

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 415 (Montgomery County Delegation)
Appropriations

**Montgomery County Conference Center
MC 903-99**

This bill requires the Maryland Stadium Authority to secure an independent analysis demonstrating that the economic benefits of the Montgomery County Conference Center will outweigh the benefits gained from alternative uses of the site. The bill further limits the location of the conference center and limits the marketing of the center to target only large meetings and events that cannot be accommodated by other facilities in the county.

Fiscal Summary

State Effect: Potential significant increase in expenditures.

Local Effect: Potential significant increase in expenditures.

Small Business Effect: Potential meaningful impact on small businesses.

Fiscal Analysis

Background: The bill prohibits the Stadium Authority from constructing the conference center on the site currently planned for the facility. The site is currently owned by the Washington Metropolitan Area Transit Authority (WMATA). The Stadium Authority and Montgomery County have negotiated a deal with WMATA for the purchase of the 12-acre site. The county will sell bonds to generate funds for the \$7.5 million purchase price of the land. The Stadium Authority is authorized by statute to issue bonds of up to \$17.4 million for the cost of construction of the conference center. However, as of February 1999, neither entity has offered bonds for sale.

State Expenditures: The State made capital appropriations in fiscal 1994 and 1995, totaling \$450,000, to the conference center account. These funds were for planning purposes such as feasibility studies, site selection, and preliminary planning. Additional funds would need to be appropriated for the costs associated with the search for a new site.

Further, it is estimated that the cost to conduct an independent economic analysis as required by the bill would be \$100,000, payable out of the conference center account.

Local Expenditures: Montgomery County contributes funds to the conference center account, from which funds are used for all costs associated with the conference center. To date, the county has contributed \$350,000 to the account. The search for and subsequent purchase of a new site for the conference center would require the county to contribute an unknown, but potentially significant amount to the joint account.

Costs associated with the search for a new site for the conference center are unknown, but could be significant. It is likely that the purchase price for a new site will be considerably higher than the amount for the current site (\$7.5 million). The county advises that rental rates in the area have increased by approximately 25% since 1994, the beginning of the conference center planning stage.

Small Business Effect: The bill requires that Montgomery County limit the marketing of the conference center to attract large meetings and other events that cannot be accommodated by other facilities in the county. This could shield smaller meeting facilities from the competition created by the conference center, and thereby assist the firms in maintaining their current revenue and income.

Additionally, the bill requires that an independent analysis be conducted on the economic benefits of the Montgomery County Conference Center. A small business consulting firm may be utilized to perform all or part of the study. The revenues of such a business could significantly increase as a result.

Information Source(s): Maryland Stadium Authority, Montgomery County,
Department of Legislative Services

Fiscal Note History: First Reader - February 26, 1999
ncs/jr

Analysis by: Jody Minnich

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510