By: Chair, Appropriations Committee (By Request – Departmental – Stadium Authority)
Introduced and read first time: February 7, 2022
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 Sports Entertainment Facilities Act of 2022

3 FOR the purpose of authorizing the Maryland Stadium Authority to issue certain bonds to finance site acquisition, design, and construction of any portion of a certain sports entertainment facility, subject to certain limitations; requiring the Authority to submit a certain report, prepared in cooperation with the Office of the Comptroller and the Department of Budget and Management, to the Governor and the General Assembly; requiring the Authority to provide a certain financing plan to certain committees of the General Assembly before seeking approval of the Board of Public Works for a certain bond issuing or other borrowing; requiring the Authority to obtain Board of Public Works approval for a certain agreement containing certain terms; establishing the Sports Entertainment Facilities Financing Fund as a continuing, nonlapsing fund; requiring the interest earnings of the Sports Entertainment Facilities Financing Fund to be credited to the Fund; requiring the Comptroller to distribute a certain amount from the State Lottery Fund to the Sports Entertainment Facilities Financing Fund in a certain manner; exempting from the sales and use tax certain construction material purchased for a sports entertainment facility under certain circumstances; and generally relating to the Maryland Stadium Authority and the financing and construction of sports entertainment facilities.

21 BY renumbering
22 Article – Economic Development
23 Section 10–601(zz) through (eee), respectively
24 to be Section 10–601(bbb) through (ggg), respectively
25 Annotated Code of Maryland
26 (2018 Replacement Volume and 2021 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article – Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Section 10–601(s) and (yy), 10–618(b), 10–620(d) and (e), 10–625(a)(2), and
10–628(c)(1)
Annotated Code of Maryland
(2018 Replacement Volume and 2021 Supplement)

BY adding to
Article – Economic Development
Section 10–601(yy) and (zz), 10–646.3, and 10–657.5
Annotated Code of Maryland
(2018 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)144. and 145.
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)146.
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–120(b)(1)(vii) and (viii)
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to
Article – State Government
Section 9–120(b)(1)(viii)
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 11–243
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 10–601(zz) through (eee), respectively, of Article – Economic Development of the Annotated Code of Maryland be renumbered to be Section(s) 10–601(bbb) through (ggg), respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Economic Development

10–601.

(s) “Facility” means:

(1) a structure or other improvement developed at Camden Yards;
(2) a convention facility;
(3) the Hippodrome Performing Arts facility;
(4) a sports facility;
(5) a Baltimore City public school facility;
(6) a racing facility;
(7) a public school facility; [or]
(8) the Hagerstown Multi–Use Sports and Events Facility; OR

(9) A SPORTS ENTERTAINMENT FACILITY.

(YY) (1) “SPORTS ENTERTAINMENT FACILITY” means a structure or other improvement in the State at which minor league games are played or other non–major league sporting events are held.

(2) “SPORTS ENTERTAINMENT FACILITY” includes parking lots, garages, and any other property adjacent and directly related to a facility described under paragraph (1) of the subsection.

(3) “SPORTS ENTERTAINMENT FACILITY” does not include:

(I) a facility located at Camden Yards;

(II) a sports facility; OR
(III) A HIGH SCHOOL, COLLEGIATE, OR RECREATIONAL VENUE.

(ZZ) “SPORTS ENTERTAINMENT FACILITIES FINANCING FUND” means the SPORTS ENTERTAINMENT FACILITIES FINANCING FUND established under § 10–657.5 of this subtitle.

[(yy)] (AAA) (1) “Sports facility” means:

(i) a stadium primarily for professional football, major league professional baseball, or both, in the Baltimore metropolitan region, as defined in § 13–301 of this article;

(ii) practice fields or other areas where professional football or major league professional baseball teams practice or perform; and

(iii) offices for professional football and major league professional baseball teams or franchises.

(2) “Sports facility” includes parking lots, garages, and any other property adjacent and directly related to an item listed in paragraph (1) of this subsection.

(3) “SPORTS FACILITY” DOES NOT INCLUDE A SPORTS ENTERTAINMENT FACILITY.

(b) The Authority may:

(1) acquire by any of the means specified in § 10–620(a) of this subtitle:

(i) a site at Camden Yards for a facility;

(ii) a Baltimore Convention site or an interest in the site;

(iii) an Ocean City Convention site or an interest in the site;

(iv) a Montgomery County Conference site or an interest in the site;

(v) a Hippodrome Performing Arts site or an interest in the site;

[and]

(vi) a Hagerstown Multi–Use Sports and Events Facility site or an interest in the site; and

(VII) A SPORTS ENTERTAINMENT FACILITY; AND
(2) construct or enter into a contract to construct a facility on a site it
acquires under this subsection.

10–620.

(d) (1) The exercise of authority under this subsection is subject to the prior
approval of the Board of Public Works.

(2) On request of the Authority, the State, a unit of the State, or a political
subdivision may lease, lend, grant, or otherwise convey to the Authority, property,
including property devoted to public use, as necessary or convenient for the purposes of this
subtitle.

(3) The State may lease or sublease a facility, or an interest in a facility,
from or to the Authority, whether or not constructed or usable.

(4) Lease payments to the Authority appropriated by the State shall be
transferred to:

(i) the Baltimore Convention Fund if appropriated for a Baltimore
Convention facility;

(ii) the Camden Yards Fund if appropriated for a sports facility or
other facility at Camden Yards;

(iii) the Hippodrome Performing Arts Fund if appropriated for a
Hippodrome Performing Arts facility;

(iv) the Montgomery County Conference Fund if appropriated for a
Montgomery County Conference facility;

(v) the Ocean City Convention Fund if appropriated for an Ocean
City Convention facility; [or]

(vi) the Hagerstown Multi–Use Sports and Events Facility Fund if
appropriated for a Hagerstown Multi–Use Sports and Events Facility; OR

(VII) THE SPORTS ENTERTAINMENT FACILITIES FINANCING
FUND IF APPROPRIATED FOR A SPORTS ENTERTAINMENT FACILITY.

(e) (1) This subsection does not apply to the Camden Yards site, Baltimore
Convention site, Ocean City Convention site, Hippodrome Performing Arts site, any
Baltimore City public school site, any racing facility, the Hagerstown Multi–Use Sports and
Events Facility site, any supplemental facility site, [or] any public school site, OR A
SPORTS ENTERTAINMENT FACILITY.
(2) The Authority and any Authority affiliate are subject to applicable planning, zoning, and development regulations to the same extent as a private commercial or industrial enterprise.

10–625.

(a) Except as provided in subsection (b) of this section, the Authority shall submit:

(2) annual reports on the additional tax revenues generated by each of the following facilities, prepared in cooperation with the Office of the Comptroller and the Department of Budget and Management:

(i) the Baltimore Convention facility;

(ii) the Hippodrome Performing Arts facility;

(iii) the Montgomery County Conference facility;

(iv) the Ocean City Convention facility; [and]

(v) the Hagerstown Multi–Use Sports and Events Facility; AND

(VI) A SPORTS ENTERTAINMENT FACILITY.

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

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

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

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

(iv) the Ocean City Convention facility – $24,500,000;

(v) Baltimore City public school facilities – $1,100,000,000;

(vi) supplemental facilities – $25,000,000;

(vii) racing facilities – $375,000,000;
(viii) public school facilities in the State – $2,200,000,000; [and]

(ix) the Hagerstown Multi–Use Sports and Events Facility – $59,500,000; AND

(X) SPORTS ENTERTAINMENT FACILITIES – $200,000,000.

10–646.3.

(A) EXCEPT AS AUTHORIZED BY § 10–639 OF THIS SUBTITLE, TO FINANCE SITE ACQUISITION, DESIGN, CONSTRUCTION, EQUIPPING, AND FURNISHING OF ANY SEGMENT OF A SPORTS ENTERTAINMENT FACILITY, THE AUTHORITY SHALL COMPLY WITH THIS SECTION.

(B) (1) THE AUTHORITY SHALL HAVE RECEIVED A WRITTEN REQUEST FOR FINANCING AND CONSTRUCTION MANAGEMENT SERVICES FROM THE COUNTY IN WHICH THE SPORTS ENTERTAINMENT FACILITY IS LOCATED OR TO BE LOCATED.

(2) THE REQUEST SHALL INCLUDE:

(I) THE LOCATION OF THE PROPOSED SPORTS ENTERTAINMENT FACILITY;

(II) THE AMOUNT, SOURCE, AND TIMING OF FUNDING NOT INCLUDING AUTHORITY BONDS WHICH MAY BE ISSUED TO FINANCE THE PROPOSED SPORTS ENTERTAINMENT FACILITY; AND

(III) A DESCRIPTION OF THE ANTICIPATED USE OF THE PROPOSED SPORTS ENTERTAINMENT FACILITY.

(C) THE AUTHORITY SHALL PROVIDE THE FISCAL COMMITTEES OF THE GENERAL ASSEMBLY, AT LEAST 45 DAYS BEFORE SEEKING APPROVAL OF THE BOARD OF PUBLIC WORKS FOR EACH BOND ISSUE OR OTHER BORROWING, A COMPREHENSIVE FINANCING PLAN FOR THE RELEVANT SEGMENT OF THE FACILITY.

(D) THE AUTHORITY SHALL OBTAIN THE APPROVAL OF THE BOARD OF PUBLIC WORKS OF THE PROPOSED BOND ISSUE, THE FINANCING PLAN, AND THE AGREEMENT UNDER SUBSECTION (E) OF THIS SECTION.

(E) THE AUTHORITY MAY NOT ISSUE BONDS TO FINANCE A SPORTS ENTERTAINMENT FACILITY UNTIL THE AUTHORITY SECURES A WRITTEN AGREEMENT WITH THE COUNTY IN WHICH THE SPORTS ENTERTAINMENT FACILITY IS LOCATED, AS APPROVED BY THE BOARD OF PUBLIC WORKS, UNDER WHICH:
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(1) THE SOURCE OF FUNDING AND THE ORDER IN WHICH FUNDS WILL BE SPENT IS DESCRIBED; AND

(2) THE COUNTY AGREES TO:

(I) OWN, MARKET, PROMOTE, AND OPERATE OR CONTRACT FOR THE MARKETING, PROMOTION, AND OPERATION OF THE SPORTS ENTERTAINMENT FACILITY IN A MANNER THAT MAXIMIZES THE FACILITY’S ECONOMIC RETURN;

(II) MAINTAIN AND REPAIR OR CONTRACT FOR THE MAINTENANCE AND REPAIR OF THE SPORTS ENTERTAINMENT FACILITY SO AS TO KEEP THE SPORTS ENTERTAINMENT FACILITY IN FIRST-CLASS OPERATING CONDITION; AND

(III) ANY OTHER TERMS OR CONDITIONS DEEMED NECESSARY OR APPROPRIATE BY THE AUTHORITY.

(F) ON OR BEFORE DECEMBER 31 EACH YEAR, A COUNTY IN WHICH A SPORTS ENTERTAINMENT FACILITY FINANCED IN WHOLE OR IN PART UNDER THIS SUBTITLE IS LOCATED SHALL REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE HOUSE APPROPRIATIONS COMMITTEE, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, ON THE SPORTS ENTERTAINMENT FACILITY’S ASSESSMENT OF THE MAINTENANCE AND REPAIR NEEDED TO KEEP THE FACILITY IN OPERATING ORDER.

(G) (1) A BOND ISSUED TO FINANCE A SPORTS ENTERTAINMENT FACILITY:

(I) IS A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM MONEY PLEDGED BY THE AUTHORITY TO THE PAYMENT OF THE PRINCIPAL OF AND THE PREMIUM AND INTEREST ON THE BOND OR MONEY MADE AVAILABLE TO THE AUTHORITY FOR THAT PURPOSE;

(II) IS NOT A DEBT, LIABILITY, OR PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE, THE AUTHORITY, OR ANY OTHER GOVERNMENTAL UNIT BUT IS ONLY A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM MONEY MADE AVAILABLE TO THE AUTHORITY FOR THAT PURPOSE; AND

(III) MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE STATE, THE AUTHORITY, OR ANY OTHER GOVERNMENTAL UNIT BUT IS ONLY A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM MONEY PLEDGED
BY THE AUTHORITY.

(2) THE ISSUANCE OF A BOND TO FINANCE A SPORTS ENTERTAINMENT FACILITY IS NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY A MORAL OR OTHER OBLIGATION OF THE STATE, THE AUTHORITY, OR ANY OTHER GOVERNMENTAL UNIT TO LEVY OR PLEDGE ANY TAX OR TO MAKE AN APPROPRIATION TO PAY THE BOND.

(3) EACH BOND SHALL STATE ON ITS FACE THE PROVISIONS OF Paragraphs (1) AND (2) OF THIS SUBSECTION.

(H) THE SOLE SOURCE OF PAYMENT FOR BONDS ISSUED FOR A SPORTS ENTERTAINMENT FACILITY SHALL BE MONEY ON DEPOSIT IN THE SPORTS ENTERTAINMENT FACILITIES FINANCING FUND.

10–657.5.

(A) IN THIS SECTION, “FUND” MEANS THE SPORTS ENTERTAINMENT FACILITIES FINANCING FUND.

(B) THERE IS A SPORTS ENTERTAINMENT FACILITIES FINANCING FUND.

(C) (1) THE FUND IS A CONTINUING, NONLAPSING FUND THAT SHALL BE AVAILABLE TO IMPLEMENT THIS SUBTITLE CONCERNING SPORTS ENTERTAINMENT FACILITIES.

(2) THE AUTHORITY SHALL:

(I) USE THE FUND AS A REVOLVING FUND FOR CARRYING OUT THIS SUBTITLE CONCERNING SPORTS ENTERTAINMENT FACILITIES; AND

(II) PAY ANY AND ALL EXPENSES FROM THE FUND THAT ARE INCURRED BY THE AUTHORITY RELATED TO ANY SPORTS ENTERTAINMENT FACILITY.

(D) TO THE EXTENT CONSIDERED APPROPRIATE BY THE AUTHORITY, THE MONEY ON DEPOSIT IN THE FUND SHALL BE PLEDGED TO AND USED TO PAY THE FOLLOWING RELATED TO SPORTS ENTERTAINMENT FACILITIES:

(1) DEBT SERVICE ON AUTHORITY BONDS;

(2) DEBT SERVICE RESERVES UNDER A TRUST AGREEMENT;
(3) All reasonable charges and expenses related to Authority borrowing; and

(4) All reasonable charges and expenses related to the Authority’s administration of the Fund and management of the Authority’s obligations.

(E) The Fund consists of:

(1) Money deposited into the Fund;

(2) To the extent that the proceeds are not under a trust agreement, proceeds from the sale of bonds concerning sports entertainment facilities;

(3) Revenues collected or received from any source under this subtitle related to sports entertainment facility projects;

(4) Any interest earnings of the Fund; and

(5) Any additional money made available from any public source for the purposes established for the Fund.

(F) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State funds.

(2) Any investment earnings shall be credited to the Fund.

(3) No part of the Fund may revert or be credited to the General Fund or any special fund of the State.

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:
144. the Health Equity Resource Community Reserve Fund; [and]

145. the Access to Counsel in Evictions Special Fund; AND

146. the Sports Entertainment Facilities Financing Fund.

Article – State Government

9–120.

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

(vii) after June 30, 2021, to Anne Arundel County or Baltimore City each fiscal year the amount required to be distributed under § 9–1A–31(a)(7)(ii) of this title to be used as required under § 9–1A–31 of this title; [and]

(viii) after June 1, 2022, to the Sports Entertainment Facilities Financing Fund established under § 10–657.5 of the Economic Development Article from the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items (i) through (vii) of this paragraph, an amount equal to $25,000,000 to be paid in two installments not later than November 1 and June 1 of each fiscal year; and

[(viii)] (IX) into the General Fund of the State the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items (i) through [(vi)] (VIII) of this paragraph.

Article – Tax – General

11–243.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Construction material” means an item of tangible personal property that is used to construct or renovate a building, a structure, or an improvement on land and that typically loses its separate identity as personal property once incorporated into the real property.

(ii) “Construction material” includes building materials, building systems equipment, landscaping materials, and supplies.
“Hagerstown Multi–Use Sports and Events Facility” has the meaning stated in § 10–601 of the Economic Development Article.

“SPORTS ENTERTAINMENT FACILITY” HAS THE MEANING STATED IN § 10–601 OF THE ECONOMIC DEVELOPMENT ARTICLE.

The sales and use tax does not apply to a sale of construction material if:

1. the construction material is purchased by a person solely for use in furtherance of the provisions of Title 10, Subtitle 6 of the Economic Development Article for the construction or redevelopment of:
   (I) the Hagerstown Multi–Use Sports and Events Facility that is managed by the Maryland Stadium Authority; OR
   (II) A SPORTS ENTERTAINMENT FACILITY THAT IS MANAGED BY THE MARYLAND STADIUM AUTHORITY;

2. the sale is made on or after October 1, 2021; and

3. the buyer provides the vendor with evidence of eligibility for the exemption issued by the Comptroller.

The Comptroller shall adopt regulations to implement this section.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022.