

# SENATE BILL 990

L1, Q8, C8

2lr3104

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By: **Senator Mathias**

Introduced and read first time: February 16, 2012

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Ocean City Convention Center – Financial Obligations and Taxing Authority**

3 FOR the purpose of altering a certain provision that places a limit on the amount of  
4 certain bonds that may be issued by a local governing body in connection with a  
5 certain convention center facility in a resort area and a tax on the sale of food  
6 and beverages in the resort area so that the limit applies to the total  
7 outstanding principal amount of the bonds; extending the time during which  
8 Ocean City and the Stadium Authority each own a certain leasehold interest in  
9 the Ocean City Convention Center and its expansion; altering certain required  
10 terms of a certain agreement between the Stadium Authority and Ocean City in  
11 connection with the timing for Ocean City to become solely responsible for  
12 certain operating deficits and capital improvements and the timing for certain  
13 required contributions to a certain capital improvement reserve fund; and  
14 generally relating to financial obligations and taxing authority related to the  
15 Ocean City Convention Center and its expansion.

16 BY repealing and reenacting, with amendments,  
17 Article 25B – Home Rule for Code Counties  
18 Section 13H(b)(1)  
19 Annotated Code of Maryland  
20 (2011 Replacement Volume)

21 BY repealing and reenacting, with amendments,  
22 Article – Economic Development  
23 Section 10–643(d)(5) and (f)(1)  
24 Annotated Code of Maryland  
25 (2008 Volume and 2011 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article 25B – Home Rule for Code Counties**

2 13H.

3 (b) (1) Except as otherwise provided in this section, the county  
 4 commissioners of a code county, by public local law, may impose a tax on the sale of  
 5 food and beverages in a resort area in the county for the sole purpose of providing  
 6 revenues to pay the principal and interest on bonds issued relating to the construction,  
 7 reconstruction, repair, renovation, or equipping of a convention center facility in the  
 8 resort area. The total **OUTSTANDING** principal amount of the bonds issued by the  
 9 local governing body for this purpose may not exceed \$20,000,000.

10 **Article – Economic Development**

11 10–643.

12 (d) The Authority shall secure a lease or other written agreement with Ocean  
 13 City, as approved by the Board of Public Works, under which:

14 (5) Ocean City and the Authority shall each own a 50% leasehold  
 15 interest as tenants in common in the improvements comprising the existing Ocean  
 16 City Convention Center and the Ocean City Convention Center expansion for the  
 17 duration of any bonds issued as authorized under § 10–628 of this subtitle **AND FOR**  
 18 **15 YEARS THEREAFTER**; and

19 (f) (1) The Authority shall secure a written agreement with Ocean City,  
 20 as approved by the Board of Public Works:

21 (i) in which Ocean City agrees to:

22 1. subject to paragraph (2) of this subsection, market,  
 23 promote, and operate the Ocean City Convention facility in a manner that maximizes  
 24 the facility's economic return;

25 2. maintain and repair the facility so as to keep it in first  
 26 class operating condition; and

27 3. be solely responsible for all operating deficits and  
 28 capital improvements:

29 A. before the completion of the expanded and renovated  
 30 Ocean City Convention facility; and

31 B. **15 YEARS** after the repayment of the Ocean City  
 32 Convention facility bonds issued by the Authority; and

33 (ii) that includes provisions that:

1                                   1.     protect the respective investment of the Authority and  
2 Ocean City;

3                                   2.     require:

4                                   A.     the Authority to contribute one-half and Ocean City  
5 to contribute one-half to operating deficits; and

6                                   B.     the Authority and Ocean City each to contribute  
7 \$50,000 each year to a capital improvement reserve fund, for the period beginning on  
8 the completion of the expanded and renovated Ocean City Convention facility and  
9 continuing during the period that the Ocean City Convention facility bonds issued by  
10 the Authority are outstanding **AND FOR 15 YEARS THEREAFTER**; and

11                                  3.     provide for remedies on default, including the right of  
12 the Authority, if a material default by Ocean City is not corrected after a reasonable  
13 notice and cure period, to:

14                                  A.     immediately assume responsibility for maintenance  
15 and repairs of the Ocean City Convention facility; and

16                                  B.     offset the costs of the maintenance and repairs  
17 against other amounts owed by the Authority to Ocean City, whether under the  
18 operating agreement with Ocean City or otherwise.

19             SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 July 1, 2012.