

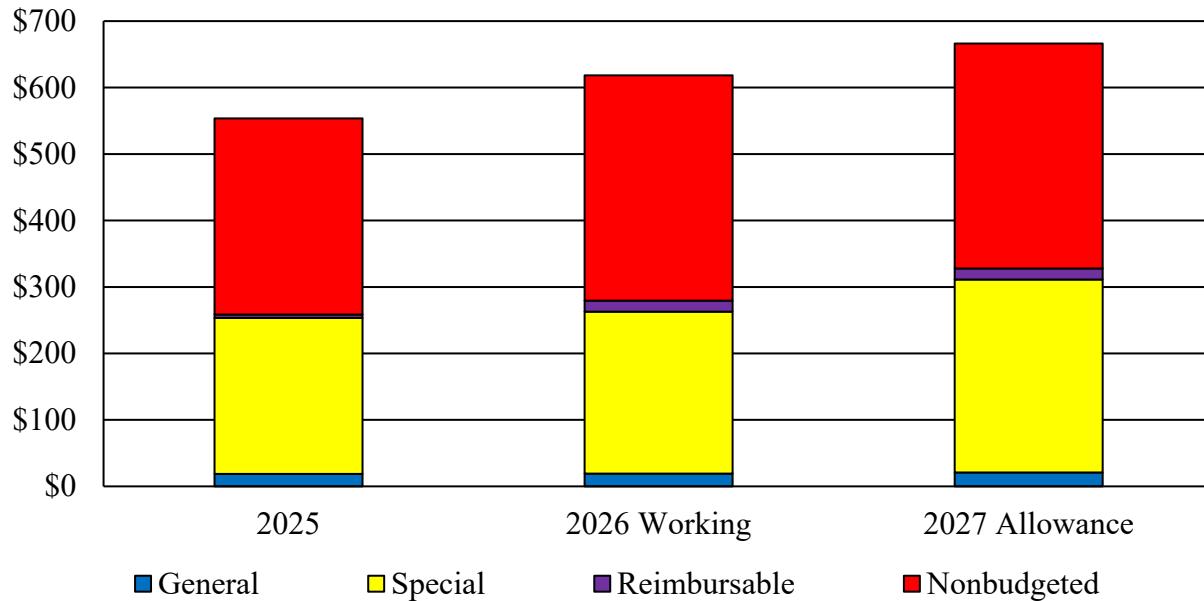
D28A03
Maryland Stadium Authority

Program Description

The Maryland Stadium Authority (MSA) was established for the construction, operation, and maintenance of facilities for the Baltimore Orioles professional baseball and the Baltimore Ravens professional football teams. MSA's authority has been extended to include administering and financing a Sports Entertainment Facilities Financing Fund, the construction and financing for the Baltimore City Convention Center (BCCC) expansion, the Ocean City Convention Center (OCCC) expansion, participation in the construction of the Hippodrome Performing Arts Center (Hippodrome) in Baltimore City, the financing and construction management of a program for school construction and renovation in Baltimore City, financing and construction management for a statewide school construction and renovation program, and construction management in and around Pimlico and Laurel Park racetracks. MSA also conducts feasibility studies and manages construction projects for local governments and State agencies.

Operating Budget Summary

Fiscal 2027 Budget Increases \$47.7 Million, or 7.7%, to \$666.2 Million
(\$ in Millions)



Source: Department of Budget and Management

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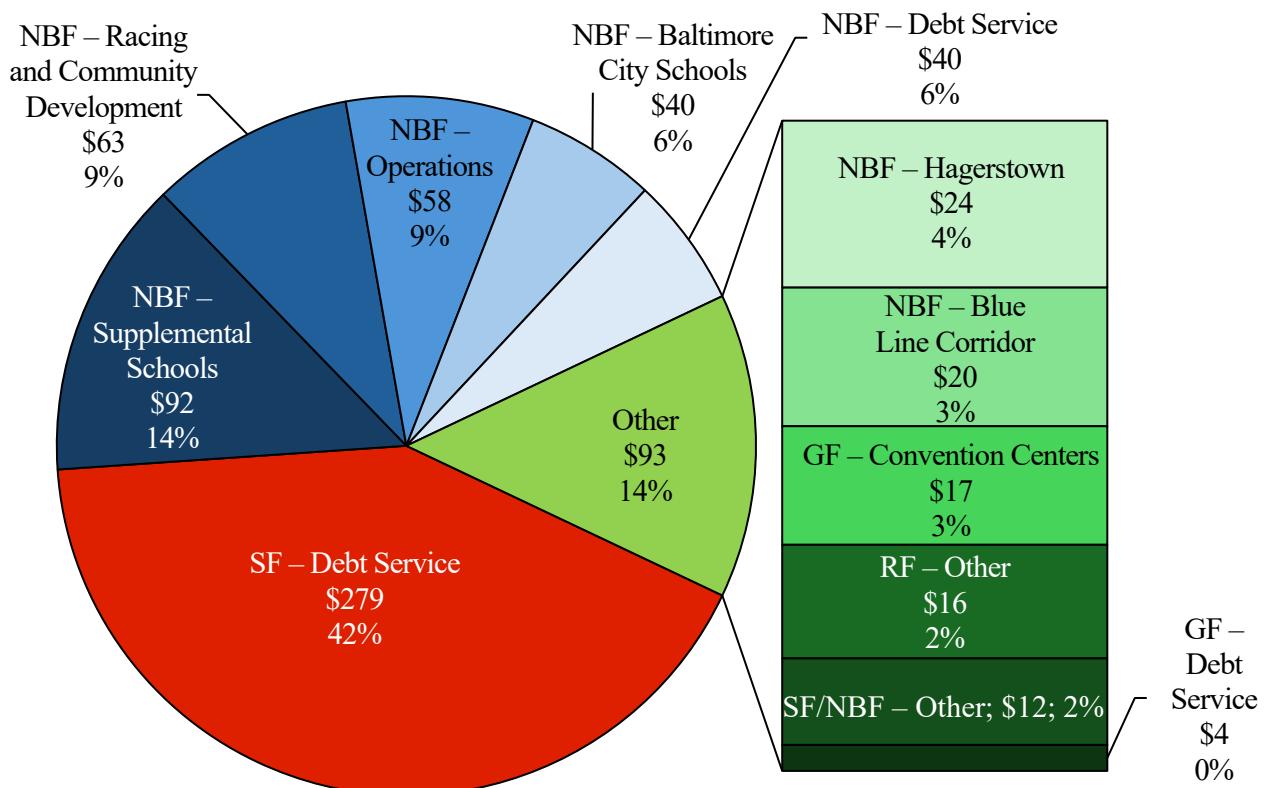
Proposed Deficiency

The fiscal 2027 Budget Bill proposes a \$210,810 special fund deficiency appropriation funded with lottery revenues to support debt service for the Supplemental Baseball Financing Fund and Camden Yards Facilities Fund. Actual costs from the calendar 2025 sale exceeded estimates.

Fiscal 2027 Overview of Agency Spending

Exhibit 1 shows how MSA anticipates spending its \$666 million allowance in fiscal 2027.

Exhibit 1
Overview of Maryland Stadium Authority Spending
Fiscal 2027 Allowance
(\$ in Millions)



GF: general funds

NBF: nonbudgeted funds

RF: reimbursable funds

SF: special funds

Source: Department of Budget and Management

Proposed Budget Change

Exhibit 2 shows how spending by program and fund type changes between the fiscal 2025 actual appropriation and the fiscal 2027 allowance

Exhibit 2
Overview of Maryland Stadium Authority Spending
Fiscal 2025-2027
(*\$* in Thousands)

	Working			
	Actual	Appropriation	Allowance	Change
	2025	2026	2027	2026-2027
General Funds				
General Administration	\$0	\$150	\$0	-\$150
Baltimore City Convention Center – State Operating Deficit Contribution	11,426	11,022	12,730	1,708
Ocean City Convention Center – State Operating Deficit Contribution	3,703	4,266	4,375	110
Hagerstown Multi-Use Facility Fund	3,744	3,750	3,750	0
<i>Subtotal</i>	\$18,872	\$19,188	\$20,855	\$1,667
Special Funds: State Lottery Revenues; ETF; and Admissions and Amusement Tax				
Lottery Transfer to MSA Facilities Fund for Debt Service on Camden Yards Projects	\$47,718	\$59,506	\$89,990	\$30,484
Lottery Transfer to the Baltimore City Public School Construction Financing Fund	20,000	20,000	20,000	0
Racing and Community Development Financing Fund	17,000	13,400	17,000	3,600
Supplemental Public School Construction Financing Fund (BTL)	100,000	100,000	100,000	0
Michael Erin Busch Fund	1,500	1,500	1,500	0
Sports Entertainment Facilities Financing Fund	12,296	12,403	24,997	12,594
Prince George's County Blue Line Corridor Facility Fund	27,000	27,000	27,000	0
Major Sports and Entertainment Event Program Fund	9,150	10,000	10,000	0
<i>Subtotal</i>	\$234,664	\$243,809	\$290,488	\$46,678

	Working			
	Actual	Appropriation	Allowance	Change
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2026-2027</u>
Nonbudgeted Funds: MSA Funds and Grant from Baltimore City				
General Administration	\$10,605	\$7,653	\$8,008	\$355
Camden Yards – Debt Service and Other Costs Not Funded by Lottery Revenues	99,964	13,084	13,084	0
Camden Yards Complex Facilities Management	46,762	37,432	36,605	-827
Facilities management for Oriole Park Improvements Per Orioles' Lease	0	200	200	0
Office of Sports Marketing	1,075	699	734	35
<i>Subtotal</i>	<i>\$158,406</i>	<i>\$59,067</i>	<i>\$58,630</i>	<i>-\$436</i>
Nonbudgeted Funds: Non-State Facilities				
Hippodrome Performing Arts Center ticket surcharge	\$250	\$250	\$250	\$0
Project C.O.R.E.	4,646	0	0	0
Racing and Community Development Facilities Fund	26,972	63,000	63,000	0
Hagerstown Multi-Use Facility Fund	188	24,080	24,080	0
Prince George's Blue Line Corridor Facility Fund	0	20,000	20,000	0
<i>Subtotal</i>	<i>\$32,055</i>	<i>\$107,330</i>	<i>\$107,330</i>	<i>\$0</i>
Nonbudgeted Funds: School Financing and Construction				
Baltimore City School Financing Fund	\$39,906	\$40,000	\$40,000	\$0
Baltimore City School Facilities Fund	56,393	40,276	40,276	0
Supplemental Public School Construction Facilities Fund (BTL)	8,425	92,232	92,232	0
<i>Subtotal</i>	<i>\$104,725</i>	<i>\$172,508</i>	<i>\$172,508</i>	<i>\$0</i>

	Working			
	Actual	Appropriation	Allowance	Change
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2026-2027</u>
Reimbursable Funds				
General Administration	\$4,887	\$6,740	\$6,523	-\$217
Project C.O.R.E.	0	9,870	9,870	0
<i>Subtotal</i>	<i>\$4,887</i>	<i>\$16,610</i>	<i>\$16,393</i>	<i>-\$217</i>
Total	<i>\$553,608</i>	<i>\$618,513</i>	<i>\$666,205</i>	<i>\$47,692</i>

BTL: Built to Learn

C.O.R.E.: Creating Opportunities for Renewal and Enterprise

ETF: Education Trust Fund

MSA: Maryland Stadium Authority

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management

General Fund Appropriations

General funds comprise a small portion of MSA's budget and are used to supplement debt service and operating costs for various economic development projects undertaken by the State.

- **BCCC:** Section 10-640 of the Economic Development Article requires MSA to contribute two-thirds of the annual operating deficit of BCCC through December 31, 2029. MSA is also required to contribute \$200,000 into the capital improvement fund. The fiscal 2027 allowance includes \$12.5 million for the operating deficit and \$200,000 for the capital improvement fund.
- **OCCC:** MSA is required under § 10-643 of the Economic Development Article to contribute one-half of the annual operating deficit of OCCC and \$100,000 into a capital improvement reserve fund. The fiscal 2027 allowance provides \$2.7 million for the operating deficit and reserve fund. Bonds with a par value of \$20.9 million were issued in November 2019 to fund improvements to the facility. The first four debt service payments were supported by the capitalized interest fund. State payments began in fiscal 2022, and the final payment is in fiscal 2040. The fiscal 2025 debt service payment is \$1.65 million.
- **Hagerstown Multi-Use Facility:** This funds debt service on \$57.6 million in par value bonds issued in March 2022. The fiscal 2026 appropriation is \$3.75 million. The final debt service payment is in fiscal 2052. This project also received \$20 million from the Sports Entertainment Facilities Financing Fund and another \$10.5 million of direct State general obligation bond and general fund grants.

Special Funds

MSA receives special funds to support the following programs:

- ***Camden Yards Complex:*** Lottery proceeds support debt service payments on the Camden Yards Complex. The fiscal 2027 allowance includes \$90 million in special funds for this purpose.
- ***Baltimore City School Construction Program:*** The fiscal 2027 allowance provides \$20 million in lottery proceeds to support MSA activities related to the Baltimore City school construction program. Chapter 647 of 2013 authorized up to \$1.1 billion in bonds for this project. MSA's final issuance was in calendar 2022. The final debt service payment will be in fiscal 2055.
- ***Michael Erin Busch Fund:*** The Michael Erin Busch Fund's fiscal 2027 special fund appropriation totals \$1.5 million. The source of the funds is lottery revenues, admissions and amusement tax revenues, and a share of proceeds from raffles conducted by a charitable foundation affiliated with the Washington Commanders. The fund supports the Office of Sports Marketing to provide grants for youth and amateur sports.
- ***Maryland Racing Operations Fund:*** MSA is authorized to issue up to \$400 million in bonds for financing planning, design, construction, and related expenses for racing facilities at Pimlico. These funds also support the purchase, planning, design, construction, and related expenses for a training facility. The bonds support the clubhouse, racetracks, stables and barns, and associated roads and walkways. Beginning in fiscal 2022, at least \$17 million must be transferred from the State Lottery Fund to the Racing and Community Development Facilities Fund (RCDFF) for each fiscal year until the bonds issued for a racing facility have matured. There is no statutory limit on the annual appropriations, but total debt issued cannot exceed \$400 million. The General Assembly reduced fiscal 2026 funds to reflect estimated spending for the training facility. These issues are discussed in Key Observation 2.
- ***Prince George's County Blue Line Corridor Facility Fund:*** Lottery revenues are appropriated into the Prince George's County Blue Line Corridor Facility Fund to support improving facilities along the Washington Metropolitan Area Transit Authority's Blue Line. These funds can support debt service costs of bonds for capital improvements. Chapter 483 of 2024 provides that \$27 million is appropriated annually.

Other programs receiving special funds are the Supplemental Public School Construction Financing Fund; the Sports Entertainment Facilities Financing Fund; and the Major Sports and Entertainment Event Program Fund (MSEEPF).

Nonbudgeted Funds: MSA and Grants

The MSA Financing Fund is a nonbudgeted account from which all the MSA operational expenses are paid, including the general administration of the Camden Yards Complex, repairs, renovations, and debt service payments. The fund is primarily supported through lottery and bond proceeds but also includes additional revenues associated with rent from the Orioles, operations and maintenance reimbursement from the Ravens, lease agreements at the warehouse and Camden Station, stadium admissions taxes, and MSA project management fees.

MSA is required to pay rent to the State equal to the difference between its actual revenues and budgeted resources, and MSA can reserve funds for working capital and projects. The rent formula is built into the sublease agreements for Camden Yards. The convention centers have always operated at a deficit, so no rent is due on those subleases. Therefore, activity at the Camden Yards Complex generates the rent payment, if any. The most recent rent payment was \$1 million in fiscal 2015. Based on estimated revenues and expenditures, no rent payment is expected from fiscal 2024 to 2028.

MSA's revenues also support the Office of Sports Marketing, which promotes amateur and professional sports competitions in Maryland.

Nonbudgeted Funds: Non-State Facilities

MSA supports the financing and construction of (1) horse racing facilities (Pimlico); (2) the Hagerstown Multi-Use Facility, which is funded by bonds supported by general funds; and (3) Prince George's County Blue Line Corridor Facility Fund projects. MSA also pays the operator of the Hippodrome Theatre \$250,000 annually to defray the capital cost charges paid for HVAC utilities at the theatre.

Nonbudgeted Funds: School Financing and Construction

MSA issues bonds and administers two programs that support local school construction and renovation – the Baltimore City public school construction program and the supplemental public school construction program. Baltimore City public school construction is winding down, as most schools have been completed. Changes in funding for the supplemental public school construction program are due to bond issuances and cash flow needs.

Reimbursable Funds

Approximately \$6.5 million is provided for positions supporting school construction. With Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise), MSA serves as the project manager and oversees the demolition of vacant buildings that are identified by Baltimore City and the Department of Housing and Community Development. The goal is to identify projects that build upon existing community strengths and assets. In fiscal 2027, \$9.9 million is expected to be spent on Project C.O.R.E.

Key Observations

1. Lottery Bond Coverage Ratios

Key to MSA's mission is issuing bonds to support capital projects. The State's goal is to minimize debt service costs. Issuers commonly report coverage ratios, which compare revenues supporting debt service to debt service costs. For example, the Maryland Department of Transportation calculates pledged taxes and net revenue coverage ratios. Most of MSA's issuances are supported by lottery revenue collected by the Maryland State Lottery and Gaming Control Agency (MLGCA).

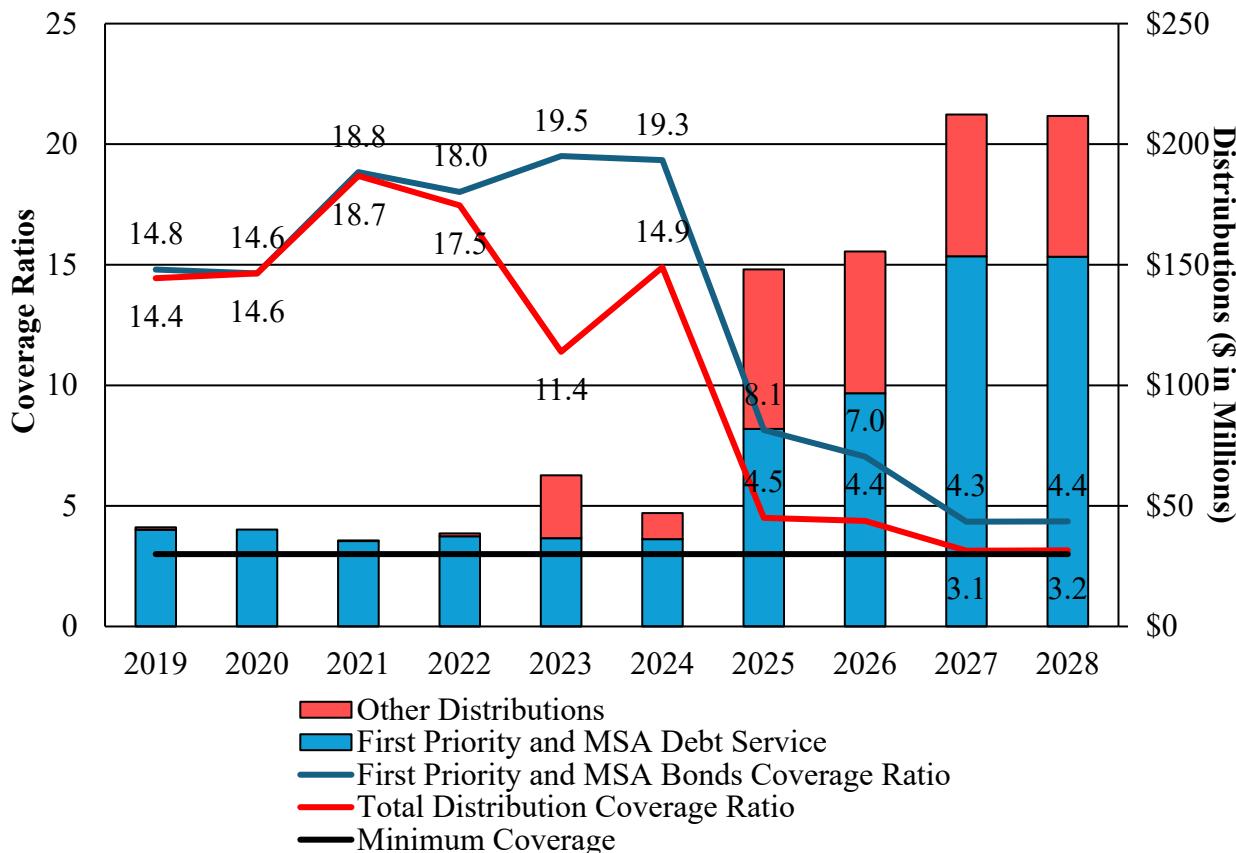
Gross lottery sales support prizes, commissions, and a share of MLGCA operating expenses. Net revenues are deposited into the State Lottery Fund. State law mandates disbursement of some lottery revenues that are deposited into the State Lottery Fund. Disbursements include debt service for MSA's lottery bonds and grants. Specific bonds include (1) renovations to the Baltimore Orioles and Ravens' stadiums; (2) Baltimore City school construction and renovation; (3) minor league baseball stadium construction and renovation; and (4) anticipated Pimlico land acquisition, construction, and renovations.

To demonstrate that the State Lottery Fund deposits have adequate protections to withstand volatility, MSA's goal is to have a coverage ratio so that State Lottery Fund deposits are at least three times the statutory distributions. Rating agencies have identified this as a credit strength. Lottery bonds are rated AA, which is a high revenue bond rating. MSA has received feedback from rating agencies over concern that letting the coverage ratio fall below 3% could increase borrowing costs and lead to a downgrade in the bond rating.

Issuers commonly rank debt by payment priority. Section 9-120(b) of the State Government Article dictates the order of distributions. This waterfall includes the Orioles ballpark and Ravens football stadium. MSA advises that paying debt service on bonds, such as Baltimore City School bonds and RCDFF for Pimlico, is a top priority of the State. Other distributions include supporting the MSEPF, Bus Rapid Transit, and the Blue Line Corridor.

Exhibit 3 shows that distributions increased from \$47 million in fiscal 2024 to \$148 million in fiscal 2025 and have continued to increase. The estimated ratios for fiscal 2027 are net lottery revenues at 4.3 times first distributions and debt service and 3.1 times revenues. At 3.1 times revenues, revenues are only \$10 million more than the minimum amount to support a 3.0 coverage ratio for all distributions; if revenues underperform by more than \$10 million, the coverage ratio will fall below 3.0. Debt service for Pimlico bonds is \$17 million in fiscal 2027, and costs are expected to increase by more than \$10 million in the out-years. **MSA should be prepared to discuss lottery bond coverage ratios and how they plan to keep above the 3.0 minimum ratio.**

Exhibit 3
Lottery Distribution, Revenues, and Bond Coverage Ratios
Fiscal 2019-2028
(\$ in Millions)



MSA: Maryland Stadium Authority

Source: Maryland Stadium Authority

The State Treasurer's Office advises that Montgomery County is planning on issuing bus rapid transit bonds supported by \$17 million in lottery distributions and \$10 million in Transportation Trust Fund (TTF) revenues. The sale is planned for late February 2026. Since this distribution is included in other distributions, there is no change to the 3.1 coverage ratio in fiscal 2027. There is no prohibition on the county from issuing debt supported by these revenues. Since bonds supported by TTF revenues are State debt, this debt could be construed as State debt and added to State debt affordability calculations. This could also invite additional scrutiny from the rating agencies since bonds issued by the county are supported by State revenues and part of the agencies' due diligence includes reviewing revenues from previously issued bonds.

2. Bonds to Renovate Pimlico Issued Amid Uncertainty about Total Costs

Chapter 590 of 2020 authorized \$375 million in bonds to renovate Pimlico Race Course and Laurel Park. The Act mandated \$17 million in annual debt service payments. Since calendar 2020, planning delays, project scope changes, inflation, and higher interest rates increased costs. By January 2024, costs to renovate only Pimlico ranged from \$388 million to \$399 million.

Chapter 410 of 2024 increased total debt service costs to \$400 million and required that a minimum of \$17 million is mandated in annual debt service costs. This eliminated the cap on debt service. Funds no longer support renovations to Laurel Park. Instead, the funds support the purchase and construction of a training facility since Pimlico does not have sufficient space for a training facility.

Total funds appropriated and authorized now exceed \$525 million, including:

- \$400 million in lottery bonds;
- \$82 million in annual appropriations from fiscal 2022 to 2026;
- \$35 million from the Racetrack Facility Renewal Account (RFRA); and
- over \$8 million in interest earnings.

In May 2025, at the recommendation of the Maryland Thoroughbred Racetrack Operating Authority (MTROA)¹, the Board of Public Works approved the purchase of the Shamrock Farm property in Carroll County for \$4.5 million to serve as an equine training facility with room for more than 800 horses. A consolidated equine facility is an integral portion of the Pimlico redevelopment plan, which concentrates all racing activities in Baltimore City but necessitates adequate training space elsewhere for the majority of active Maryland thoroughbreds. Unspent funds remaining from prior appropriations, the RFRA, and interest earnings support the purchase and construction of the training facility. MSA has not completed a training center construction cost estimate. The property is in a hilly region, and concerns were raised about the cost of grading the property to accommodate thoroughbred horse training at the facility. In January 2026, MSA announced that it reached a tentative agreement with The Stronach Group to purchase Laurel Park for use as the training facility. Since Laurel Park is already developed, MSA cites construction savings with the Laurel Park option compared to constructing a new facility. This decision raises the following issues.

¹ MTROA was created by Chapter 111 of 2023 and was abolished by Chapter 604 of 2025. It was active from fiscal 2022 to 2025. MTROA was responsible for studying and making recommendations about thoroughbred racing, including the development of new facilities, entering into purchasing and operating agreements with prior the racetrack owner, managing day-to-day thoroughbred horse racing operations, live racing days, and related assets. After dissolution, the Maryland Economic Development Corporation became its operations successor and MSA became its capital projects successor.

- What is the scope of the Laurel Park renovation? How will the renovated Laurel Park training facility be used? Will there be other activities in addition to training horses?
- What are the estimated total costs for Laurel Park? What are the estimated total project costs, including Pimlico?
- Will proceeds from the \$400 million in planned issuances support Laurel Park?
- MSA indicates that the Maryland Economic Development Corporation (MEDCO) could issue bonds. What would the bond proceeds support and what funds would support the debt service?
- What will happen to the Shamrock Farm property?

Prior projections have consistently underestimated costs. For example, the 2020 legislation provided \$180 million for Pimlico and another \$40 million for contingencies for both Pimlico and Laurel Park. At \$400 million, the most recent estimate is twice as much as the initial estimate. **MSA should be prepared to brief the committees on the latest cost estimates and attempts to keep costs within the \$525 million provided for this project.**

Bond Issuances and Related MTROA Audit Concerns Regarding Bonds

The first bonds for Pimlico's renovation, totaling \$245.8 million in par value, were issued in December 2025. The true interest cost (TIC) is 5.44%. The project receives \$238.7 million, \$6.2 million is deposited in a capitalized interest fund to pay the fiscal 2026 debt service, and \$0.9 million goes to the cost of issuance. Thus, fiscal 2026 debt service appropriations can support capital expenditures.

MSA advises that the bonds issued in December 2025 were structured to maximize proceeds supported by \$17 million in annual debt service costs beginning in fiscal 2027. MSA is authorized to issue an additional \$161.3 million in par value for Pimlico renovations. MSA's financial advisors raised concerns that State law only requires \$17 million in annual debt service for these bonds. Issuing debt that requires more than \$17 million in annual debt service exceeds the statutory minimum, which was expected to increase the TIC and annual debt service costs. Thus, another issuance is necessary if Pimlico is to receive the proceeds of \$400 million par value bonds. The Department of Legislative Services (DLS) estimates that issuing \$161.3 million in bonds with a 5.90% TIC would require another \$12 million in annual debt service payments. MSA advises that legislation is required to amend the statute to increase the annual debt service payment from a minimum of \$17 million to \$29 million.

In its MTROA audit, the Office of Legislative Audits (OLA) noted that MTROA did not establish a long-term operating agreement (LTOA) governing each of the thoroughbred racing entities roles and responsibilities for the management and operations of Pimlico and the training facility. OLA's review of LTOAs between other states and racetrack operators suggest that LTOAs

ensure that the State's financial interests and investments are protected. LTOAs include State oversight and conditions for (1) revenue contracts, including concessionaires; (2) sponsorship; (3) procurement; (4) debt; and (5) audit inspection rights.

To help better manage costs, DLS recommends that any legislation to increase annual debt payments also require that the State have a LTOA prior to the issuance of any additional bonds.

3. Major Sports and Entertainment Events Program Fund

MSA's sports and entertainment event fund was created in Chapter 61 of 2022 to attract major sporting and entertainment events to the State. The fund is capitalized so that \$10 million is available for grants each fiscal year. Grant awards increased from \$5.8 million in fiscal 2024 to \$11.3 million in fiscal 2025. MSA advises that \$8.3 million has been awarded in fiscal 2026 and another \$1.8 million is in the queue.

The MSEEPF was capitalized with \$10 million in the first year and is structured so that funds are easily replenished by budget amendment. This formula has allowed the fund to quickly expand and provide over \$10 million in grants annually. The fund was created in a time of budget surpluses but may no longer be affordable as it is currently structured.

The structure of the fund allows it to provide large ongoing subsidies. The Annual Maryland 5 Star at Fair Hill has received approximately \$3 million annually since the fund's inception. This event also received substantial State funding for capital improvements on State lands. Since awarding large ongoing grants can crowd out new grants, MSA should consider limiting the number of years that an event can receive grants. Events permanently receiving large State grants can be moved to programs in other agencies like the Department of Commerce or find a pathway to self-sustainability. **DLS recommends that MSA adopt policies to avoid subsidizing ongoing events through the MSEEPF.**

As was noted in Key Observation 1, the net lottery revenue coverage ratio is within \$10 million of breaching the 3.0 target coverage ratio. Key Observation 2 notes that an additional \$12 million in annual debt service is needed to fund Pimlico renovations. Reducing support for the MSEEPF could free up funds for other lottery distributions.

To address the structural budget deficit and concerns about the net lottery revenue coverage ratio, DLS recommends restructuring the MSEEPF to limit annual appropriations to the fund and annual spending from the fund to \$5.0 million beginning in fiscal 2027. This will require an amendment to § 9-120(b)(1)(x) of the State Government Article in the Budget Reconciliation and Financing Act to effectuate. So that new grants are not crowded out by large ongoing grants, DLS also recommends that grants for the Annual Maryland 5 Star at Fair Hill be deleted.

4. MSA Bond Overview

MSA administers various debt programs. **Exhibit 4** lists MSA's current tax-supported authorized debt, debt outstanding, and annual debt service. MSA also issues debt that the State does not consider to be tax supported. DLS notes that Moody's considers lottery debt to be tax supported.

Exhibit 4
MSA Revenue Debt Authorizations, Debt Outstanding, and Debt Service
Fiscal 2026
(*\$* in Thousands)

<u>Project</u>	Revenues Supporting <u>Debt</u>	<u>Authorized</u>	Debt <u>Outstanding</u>	2026 Debt Service
State Debt				
Hagerstown Multi-Use Sports and Events Facility	General Fund	\$59,500	\$54,260	\$3,750
Baltimore City Convention Center	General Fund	55,000	0	0
Ocean City Convention Center	General Fund	24,500	17,655	1,652
Baseball and Football Stadiums	Lottery and MSA	n/a	34,405	11,287
<i>Subtotal</i>		\$139,000	\$106,320	\$16,688
Non-State Debt				
Built to Learn	Education Trust Fund	\$2,200,000	\$993,850	\$62,108
Baseball and Football Stadiums and Camden Station	Lottery and MSA	1,200,000	708,210	55,278
Baltimore City Public Schools	Lottery, Baltimore City, State Grants to Baltimore City	1,100,000	946,930	59,998
Blue Line Corridor Projects	Lottery	400,000	0	0
Horse Racing and Community Development ¹	Lottery	400,000	245,780	6,179
Sports Entertainment Facilities Financing Fund	Lottery	220,000	204,725	18,445

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<u>Project</u>		<u>Revenues Supporting Debt</u>	<u>Authorized</u>	<u>Debt Outstanding</u>	<u>2026 Debt Service</u>
Supplemental Facilities Fund	MSA		25,000	0	0
Subtotal			\$5,545,000	\$3,099,495	\$202,008
Total			\$5,684,000	\$3,205,815	\$218,697

MSA: Maryland Stadium Authority

¹ Debt service supported by bond proceeds deposited into Capitalized Interest Fund.

Note: Numbers may not sum to total due to rounding.

Source: Maryland Stadium Authority

In calendar 2024 and 2025, MSA has issued \$974 million of par value bonds, as shown in **Exhibit 5**. Potential sales in calendar 2026 and 2027 support the Built to Learn program and Pimlico renovations.

Exhibit 5
Maryland Stadium Authority Issuances
Calendar 2024-2025
(\$ in Millions)

<u>Purpose</u>	<u>Issuance Month</u>	<u>Retired in Fiscal</u>	<u>Par Value</u>	<u>Annual Debt Service</u>
Built to Learn ¹	October 2024	2054	\$410.7	\$11.6 Million to \$62.1 Million
Minor League Baseball ²	June 2025	2037	121.5	\$5 Million to \$23.6 Million
Oriole Park	August 2025	2039	196.1	\$20 Million
Pimlico Renovation ³	December 2025	2055	245.8	\$6.2 Million to \$17 Million
Total			\$974.1	\$42.8 Million to \$122.7 Million

¹ Debt service is \$11.6 million in fiscal 2025, \$25.8 million from fiscal 2026 to 2052, and \$62.1 million in fiscal 2053 and 2054.

² Debt service is \$12.6 million in fiscal 2027 to 2033, \$23.6 million from fiscal 2024 to 2026, and \$5 million in fiscal 2037.

³ Debt service is \$6.2 million in fiscal 2026 and \$17 million from fiscal 2027 to 2055.

Source: Maryland Stadium Authority; BofA Securities; Public Resources Advisory Group; Raymond James

Operating Budget Recommended Actions

	<u>Amount</u>	
	<u>Change</u>	
1. Reduce funds for Annual Maryland 5 Star at Fair Hill. This is an ongoing subsidy for an economic development event that is crowding out the Major Sports and Entertainment Event Program Fund's resources. Lottery coverage ratios are close to the minimum target, which is that net lottery revenues are at least 3.0 times lottery distributions. Anticipated additional debt service required for the Racing and Community Development Financing Fund is expected to put the coverage ratio at or below the target. Reducing funds helps keep ratios above the target and reduces the potential for additional reductions to lottery distributions.	-\$1,750,000	SF
Total Net Change to Fiscal 2027 Allowance	-\$1,750,000	

Budget Reconciliation and Financing Act Recommended Actions

1. Major Sports and Entertainment Event Program Fund spending increased to over \$10 million annually by its third year. The State has a long-term structural deficit. Substantial reductions are required. Reducing annual appropriations to \$5 million and limiting annual spending to \$5 million beginning in fiscal 2027 reduces out-year spending by more than \$5 million annually. Lottery bonds' coverage ratios are close to the minimum target, which is that net lottery revenues are at least 3.0 times lottery distributions. Anticipated additional debt service required for the Racing and Community Development Financing Fund is expected to put the coverage ratio at or below the target. Reducing funds helps keep ratios above the target and reduces the potential for additional reductions to lottery distributions. To address the long-term structural deficit and reduce pressure on lottery bonds' coverage ratios, the Department of Legislative Services recommends that the Budget Reconciliation and Financing Act amend § 9-120(b)(1)(x) of the State Government Article to reduce the annual appropriations to \$5 million and limit annual spending to \$5 million annually.

Appendix 1
2025 Joint Chairmen's Report Responses from Agency

The 2025 *Joint Chairmen's Report* (JCR) requested that MSA prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Pimlico and Training Facility Capital Construction Update:*** MSA is authorized to construct Pimlico Plus, which consolidates thoroughbred horse racing at Pimlico Race Course in Baltimore City. MSA was required to report on the status of Pimlico's renovation and the construction of a training facility in Carroll County. Reports were submitted in August and December 2025 as required.

Appendix 2
Audit Findings

Audit Period for Last Audit	October 1, 2020 – May 31, 2024
Issue Date	March 2025
Number of Findings	0
Number of Repeat Findings	0
% of Repeat Findings	n/a
Rating: (if applicable)	n/a

The audit did not disclose any findings.

Appendix 3
Object/Fund Difference Report
Maryland Stadium Authority

<u>Object/Fund</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 26 - 27</u>	
	<u>Actual</u>	<u>Wrk Approp</u>	<u>Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
Positions					
01 Regular	127.80	140.80	160.80	20.00	14.2%
02 Contractual	15.00	15.00	15.00	0.00	0.0%
Total Positions	142.80	155.80	175.80	20.00	12.8%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$22,098,537	\$23,686,724	\$23,028,064	-\$658,660	-2.8%
02 Technical and Special Fees	722,667	532,165	537,675	5,510	1.0%
03 Communications	189,949	114,330	114,330	0	0.0%
04 Travel	200,707	158,206	158,206	0	0.0%
06 Fuel and Utilities	7,566,598	5,573,727	5,573,727	0	0.0%
07 Motor Vehicle Operation and Maintenance	37,824	71,300	71,300	0	0.0%
08 Contractual Services	229,896,873	280,191,312	280,041,312	-150,000	-0.1%
09 Supplies and Materials	1,759,983	805,794	805,794	0	0.0%
11 Equipment – Additional	167,550	2,760	2,760	0	0.0%
12 Grants, Subsidies, and Contributions	128,218,518	101,126,906	137,067,531	35,940,625	35.5%
13 Fixed Charges	162,749,008	206,210,555	218,804,674	12,594,119	6.1%
Total Objects	\$553,608,214	\$618,473,779	\$666,205,373	\$47,731,594	7.7%
Funds					
01 General Funds	\$18,872,486	\$19,187,915	\$20,855,356	\$1,667,441	8.7%
03 Special Funds	234,663,642	243,770,068	290,487,634	46,717,566	19.2%
07 Nonbudgeted	295,185,585	338,905,314	338,468,984	-436,330	-0.1%
09 Reimbursable Funds	4,886,501	16,610,482	16,393,399	-217,083	-1.3%
Total Funds	\$553,608,214	\$618,473,779	\$666,205,373	\$47,731,594	7.7%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.