

## Chapter 630

(Senate Bill 990)

AN ACT concerning

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

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

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

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

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

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

13H.

(b) (1) Except as otherwise provided in this section, the county commissioners of a code county, by public local law, may impose a tax on the sale of food and beverages in a resort area in the county for the sole purpose of providing revenues to pay the principal and interest on bonds issued relating to the construction,

reconstruction, repair, renovation, or equipping of a convention center facility in the resort area. The total **OUTSTANDING** principal amount of the bonds issued by the local governing body for this purpose may not exceed \$20,000,000.

### **Article – Economic Development**

10–643.

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

(5) Ocean City and the Authority shall each own a 50% leasehold interest as tenants in common in the improvements comprising the existing Ocean City Convention Center and the Ocean City Convention Center expansion for the duration of any bonds issued as authorized under § 10–628 of this subtitle **AND FOR ~~15~~ 20 YEARS THEREAFTER**; and

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

(i) in which Ocean City agrees to:

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

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

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

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

B. **~~15~~ 20 YEARS** after the repayment of the Ocean City Convention facility bonds issued by the Authority; and

(ii) that includes provisions that:

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

2. require:

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

B. the Authority and Ocean City each to contribute \$50,000 each year to a capital improvement reserve fund, for the period beginning on the completion of the expanded and renovated Ocean City Convention facility and continuing during the period that the Ocean City Convention facility bonds issued by the Authority are outstanding **AND FOR ~~15~~ 20 YEARS THEREAFTER**; and

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

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

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

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

**Approved by the Governor, May 22, 2012.**