

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 764
Finance

(Senators Hayes and Kagan)

Appropriations

Arts Incubator Workgroup - Established

This bill establishes the Arts Incubator Workgroup to study how arts and cultural institutions can support local artists. The Maryland State Arts Council (MSAC) must provide staff for the workgroup. Workgroup members may not receive compensation but are entitled to reimbursement for travel expenses. The workgroup must submit a preliminary report on its findings, as specified, and a final report on its recommendations to the Governor and the General Assembly by January 1, 2025, and October 1, 2025, respectively. The recommendations in the final report must include any necessary budget, facilities, or in-kind services that are needed or could be used to support local artists. **The bill takes effect July 1, 2024, and terminates December 31, 2025.**

Fiscal Summary

State Effect: Expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources. MSAC can staff the workgroup with existing budgeted resources.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Current Law: MSAC is a 17-member State agency established in 1967. The council's mission is to encourage and invest in the advancement of the arts for the people of the State, which the council accomplishes largely through [grants](#) to arts organizations and local arts agencies. The council also makes grants to enhance the availability of artists in public

schools, further the creative work of individual artists, and support the preservation of folk and traditional arts.

Chapters 394 and 395 of 2021 established the Maryland Arts Capital Grant Program, administered by MSAC, with a mandated annual appropriation of \$3.0 million from fiscal 2024 through 2029. The program provides grants to certain arts organizations that have operating budgets of less than \$3.0 million. A grant may be awarded for the acquisition of, expansion of, renovation of, or major repairs to a facility or other infrastructure that is operated by an eligible recipient.

Several tax benefits are also available in arts and entertainment districts, which are designated by the Department of Commerce at the request of local governments, subject to specified requirements:

- qualifying residing artists (a defined term) may claim a subtraction modification on State and local income taxes for the income derived within any district from the publication, production, or sale of artistic work created, written, composed, or executed by the qualifying artist;
- a county or municipality may grant, by law, a property tax credit for up to 10 years against the property tax imposed on a manufacturing, commercial, or industrial building that is located in an arts and entertainment district and is wholly or partially renovated to be capable for use by a qualifying artist or an arts and entertainment enterprise; and
- a county or municipality may exempt from the admissions and amusement tax gross receipts from any admissions or amusement charge levied by an arts and entertainment enterprise or qualified residing artist in an arts and entertainment district.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1451 (Delegate Embry) - Appropriations.

Information Source(s): Department of Commerce; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2024
km/ljm Third Reader - March 18, 2024
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