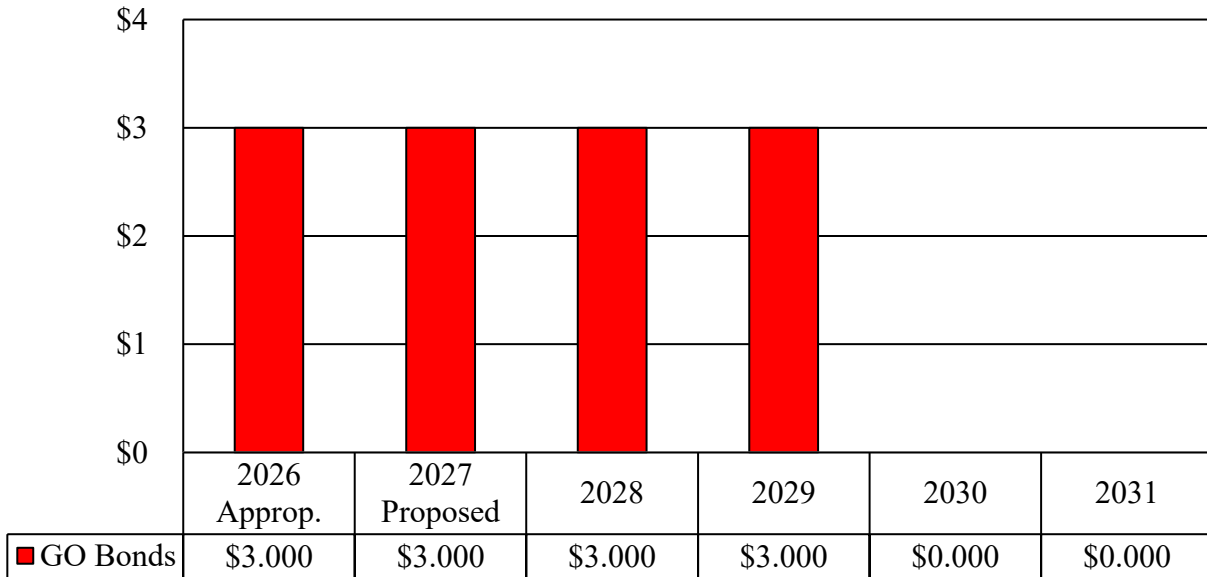


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Department of Commerce – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
Maryland Arts Capital Grant Program
(\$ in Millions)



GO: general obligation

Key Observations

- ***Capital Grants for Arts Organizations:*** Chapters 394 and 395 of 2021 established the Maryland Arts Capital Grant Program and mandated \$3 million of funding annually for fiscal 2024 through 2029. The program provides grant funding for capital projects to nonprofit arts and cultural organizations. In the first two years of operation, the program awarded \$6 million to 27 organizations.
- ***Funding in the Out-years:*** The *Capital Improvement Program* (CIP) includes \$3 million in annual funding through fiscal 2029. Although last year’s CIP included funding beyond the end of the mandate, funding has been removed from the out-years in this year’s CIP due to budget constraints.

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GO Bond Recommended Actions

1. Approve the general obligation bond authorization for the Department of Commerce.

Budget Overview of Grant and Loan Programs

Chapters 394 and 395 established the Maryland Arts Capital Grant Program, administered by the Maryland State Arts Council (MSAC) in the Department of Commerce (Commerce). From fiscal 2024 through 2029, the Governor must include \$3.0 million in the State operating or capital budget for the program. This mandate is met with general obligation (GO) bonds in fiscal 2026, and the CIP also plans \$3.0 million in GO bonds annually through fiscal 2029.

Per Chapters 394 and 395, 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. Under the statute, an organization may not receive a grant of more than \$1.0 million for a single project in a fiscal year; so far, Commerce has made awards between \$50,000 and \$450,000.

MSAC must award grants to organizations with an operating budget under \$3.0 million that participate in the council's Grants for Organizations or Community Arts Development programs or are open to the public and provide cultural education or experiences. In fiscal 2024 and 2025, the first two years of program funding, Commerce offered awards to 27 organizations, 21 of which also received funding in that time period from either the Grants for Organizations or Community Arts Development program. Two organizations selected in fiscal 2025 were unable to accept the offered funding totaling \$610,000, and Commerce plans to award that funding in fiscal 2026.

MSAC accepted applications for fiscal 2026 awards from August through October 2025. Thirty-four eligible applications were received, and notification of awards is expected to take place in February 2026. Applications are scored by outside reviewers using a rubric developed by MSAC. After award selection, the grant awards must be approved by the Board of Public Works, and MSAC notes that applicants should expect a minimum of six months from the notification of award to receiving disbursement of funds. Grantees have two years to obligate the funds and must submit a report at the end of the performance period. Although fiscal 2024 was the first year of funding for MSAC capital grants, MSAC awards operating grants totaling more than \$25 million annually.