

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 1091 (Delegate V. Jones. *et al.*)

Appropriations

Maryland Stadium Authority - Hippodrome Performing Arts Center

This bill establishes a Hippodrome Performing Arts Center Financing Fund as a continuing, nonlapsing fund from which the Maryland Stadium Authority (MSA) must pay any and all expenses related to the Hippodrome Performing Arts Center Facility. The fund consists of: (1) appropriations; (2) interest or other income earned on the investment of money in the fund; (3) any money made available from any public or private source; and (4) any other revenue collected or received from any source related to the facility.

The bill authorizes MSA to exercise powers of ordinary or quick take condemnation of any private property within the boundaries of the Hippodrome Performing Arts Center site. Such powers may only be exercised after an attempt to acquire the property by means of negotiation and purchase and after prior approval of the Board of Public Works and review by the Legislative Policy Committee. The bill also exempts the Hippodrome site from the obligation of MSA to comply with specified local regulations.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$1.8 million in FY 2000 reflecting appropriations made to the fund to cover the remaining estimated design costs for the Hippodrome Performing Arts Center Facility. Supplemental Budget No. 3 includes \$1.8 million in general funds to complete the design phase of the facility, contingent upon enactment of legislation to increase the tobacco tax. The total cost of the Hippodrome project is estimated at \$53 million.

Local Effect: None.

Small Business Effect: Meaningful.

Fiscal Analysis

Background: MSA is working in conjunction with the Baltimore Center for the Performing Arts in developing the Hippodrome Performing Arts Center. MSA estimates that the project costs will total approximately \$53 million including costs for design, land acquisition, construction, furniture, fixtures, and equipment. Expected funding sources include State appropriations, Baltimore City, the Hippodrome operator, proceeds from historic preservation tax credits, and private contributions. The General Assembly approved \$1.7 million in funding in fiscal 1999 to begin the design stage of the project which is expected to total \$3.5 million. The proposed fiscal 2000 budget includes no funds for the project.

State Effect: There are no funds currently in the proposed fiscal 2000 budget to capitalize the fund established by the bill. MSA advises that the fiscal 1999 appropriation allowed it to complete about half of the design work associated with the Hippodrome project. Based on MSA's planned fiscal 2000 expenditures to complete the design phase of the project, it is assumed that an initial appropriation to the fund of \$1.8 million would be necessary.

Property owners subject to MSA's powers of ordinary or quick take condemnation will be awarded the fair market value of their properties and will receive payment for relocation expenses. MSA plans to begin acquiring the adjacent properties within the boundaries of the Hippodrome Performing Arts Center site in fiscal 2001. There are five properties, two of which are vacant lots owned by Baltimore City. The affected properties have been appraised at a total of \$1.7 million. An additional \$100,000 would be required to relocate five retail businesses that are housed in one of the affected properties.

Small Business Effect: There are currently five small retail businesses that are housed in the Eutaw Building, which is one of the buildings targeted for acquisition for the Hippodrome project. MSA will pay for the full cost of moving the businesses to an alternative location. Moving expenses are expected to be approximately \$20,000 for each business. The relocation may affect the customer base of each of these businesses.

Depending on the success of the revitalization effort of the Hippodrome, businesses located in the surrounding areas could benefit from increased pedestrian traffic and increased street level retail activity. Conversely, to the extent that a successful Hippodrome Theater attracts shows and productions away from other theater venues in Baltimore City, the businesses surrounding those venues may experience a negative impact.

Additional Comments: Legislation has been introduced (Senate Bill 351/House Bill 378) that provides \$1.8 million in State bond proceeds as a grant to the Board of Directors of the Baltimore Center for the Performing Arts, Inc. for the planning, design, repair, renovation, restoration, reconstruction, construction, and capital equipping of the Hippodrome Theater.

Information Source(s): Maryland Stadium Authority, Department of Business and Economic Development, Department of Legislative Services

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