

HOUSE BILL 1256

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P1

2002 Regular Session  
2lr2762  
CF 2lr2763

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By: **Delegates Rawlings and Rosenberg**

Introduced and read first time: February 13, 2002

Assigned to: Rules and Executive Nominations

Re-referred to: Appropriations, February 18, 2002

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Stadium Authority - Hippodrome Performing Arts Center**

3 FOR the purpose of increasing the amount of the authorized bond issuance by the  
4 Maryland Stadium Authority for acquisition, construction, and related expenses  
5 of the Hippodrome Performing Arts Center facility; increasing the amount of  
6 commitment that the Authority must secure to fund acquisition and capital  
7 costs of construction; increasing the amount of bond proceeds that the Authority  
8 must use for certain purposes; increasing the amount of funds that one or more  
9 private entities must deposit to the Hippodrome Performing Arts Center  
10 Financing Fund by a certain date; requiring one or more private entities to  
11 agree to pay certain costs under certain circumstances; allowing for the  
12 distribution of certain funds upon completion of the project; repealing certain  
13 provisions authorizing the Maryland Stadium Authority to transfer or allow an  
14 Authority affiliate to transfer certain tax credits; repealing certain provisions  
15 relating to the allowance of certain tax credits with respect to the Hippodrome  
16 Performing Arts Center facility; providing that certain tax credits may not be  
17 claimed with respect to certain structures; and generally relating to the  
18 authorized bond issuance by the Maryland Stadium Authority related to the  
19 Hippodrome Performing Arts Center.

20 BY repealing

21 Article - Financial Institutions

22 Section 13-708(a)(18)

23 Annotated Code of Maryland

24 (1998 Replacement Volume and 2001 Supplement)

25 BY repealing and reenacting, with amendments,

1 Article - Financial Institutions  
2 Section 13-708(a)(19) and (20)  
3 Annotated Code of Maryland  
4 (1998 Replacement Volume and 2001 Supplement)

5 BY repealing and reenacting, with amendments,  
6 Article - Financial Institutions  
7 Section 13-708(a)(19) and (20), 13-712(a)(1)<sub>2</sub> and 13-712.1  
8 Annotated Code of Maryland  
9 (1998 Replacement Volume and 2001 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article 83B - Department of Housing and Community Development  
12 Section 5-801(a)(4)(ii)  
13 Annotated Code of Maryland  
14 (1998 Replacement Volume and 2001 Supplement)

15 BY repealing  
16 Article 83B - Department of Housing and Community Development  
17 Section 5-801(f)  
18 Annotated Code of Maryland  
19 (1998 Replacement Volume and 2001 Supplement)

20 BY repealing  
21 Article - Tax - General  
22 Section 10-207(u)  
23 Annotated Code of Maryland  
24 (1997 Replacement Volume and 2001 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article - Tax - General  
27 Section 10-307(g)  
28 Annotated Code of Maryland  
29 (1997 Replacement Volume and 2001 Supplement)

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

32 **Article - Financial Institutions**

33 13-708.

34 (a) In addition to the powers set forth elsewhere in this subtitle, the Authority  
35 may:

1            [(18) With respect to site acquisition, construction, and development of the  
2 Hippodrome Performing Arts Center facility, transfer, or allow any Authority affiliate  
3 to transfer, to any individual or entity the full amount of any State or local tax credit  
4 to which the Authority or Authority affiliate would be entitled if it were subject to the  
5 tax against which the credit is allowed;]

6            [(19) (18) Impose the admissions and amusement tax authorized under §  
7 4-102 of the Tax - General Article; and

8            [(20) (19) Do all things necessary or convenient to carry out the powers  
9 granted by this subtitle.

10 13-712.

11        (a)    (1)    (i)        Subject to the prior approval of the Board of Public Works and  
12 the provisions of subparagraphs (ii), (iii), (iv), (v), and (vi) of this paragraph, the  
13 Authority may at any time and from time to time issue bonds for any corporate  
14 purpose, including the establishment of reserves and the payment of interest. In this  
15 subtitle the term "bonds" includes notes of any kind, interim certificates, refunding  
16 bonds, or any other evidence of obligation and "tax supported debt" of the State has  
17 the meaning assigned to such term in § 8-104 of the State Finance and Procurement  
18 Article.

19                            (ii)    1.        Unless authorized by the General Assembly, the Board of  
20 Public Works may not give approval to an issuance of bonds for sports facilities at  
21 Camden Yards which constitute tax supported debt of the State, if after issuance  
22 there would be outstanding and unpaid \$235 million face amount of bonds which  
23 constitute tax supported debt of the State, whether taxable or tax exempt, for the  
24 purposes of financing site acquisition and preparation, relocation, demolition and  
25 removal, construction and related expenses for construction management,  
26 professional fees, and contingencies of baseball and football stadiums or a multiuse  
27 stadium.

28                            2.        To exceed the following limits set forth below, the  
29 Authority shall obtain the authorization of the Board of Public Works and notify the  
30 Legislative Policy Committee with accompanying justification:

31                            A.        \$85 million in bonds which constitutes tax supported debt  
32 of the State for the purposes of site acquisition and preparation, relocation,  
33 demolition and removal at, and construction and related expenses for construction  
34 management, professional fees, and contingencies for Camden Yards;

35                            B.        \$70 million in bonds which constitutes tax supported debt  
36 of the State for the purposes of site work, construction and related expenses for  
37 construction management, professional fees, and contingencies of a baseball stadium;

38                            C.        \$80 million in bonds which constitutes tax supported debt  
39 of the State for the purposes of site work, construction and related expenses for  
40 construction management, professional fees, and contingencies of a football stadium;  
41 and

1 D. \$195 million in bonds which constitutes tax supported  
2 debt of the State for the purposes of the site acquisition and preparation, relocation,  
3 demolition and removal, construction and related expenses for construction  
4 management, professional fees, and contingencies of a multiuse stadium.

5 (iii) Unless authorized by the General Assembly, the Board of Public  
6 Works may not give approval to an issuance by the Authority of bonds which  
7 constitute tax supported debt of the State for Baltimore Convention Center facilities  
8 if, after issuance, there would be outstanding and unpaid more than \$55 million face  
9 amount of such bonds, whether taxable or tax exempt, for the purpose of financing  
10 acquisition, construction, renovation, and related expenses for construction  
11 management, professional fees, and contingencies of Baltimore Convention Center  
12 facilities.

13 (iv) Unless authorized by the General Assembly, the Board of Public  
14 Works may not give approval to an issuance by the Authority of bonds that constitute  
15 tax supported debt of the State for Ocean City Convention Center facilities if, after  
16 issuance, there would be outstanding and unpaid more than \$17,340,000 face amount  
17 of such bonds, whether taxable or tax exempt, for the purpose of financing  
18 acquisition, construction, renovation, and related expenses for construction  
19 management, professional fees, and contingencies of Ocean City Convention Center  
20 facilities.

21 (v) Unless authorized by the General Assembly, the Board of Public  
22 Works may not give approval to an issuance by the Authority of bonds that constitute  
23 tax supported debt of the State for the Montgomery County Conference Center facility  
24 if, after issuance, there would be outstanding and unpaid more than \$23,185,000 face  
25 amount of such bonds, whether taxable or tax exempt, for the purpose of financing  
26 acquisition, construction, and related expenses for construction management,  
27 professional fees, and contingencies of the Montgomery County Conference Center.

28 (vi) Unless authorized by the General Assembly, the Board of Public  
29 Works may not give approval to an issuance by the Authority of bonds that constitute  
30 tax supported debt of the State for the Hippodrome Performing Arts Center facility if,  
31 after issuance, there would be outstanding and unpaid more than [~~\$12,000,000~~]  
32 ~~\$14,000,000~~ \$20,250,000 face amount of such bonds, whether taxable or tax exempt, for  
33 the purpose of financing acquisition, construction, and related expenses for  
34 construction management, professional fees, and contingencies of the Hippodrome  
35 Performing Arts Center facility.

36 13-712.1.

37 The Authority may not close on the sale of bonds which constitute tax supported  
38 debt of the State, and may not otherwise borrow money in amounts exceeding \$35,000  
39 per year, to finance any segment of a facility unless the Authority:

40 (1) Has certified to the Legislative Policy Committee and the Board of  
41 Public Works that the Authority has endeavored to maximize private investment in  
42 the sports facility or in the Hippodrome Performing Arts Center facility proposed to be

1 financed and, with respect to a baseball or football stadium, to maximize the State's  
2 ability to assure that the professional baseball and football franchises will remain  
3 permanently in Maryland. This certification shall be supported by a detailed report  
4 outlining these efforts;

5           (2)       Has provided to the fiscal committees of the General Assembly, at  
6 least 30 days prior to seeking approval of the Board of Public Works for each bond  
7 issue or other borrowing, a comprehensive financing plan for the relevant segment of  
8 the facility and the effect of this financing plan on financing options for other  
9 segments of the facility, including anticipated revenues from private investment  
10 where applicable;

11           (3)       Has obtained the approval of the Board of Public Works of the  
12 proposed bond issue and the plan for financing;

13           (4)       Has secured, as approved by the Board of Public Works, either:

14                   (i)       With respect to site acquisition and the construction of a  
15 baseball stadium, a long-term lease for a major league professional baseball team; or

16                   (ii)       Subject to § 13-715.3 of this subtitle, with respect to site  
17 acquisition and the construction of a football stadium, a franchise for a National  
18 Football League team and a long-term lease which shall include a provision requiring  
19 the football team that leases the stadium to agree to reimburse the Authority for \$24  
20 million in stadium construction costs including the construction, fitting out, and  
21 furnishing of the private suites that are part of the football stadium, on the terms and  
22 conditions determined by the Authority;

23           (5)       With respect to site acquisition and construction of a Baltimore  
24 Convention Center facility, has secured, as approved by the Board of Public Works:

25                   (i)       A lease or other written agreement with Baltimore City  
26 pursuant to which:

27                               1.       Baltimore City agrees to pay \$50,000,000 for the capital  
28 costs of the expansion of the Baltimore Convention Center not later than the date of  
29 the Authority's bond issuance as authorized under § 13-712(a)(1) of this subtitle; and

30                               2.       Baltimore City and the Authority will each own a 50%  
31 leasehold interest as tenants in common in the improvements comprising the existing  
32 Baltimore Convention Center and the Baltimore Convention Center expansion for the  
33 duration of any bonds issued as authorized under § 13-712(a)(1) of this subtitle, with  
34 neither Baltimore City nor the Authority entitled to sell, assign, mortgage, pledge, or  
35 encumber the Baltimore Convention Center facility (or any leasehold interest therein)  
36 without the prior consent of the other, except for liens in favor of Baltimore City's and  
37 the Authority's respective bondholders;

38                   (ii)       A deed, lease, or written agreement with Baltimore City  
39 permitting the Authority to design and construct, or contract for the design and  
40 construction of, the Baltimore Convention Center facility, and to pledge the Baltimore

1 Convention Center facility and the Baltimore Convention Center site or the leasehold  
2 interest therein, as security for the Authority's bonds; and

3 (iii) A written agreement with Baltimore City:

4 1. Whereby Baltimore City agrees to operate the Baltimore  
5 Convention Center facility in a manner which maximizes the Baltimore Convention  
6 Center's economic return and to maintain and repair the Baltimore Convention  
7 Center facility so as to keep the Baltimore Convention Center facility in first class  
8 operating condition; and

9 2. That includes provisions that:

10 A. Protect the Authority's, the State's and the City's  
11 respective investment in the Baltimore Convention Center facility;

12 B. Require the Authority and Baltimore City to each  
13 contribute to operating deficits and a capital improvement reserve fund, for the  
14 period beginning upon the completion of the expanded and renovated Baltimore  
15 Convention Center facility and ending on June 30, 2008, as follows:

16 I. The Authority shall contribute two-thirds and Baltimore  
17 City shall contribute one-third to annual operating deficits;

18 II. The Authority and Baltimore City shall each annually  
19 contribute \$200,000 to the Capital Improvement Reserve Fund; and

20 III. Baltimore City shall be solely responsible for all operating  
21 deficits and capital improvements:

22 1. Prior to the completion of the expanded and renovated  
23 Baltimore Convention Center facility; and

24 2. After June 30, 2008; and

25 C. Provide for remedies upon default which include the right  
26 of the Authority or the State, in the event of a material default by Baltimore City  
27 which has not been corrected after a reasonable notice and cure period, to  
28 immediately assume responsibility for maintenance and repairs of the Baltimore  
29 Convention Center facility and offset the costs of such maintenance and repairs  
30 against other amounts owed by the Authority or the State to Baltimore City, whether  
31 under the operating agreement with Baltimore City or otherwise;

32 (6) With respect to site acquisition and construction of an Ocean City  
33 Convention Center facility, has secured, as approved by the Board of Public Works:

34 (i) A lease or other written agreement with Ocean City pursuant to  
35 which:

1                                   1.       Ocean City agrees to issue bonds not later than the date of  
2 the Authority's bond issuance as authorized under § 13-712(a)(1) of this subtitle and  
3 to contribute \$14,700,000 of the proceeds from the sale of the bonds for the capital  
4 costs of the expansion of the Ocean City Convention Center;

5                                   2.       The Authority agrees to issue bonds as authorized under §  
6 13-712(a)(1) of this subtitle and to contribute \$14,700,000 of the proceeds from the  
7 sale of the bonds for the capital costs of the expansion of the Ocean City Convention  
8 Center;

9                                   3.       Ocean City and the Authority agree that if the actual  
10 capital costs of the expansion of the Ocean City Convention Center are less than  
11 \$29,400,000, the savings will be allocated:

12                                   A.       One-half to the Authority; and

13                                   B.       One-half to Ocean City;

14                                   4.       Ocean City agrees to provide the Ocean City Convention  
15 Center site, as defined in § 13-701(l) of this subtitle, for the expansion and renovation  
16 of the Ocean City Convention Center; and

17                                   5.       Ocean City and the Authority will each own a 50%  
18 leasehold interest as tenants in common in the improvements comprising the existing  
19 Ocean City Convention Center and the Ocean City Convention Center expansion for  
20 the duration of any bonds issued as authorized under § 13-712(a)(1) of this subtitle,  
21 with neither Ocean City nor the Authority entitled to sell, assign, mortgage, pledge, or  
22 encumber the Ocean City Convention Center facility (or any leasehold interest  
23 therein) without the prior consent of the other, except for liens in favor of Ocean City's  
24 and the Authority's respective bondholders;

25                                   (ii)      A deed, lease, or written agreement with Ocean City permitting  
26 the Authority to design, construct, and equip, or contract for the design, construction,  
27 and equipping of the Ocean City Convention Center facility expansion, and to pledge  
28 the Ocean City Convention Center facility and the Ocean City Convention Center site  
29 or the leasehold interest therein, as security for the Authority's bonds; and

30                                   (iii)     A written agreement with Ocean City:

31                                   1.       Whereby Ocean City agrees to market, promote, and  
32 operate the Ocean City Convention Center facility in a manner which maximizes the  
33 Ocean City Convention Center's economic return (which shall not be construed to  
34 require gambling activities in the Ocean City Convention Center), and to maintain  
35 and repair the Ocean City Convention Center facility so as to keep the Ocean City  
36 Convention Center facility in first class operating condition; and

37                                   2.       That includes provisions that:

38                                   A.       Protect the Authority's and Ocean City's respective  
39 investment in the Ocean City Convention Center facility;





1 C. I. Require Montgomery County to be solely responsible  
2 for all expenditures relating to the operation of the Conference Center facilities,  
3 including net operating deficits (the amount by which expenditures exceed revenues)  
4 that may be incurred; and

5 II. Allow Montgomery County to keep all operating profits  
6 resulting from the operation of the Montgomery County Conference Center for all  
7 years; and

8 D. Provide for remedies upon default which include the right  
9 of the Authority, in the event of a material default by Montgomery County which has  
10 not been corrected after a reasonable notice and cure period, to immediately assume  
11 responsibility for maintenance and repairs of the Montgomery County Conference  
12 Center facility and offset the costs of such maintenance and repairs against other  
13 amounts owed by the Authority to Montgomery County, whether under the operating  
14 agreement with Montgomery County or otherwise;

15 (iv) An agreement between Montgomery County and the Authority  
16 for the Authority to select through a cooperative procurement agreement one or more  
17 contractors to develop, design, construct, operate, and manage the Montgomery  
18 County Conference Center facilities during the period that the Authority's  
19 Montgomery County Conference Center facilities bonds are outstanding;

20 (v) An agreement between Montgomery County and the Authority  
21 that may allow for the establishment of a board of directors to manage the  
22 Montgomery County Conference Center, that provides that the board of directors may  
23 include representatives of the Authority, Montgomery County, the private developer,  
24 and the community, and that provides that unless action is taken to create a joint  
25 venture, corporation, or other legal entity, the board of directors is not a separate  
26 legal entity;

27 (vi) An agreement among Montgomery County, the Authority, and a  
28 private developer for the acquisition, construction, and operation of a hotel adjacent  
29 to the Montgomery County Conference Center and providing for a capital  
30 commitment from such developer for such hotel and, as appropriate, shared facilities;  
31 and

32 (8) With respect to site acquisition and construction of the Hippodrome  
33 Performing Arts Center facility, has secured, as approved by the Board of Public  
34 Works:

35 (i) One or more written agreements establishing commitments for  
36 payments to the Authority of amounts which shall be used by the Authority to fund  
37 the [\$56,000,000] \$60,000,000 of total ACQUISITION AND capital costs of construction  
38 of the Hippodrome Performing Arts Center facility and pursuant to which:

39 1. Baltimore City agrees to pay \$6,000,000, \$2,000,000 of  
40 which shall be deposited to the Hippodrome Performing Arts Center Financing Fund  
41 by July 1, 2000, and \$4,000,000 of which either shall be deposited to the Hippodrome  
42 Performing Arts Center Financing Fund by not later than the date of the Authority's

1 bond issuance as authorized under § 13-712(a)(1) of this subtitle or which shall be  
2 deposited to the Hippodrome Performing Arts Center Financing Fund in \$2,000,000  
3 increments in each of the next 2 succeeding years from the proceeds of bond issuances  
4 which shall have received voter approval by not later than the date of the Authority's  
5 bond issuance as authorized under § 13-712(a)(1) of this subtitle;

6  
7 2. The State of Maryland has deposited to the Hippodrome  
8 Performing Arts Center Financing Fund, an aggregate amount of \$16,500,000 or such  
9 lesser amount as is available to the Authority and is not subject to any budget  
10 contingencies;

11 3. The Authority agrees to issue bonds as authorized under §  
12 13-712(a)(1) of this subtitle and to use [~~\$10,000,000~~] ~~\$12,000,000~~ \$17,400,000 of the  
13 proceeds from the sale of such bonds in the manner and for the purposes described in  
14 this subsection; and

15 4. One or more private entities, which may include an  
16 Authority affiliate ("private funding sources"):

17 A. Deposit to the Hippodrome Performing Arts Center  
18 Financing Fund, not later than the date of the Authority's bond issuance as  
19 authorized under § 13-712(a)(1) of this subtitle, at least \$8,000,000, and agree, not  
20 later than the date of the Authority's bond issuance as authorized under §  
21 13-712(a)(1) of this subtitle, to pay an additional [~~\$15,500,000~~] ~~\$17,500,000~~  
22 \$12,100,000; and

23 B. Agree, by not later than the date of the Authority's bond  
24 issuance as authorized under § 13-712(a)(1) of this subtitle, to pay all actual  
25 ACQUISITION AND capital costs of construction of the Hippodrome Performing Arts  
26 Center facility to the extent such costs are in excess of [~~\$56,000,000~~] ~~\$60,000,000~~, AND  
27 THAT ANY SAVINGS FROM ACQUISITION OR CAPITAL COSTS UPON COMPLETION OF  
28 THE HIPPODROME PERFORMING ARTS CENTER SHALL BE PAID TO THE AUTHORITY;

29 (ii) A written agreement with the University System of Maryland  
30 pursuant to which the University System of Maryland agrees to transfer to the  
31 Authority fee title to the property described in § 13-701(s)(3) of this subtitle; and

32 (iii) A written agreement with an Authority affiliate whereby the  
33 Authority affiliate agrees:

34 1. To market, promote, and operate or contract, subject to the  
35 approval of the Authority, for the marketing, promotion, and operation of the  
36 Hippodrome Performing Arts Center facility;

37 2. To maintain and repair or contract, subject to the approval  
38 of the Authority, for the maintenance and repair of the Hippodrome Performing Arts  
39 Center facility so as to keep the Hippodrome Performing Arts Center facility in first  
40 class operating condition;



1                   (4)        § 10-207(c-1) of this title (State tax exempt interest from mutual  
2 funds)]; or

3                   (5)        § 10-207(u) of this title (Amounts received by Stadium Authority  
4 affiliate in consideration of transfer of certified rehabilitation credit)].

5        SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any  
6 other provision of law, the Maryland Heritage Structure Rehabilitation Tax Credit  
7 under Article 83B, § 5-801 of the Code may not be claimed with respect to the  
8 construction or development of any structure located on the Hippodrome Performing  
9 Arts Center site, as defined in § 13-701 of the Financial Institutions Article.

10       SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
11 effect June 1, 2002.