to their operation), and allowed renovation as an additional purpose. The Act also required the Comptroller to distribute up to \$90.0 million (an

increase from \$20.0 million) annually from State lottery revenues to the Maryland Stadium Facilities Fund (MSFF).

Chapter 112 of 2023 established the Camden Yards Baseball Sports Facility Supplemental Financing Fund and the Camden Yards Football Sports Facility Supplemental Financing Fund in MSA for the purpose of allocating the above-described lottery revenue distributions for debt service between existing Camden Yards facilities bonds and new bonds associated with the two stadiums. More specifically, the Act limited transfers to MSFF to the amounts necessary to make remaining debt service payments on existing bonds and then reallocated remaining available revenues from MSFF to the two new facility supplemental financing funds. The reallocation was based on the remaining terms of the outstanding bonds and the outstanding debt attributable to each stadium, eventually reaching \$45.0 million annually for each new fund beginning in fiscal 2040.

Background: When MSA and the Baltimore Ravens agreed to a [new 15-year lease](#) (with two optional 5-year extensions) in January 2023, the lease required the creation of two funds: a capital works fund and an emergency repair fund. The two funds must be initially capitalized by MSA and have additional ongoing funding requirements, described below. The lease requires both funds to bear interest; the types of disbursements from each account are defined in the lease and must be mutually agreed to by both MSA and the Ravens.

State Fiscal Effect: This analysis assumes that the bill effectuates part of the MSA lease with the Baltimore Ravens by creating the capital works fund and the emergency repair fund and providing for their initial capitalization. Even so, the bill simply requires certain existing nonbudgeted funds to be transferred to special funds at certain times, which may alter the timing of the nonbudgeted expenditures (to reflect transfers instead of direct spending) and creates special fund revenues and expenditures (as funds are received and used for authorized purposes).

More specifically, the lease requires MSA to contribute \$5.0 million to both the capital works fund and the emergency repair fund by January 31, 2024, with subsequent contribution requirements for each fund (this analysis assumes that July 1, 2024, is still an acceptable date for the transfers). For the capital works fund, the lease requires MSA to contribute \$1.0 million annually beginning July 1, 2025. For the emergency repair fund, generally, the lease requires the Ravens to contribute \$1.0 million annually beginning July 1, 2025, until the fund balance reaches \$10.0 million. At that point, MSA and the Ravens are jointly responsible for reimbursing the fund for the costs of emergency repairs, and each must pay up to \$1.0 million per calendar year to restore the fund balance to \$10.0 million.

The initial \$10.0 million capitalization for the funds is provided through the required transfer of specified MSA bond proceeds under the bill. MSA advises that nonbudgeted revenues generated at Camden Yards will be used to make additional required contributions.

Other than the initial required transfer in fiscal 2025, the effect on nonbudgeted expenditures for MSA in any particular fiscal year is unknown. As the bill does not create new revenues, generally, there is likely no significant overall effect on nonbudgeted expenditures, just a potential reallocation between fiscal years.

Accordingly, nonbudgeted expenditures for MSA increase by \$10.0 million in fiscal 2025 to reflect the required bond proceed transfer. Special fund revenues for MSA increase correspondingly. Special fund revenues for MSA increase by \$2.0 million annually from fiscal 2026 through 2030 (\$1.0 million each from MSA and the Ravens) and by \$1.0 million annually thereafter through the duration of the lease (at least through fiscal 2038). Special fund expenditures for MSA increase to the extent that spending is required for capital and/or emergency purposes. Expenditures from the emergency repair fund must be reimbursed; MSA is responsible for half of the reimbursement. Nonbudgeted expenditures for MSA are also affected by ongoing required transfers, although amounts in any particular fiscal year are unknown.

Additional Information

Recent Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Stadium Authority; Maryland State Treasurer's Office; Department of Legislative Services

Fiscal Note History: First Reader - March 19, 2024
js/ljm Third Reader - April 5, 2024
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Stadium Authority - Camden Yards Football Sports Facility Special Funds - Established

BILL NUMBER: HB 1525

PREPARED BY: David Raith

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

OR

 WILL HAVE A MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS