

# SENATE BILL 986

F5, B5

9lr3224  
CF 9lr3223

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By: **Senators Hayes, Carter, Ferguson, McCray, and Washington**

Introduced and read first time: February 18, 2019

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City – Public School Construction – Bonds and Supplemental**  
3 **Memorandum of Understanding**

4 FOR the purpose of altering the cap on the maximum amount of bonds the Maryland  
5 Stadium Authority is authorized to issue to finance improvements to certain  
6 Baltimore City public school facilities; requiring a certain supplemental  
7 memorandum of understanding to be entered into before the issuance of additional  
8 bonds to finance improvements to a Baltimore City public school facility; providing  
9 that certain provisions of a certain memorandum of understanding apply to  
10 improvements to a Baltimore City public school facility financed by additional bonds  
11 unless waived by all parties; requiring the provisions of a certain supplemental  
12 memorandum of understanding to prevail in certain circumstances; altering the  
13 distribution of certain State lottery revenues and requiring the Comptroller to  
14 distribute certain State lottery revenues into the Baltimore City Public School  
15 Construction Financing Fund; and generally relating to public school construction in  
16 Baltimore City.

17 BY repealing and reenacting, with amendments,  
18 Article – Economic Development  
19 Section 10–628  
20 Annotated Code of Maryland  
21 (2018 Replacement Volume)

22 BY repealing and reenacting, without amendments,  
23 Article – Economic Development  
24 Section 10–646  
25 Annotated Code of Maryland  
26 (2018 Replacement Volume)

27 BY adding to  
28 Article – Economic Development

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 10–646.1  
2 Annotated Code of Maryland  
3 (2018 Replacement Volume)

4 BY repealing and reenacting, with amendments,  
5 Article – State Government  
6 Section 9–120  
7 Annotated Code of Maryland  
8 (2014 Replacement Volume and 2018 Supplement)

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

11 **Article – Economic Development**

12 10–628.

13 (a) Except as provided in subsections (b) and (c) of this section and subject to the  
14 prior approval of the Board of Public Works, the Authority may issue bonds at any time for  
15 any corporate purpose of the Authority, including the establishment of reserves and the  
16 payment of interest.

17 (b) (1) Unless authorized by the General Assembly, the Board of Public Works  
18 may not approve an issuance by the Authority of bonds for sports facilities at Camden  
19 Yards, whether taxable or tax exempt, that constitute tax supported debt if, after the  
20 issuance, there would be outstanding and unpaid \$235,000,000 face amount of bonds for  
21 the purpose of financing the site acquisition and preparation, relocation, demolition and  
22 removal, construction and related expenses for construction management, professional  
23 fees, and contingencies of baseball and football stadiums or a multiuse stadium.

24 (2) (i) Subject to subparagraph (ii) of this paragraph, the limits on the  
25 issuance of bonds of the Authority, whether taxable or tax exempt, that constitute tax  
26 supported debt for the following purposes with respect to sports facilities at Camden Yards  
27 are:

28 1. \$85,000,000 for site acquisition and preparation,  
29 relocation, demolition and removal, and construction and related expenses for construction  
30 management, professional fees, and contingencies for Camden Yards;

31 2. \$70,000,000 for site work, construction and related  
32 expenses for construction management, professional fees, and contingencies of a baseball  
33 stadium;

34 3. \$80,000,000 for site work, construction and related  
35 expenses for construction management, professional fees, and contingencies of a football  
36 stadium; and

1                                   4.     \$195,000,000 for site acquisition and preparation,  
2 relocation, demolition and removal, and construction and related expenses for construction  
3 management, professional fees, and contingencies of a multiuse stadium.

4                                   (ii)    The Authority may exceed the monetary limits on bond issuances  
5 provided for in subparagraph (i) of this paragraph if the Authority:

6                                   1.     obtains the authorization of the Board of Public Works;  
7 and

8                                   2.     notifies the Legislative Policy Committee with  
9 accompanying justification.

10                               (c)    (1)    Unless authorized by the General Assembly, the Board of Public Works  
11 may not approve an issuance by the Authority of bonds, whether taxable or tax exempt,  
12 that constitute tax supported debt or nontax supported debt if, after issuance, there would  
13 be outstanding and unpaid more than the following face amounts of the bonds for the  
14 purpose of financing acquisition, construction, renovation, and related expenses for  
15 construction management, professional fees, and contingencies in connection with:

16                                   (i)    the Baltimore Convention facility – \$55,000,000;

17                                   (ii)   the Hippodrome Performing Arts facility – \$20,250,000;

18                                   (iii)  the Montgomery County Conference facility – \$23,185,000;

19                                   (iv)   the Ocean City Convention facility – \$17,340,000; and

20                                   (v)    Baltimore City public school facilities – **[\$1,100,000,000]**  
21 **\$1,130,000,000.**

22                               (2)    (i)    The limitation under paragraph (1)(i) of this subsection applies  
23 to the aggregate principal amount of bonds outstanding as of June 30 of any year.

24                                   (ii)   Refunded bonds may not be included in the determination of an  
25 outstanding aggregate amount under this paragraph.

26 10–646.

27                               (a)    Before any bonds are issued to finance improvements to a Baltimore City  
28 public school facility:

29                                   (1)    a four–party memorandum of understanding that meets the  
30 requirements of this section shall be entered into and signed by the Authority, Baltimore  
31 City, the Baltimore City Board of School Commissioners, and the Interagency Commission  
32 on School Construction; and

1 (2) the Baltimore City Board of School Commissioners shall submit a  
2 long-term educational facilities master plan to the Joint Audit Committee and the budget  
3 committees, in accordance with § 2-1246 of the State Government Article.

4 (b) In the case of a dispute between the parties relating to the provisions to be  
5 included in the memorandum of understanding, the State Superintendent of Schools shall  
6 facilitate resolution of the items in dispute.

7 (c) The memorandum of understanding shall be agreed to by the parties on or  
8 before October 1, 2013, and may not go into effect until it is approved by the Board of Public  
9 Works.

10 (d) (1) The memorandum of understanding shall authorize the Authority to  
11 design and improve, or contract for the design and improvement of, a Baltimore City public  
12 school facility.

13 (2) The authority granted to the Authority under paragraph (1) of this  
14 subsection is subject to the rights and responsibilities of the Interagency Commission on  
15 School Construction for the design and construction of a Baltimore City public school  
16 facility.

17 (e) The memorandum of understanding shall require:

18 (1) specific parameters regarding the roles, rights, and responsibilities of  
19 each party with respect to the process for and management of program development,  
20 scheduling, budgeting, procurement, design, construction administration, capital  
21 equipping, and maintenance of improvements to a Baltimore City public school facility;

22 (2) specific parameters regarding the authority of the Baltimore City Board  
23 of School Commissioners over educational programs and issues relating to the Baltimore  
24 City Public Schools' 10-Year Plan, including educational specifications, feasibility studies,  
25 and design elements of educational buildings, which shall provide that at the completion of  
26 schematic design, all parties shall agree to project scope, schedule, and budget;

27 (3) specific parameters for a review and comment period for any proposed  
28 amendments to the Baltimore City Public Schools' 10-Year Plan, as referenced in §  
29 10-645(a) of this subtitle;

30 (4) specific procedures related to the role of the Interagency Commission  
31 on School Construction related to improvements to a Baltimore City public school facility  
32 financed under this subtitle, which shall provide for efficiencies in cost, schedules, and  
33 processes;

34 (5) a process for determining which planned projects for improvements to  
35 Baltimore City public school facilities will proceed as planned or will be postponed or  
36 canceled;

1           (6) a pledge by Baltimore City, subject to annual appropriation, to deposit  
2 the following into the Baltimore City Public School Construction Financing Fund:

3           (i) all revenues and receipts from the beverage container tax  
4 imposed by Baltimore City Ordinance No. 12–45, enacted June 26, 2012; and

5           (ii) 10% of the participation rent paid to Baltimore City by the  
6 operator of the video lottery facility located in Baltimore City;

7           (7) a partnership between the Baltimore City Board of School  
8 Commissioners, the Baltimore City Department of Planning, Housing, Recreation, and  
9 Parks, and the Mayor of Baltimore City to coordinate new investment in Baltimore City  
10 public school facilities with the community development goals of Baltimore City;

11           (8) a plan for any new or substantially renovated Baltimore City public  
12 school facilities to be available for recreational opportunities for the community;

13           (9) a plan to present all architectural plans for all major renovation and  
14 new public school construction buildings and sites to the Baltimore City Planning  
15 Department’s Urban Design and Architectural Review Panel for schematic and final design  
16 review;

17           (10) a process developed and agreed to by Baltimore City and the Baltimore  
18 City Board of School Commissioners to expedite the closure of public school buildings as  
19 provided in the Baltimore City Public Schools’ 10–Year Plan approved on January 8, 2013,  
20 and to arrange for the productive use of the closed buildings through the surplus process;

21           (11) a plan developed by the Baltimore City Board of School Commissioners  
22 and approved by the Interagency Commission on School Construction for preventative and  
23 ongoing maintenance for existing, new, and renovated Baltimore City public school  
24 facilities, including funding sufficient to implement the plan;

25           (12) a plan developed by the Baltimore City Board of School Commissioners  
26 and approved by the Interagency Commission on School Construction providing for  
27 minimum school utilization standards;

28           (13) the creation of a “Stat” program for the Baltimore City Public Schools’  
29 10–Year Plan;

30           (14) specific parameters for Baltimore City public school facilities financed  
31 under this subtitle regarding:

32           (i) property management, maintenance plans and standards,  
33 annual inspections, and property insurance; and

34           (ii) any claims, losses, or damages arising from the Authority’s  
35 improvement of any Baltimore City public school facility;

1 (15) a process to resolve disputes and revise the memorandum of  
2 understanding, if necessary; and

3 (16) an allocation of the public school improvements to be undertaken by the  
4 Authority and the Baltimore City Board of School Commissioners, respectively.

5 **10-646.1.**

6 (A) BEFORE ANY ADDITIONAL BONDS ARE ISSUED TO FINANCE  
7 IMPROVEMENTS TO A BALTIMORE CITY PUBLIC SCHOOL FACILITY, A  
8 SUPPLEMENTAL FOUR-PARTY MEMORANDUM OF UNDERSTANDING SHALL BE  
9 ENTERED INTO AND SIGNED BY THE AUTHORITY, BALTIMORE CITY, THE  
10 BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS, AND THE INTERAGENCY  
11 COMMISSION ON SCHOOL CONSTRUCTION.

12 (B) (1) UNLESS ALL FOUR PARTIES TO THE SUPPLEMENTAL  
13 MEMORANDUM OF UNDERSTANDING AGREE TO WAIVE A SPECIFIC REQUIREMENT,  
14 THE PROVISIONS OF THE MEMORANDUM OF UNDERSTANDING ENTERED INTO IN  
15 ACCORDANCE WITH § 10-646 OF THIS SUBTITLE SHALL APPLY TO IMPROVEMENTS  
16 TO A BALTIMORE CITY PUBLIC SCHOOL FACILITY FINANCED BY ADDITIONAL BONDS  
17 IN ACCORDANCE WITH THIS SECTION.

18 (2) THE SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING SHALL  
19 INCLUDE A PROVISION THAT THE STATE AND LOCAL COST-SHARE FOR BALTIMORE  
20 CITY ESTABLISHED IN REGULATIONS SHALL APPLY TO A BALTIMORE CITY PUBLIC  
21 SCHOOL FACILITY FINANCED BY ADDITIONAL BONDS IN ACCORDANCE WITH THIS  
22 SECTION.

23 (C) IF A PROVISION OF THE MEMORANDUM OF UNDERSTANDING ENTERED  
24 INTO IN ACCORDANCE WITH § 10-646 OF THIS SUBTITLE CONFLICTS WITH A  
25 PROVISION OF THE SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING, THE  
26 PROVISION OF THE SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING SHALL  
27 PREVAIL.

28 **Article – State Government**

29 **9-120.**

30 (a) The Comptroller shall distribute, or cause to be distributed, the State Lottery  
31 Fund to pay:

32 (1) on a pro rata basis for the daily and nondaily State lottery games, the  
33 expenses of administering and operating the State lottery, as authorized under this subtitle  
34 and the State budget; and

1           (2) then, except as provided in § 10–113.1 of the Family Law Article, §  
2 11–618 of the Criminal Procedure Article, and § 3–307 of the State Finance and  
3 Procurement Article, the holder of each winning ticket or share.

4           (b) (1) By the end of the month following collection, the Comptroller shall  
5 deposit or cause to be deposited:

6                   (i) into the Maryland Stadium Facilities Fund established under §  
7 7–312 of the State Finance and Procurement Article from the money that remains in the  
8 State Lottery Fund, after the distribution under subsection (a) of this section, an amount  
9 not to exceed \$20,000,000 in any fiscal year;

10                   (ii) after June 30, 2014, into the Maryland Veterans Trust Fund 10%  
11 of the money that remains in the State Lottery Fund from the proceeds of sales of tickets  
12 from instant ticket lottery machines by veterans' organizations under § 9–112(d) of this  
13 subtitle, after the distribution under subsection (a) of this section;

14                   (iii) after June 30, 2014, into the Baltimore City Public School  
15 Construction Financing Fund established under § 10–656 of the Economic Development  
16 Article the money that remains in the State Lottery Fund from the proceeds of all lotteries  
17 after the distributions under subsection (a) of this section and items (i) and (ii) of this  
18 paragraph, an amount equal to \$20,000,000 in each fiscal year that bonds are outstanding  
19 and unpaid, to be paid in two installments with at least \$10,000,000 paid no later than  
20 December 1 of each fiscal year;

21                   (iv) after June 30, 2016, into the Racing Special Fund established  
22 under § 11–401 of the Business Regulation Article from money that remains in the State  
23 Lottery Fund after the distributions under subsection (a) of this section and items (i), (ii),  
24 and (iii) of this paragraph, an amount equal to \$500,000;

25                   (v) after June 30, 2017, into the Racing Special Fund established  
26 under § 11–401 of the Business Regulation Article from money that remains in the State  
27 Lottery Fund after the distributions under subsection (a) of this section and items (i), (ii),  
28 (iii), and (iv) of this paragraph, an amount equal to \$1,000,000 in each fiscal year; [and]

29                   **(VI) AFTER JUNE 30, 2019, INTO THE BALTIMORE CITY PUBLIC**  
30 **SCHOOL CONSTRUCTION FINANCING FUND ESTABLISHED UNDER § 10–656 OF THE**  
31 **ECONOMIC DEVELOPMENT ARTICLE THE MONEY THAT REMAINS IN THE STATE**  
32 **LOTTERY FUND FROM THE PROCEEDS OF ALL LOTTERIES AFTER THE**  
33 **DISTRIBUTIONS UNDER SUBSECTION (A) OF THIS SECTION AND ITEMS (I), (II), (III),**  
34 **(IV), AND (V) OF THIS PARAGRAPH, AN AMOUNT EQUAL TO \$30,000,000 IN EACH**  
35 **FISCAL YEAR THAT BONDS ARE OUTSTANDING AND UNPAID, TO BE PAID IN TWO**  
36 **INSTALLMENTS WITH AT LEAST \$15,000,000 PAID NO LATER THAN DECEMBER 1**  
37 **EACH FISCAL YEAR; AND**

1                    [(vi)] (VII) into the General Fund of the State the money that remains  
2 in the State Lottery Fund from the proceeds of all lotteries after the distributions under  
3 subsection (a) of this section and items (i), (ii), (iii), (iv), [and] (v), AND (VI) of this  
4 paragraph.

5                    (2) The money paid into the General Fund under this subsection is  
6 available in the fiscal year in which the money accumulates in the State Lottery Fund.

7                    (c) The regulations of the Agency shall apportion the money in the State Lottery  
8 Fund in accordance with subsection (b) of this section.

9                    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
10 1, 2019.