

# SENATE BILL 465

C8, C7

7lr1132  
CF 7lr3001

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By: **Senators Kagan, Astle, Bates, Benson, Cassilly, Conway, Currie, DeGrange, Eckardt, Edwards, Feldman, Ferguson, Guzzone, Hershey, Hough, Jennings, Kelley, King, Klausmeier, Lee, Madaleno, Manno, Mathias, McFadden, Middleton, Miller, Muse, Nathan–Pulliam, Norman, Peters, Pinsky, Ramirez, Ready, Reilly, Robinson, Rosapepe, Salling, Serafini, Simonaire, Smith, Waugh, Young, Zirkin, and Zucker**

Introduced and read first time: January 30, 2017

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Nonprofit Development Center Program and Fund – Bridge Loans**

3 FOR the purpose of renaming the Maryland Not–For–Profit Development Center Program  
4 and the Maryland Not–For–Profit Development Center Program Fund to be the  
5 Maryland Nonprofit Development Center Program and the Maryland Nonprofit  
6 Development Center Program Fund; expanding the scope of the Program to include  
7 bridge loans for certain nonprofit entities; expanding the Fund to include certain  
8 proceeds of video lottery terminals; requiring certain money in the Fund to be  
9 transferred to the Education Trust Fund under certain circumstances; authorizing  
10 the Department of Commerce to provide a certain bridge loan under certain  
11 circumstances; requiring the Department to establish a certain application process  
12 and receive a certain written confirmation before providing a bridge loan; requiring  
13 a bridge loan to be repaid within a certain period of time; requiring the Comptroller  
14 to pay a certain amount from the proceeds of certain video lottery terminals to the  
15 Fund; requiring the Department to report to the Governor and the General Assembly  
16 on or before a certain date on certain matters; altering certain definitions; making  
17 certain conforming changes; and generally relating to the Maryland Nonprofit  
18 Development Center Program.

19 BY repealing and reenacting, with amendments,

20 Article – Economic Development

21 Section 5–1201 through 5–1205 to be under the amended subtitle “Subtitle 12.  
22 Maryland Nonprofit Development Center Program”

23 Annotated Code of Maryland

24 (2008 Volume and 2016 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,  
2 Article – State Government  
3 Section 9–1A–27(a)  
4 Annotated Code of Maryland  
5 (2014 Replacement Volume and 2016 Supplement)

6 BY repealing and reenacting, without amendments,  
7 Article – State Government  
8 Section 9–1A–27(b) and (c)  
9 Annotated Code of Maryland  
10 (2014 Replacement Volume and 2016 Supplement)

11 Preamble

12 WHEREAS, The nonprofit sector provides vital services to our community, including  
13 affordable housing, job training, child development, and public health, without which the  
14 government would have to foot the bill; and

15 WHEREAS, One in ten Maryland workers is employed by the nonprofit sector; and

16 WHEREAS, According to a report by Maryland Nonprofits and the Center for  
17 Nonprofit Advancement, 37 percent of nonprofit entities in the State saw an increased  
18 demand in their services and half of those nonprofit entities were unable to meet the  
19 increased demand; and

20 WHEREAS, Nonprofit entities disproportionately employ, are led by, and benefit  
21 marginalized groups, including minorities and women; now, therefore,

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

24 **Article – Economic Development**

25 Subtitle 12. Maryland [Not–For–Profit] **NONPROFIT** Development Center Program.

26 5–1201.

27 (a) In this subtitle the following words have the meanings indicated.

28 (b) “Fund” means the Maryland [Not–For–Profit] **NONPROFIT** Development  
29 Center Program Fund established under § 5–1204 of this subtitle.

30 (c) [“Not–for–profit”] **“NONPROFIT entity”** means a corporation incorporated in  
31 the State, or otherwise qualified to do business in the State, that has been determined by  
32 the Internal Revenue Service to be exempt from taxation under § 501(c)(3), (4), or (6) of the  
33 Internal Revenue Code.

1 (d) "Program" means the Maryland [Not-For-Profit] **NONPROFIT** Development  
2 Center Program established under § 5-1202 of this subtitle.

3 (e) "Qualifying [not-for-profit] **NONPROFIT** entity" means a [not-for-profit]  
4 **NONPROFIT** entity:

5 (1) that has annual revenues not greater than \$750,000;

6 (2) that has been in existence for not more than 10 years; and

7 (3) whose principal purpose is providing health, education, environmental,  
8 agricultural, or social services through community-based programs.

9 5-1202.

10 (a) There is a Maryland [Not-For-Profit] **NONPROFIT** Development Center  
11 Program in the Department.

12 (b) The Program shall foster, support, and assist the economic growth and  
13 revitalization of qualifying [not-for-profit] **NONPROFIT** entities in the State by providing  
14 training and technical assistance services **AND BRIDGE LOANS TO NONPROFIT ENTITIES**  
15 **WAITING TO RECEIVE THE FUNDING FROM GOVERNMENT GRANTS OR CONTRACTS.**

16 5-1203.

17 The Program shall provide assistance to qualifying [not-for-profit] **NONPROFIT**  
18 entities, including:

19 (1) operation of an information exchange governing current and new  
20 technical information and data about all aspects of [not-for-profit] **NONPROFIT**  
21 management, including:

22 (i) [not-for-profit] **NONPROFIT** start-up;

23 (ii) budgeting and financial management;

24 (iii) facilities development and management;

25 (iv) board development;

26 (v) organizational development and strategic planning;

27 (vi) marketing;

28 (vii) federal and State contracting and grant making;

- 1 (viii) individual, corporate, and foundation fund-raising;
- 2 (ix) volunteer management;
- 3 (x) personnel management;
- 4 (xi) federal and State tax law and regulations;
- 5 (xii) federal and State law and regulations governing charitable  
6 solicitations;
- 7 (xiii) federal and State regulations applicable to licensing or  
8 accreditation;
- 9 (xiv) federal and State financing programs; and
- 10 (xv) information technology; and
- 11 (2) individual consultation and technical assistance to any qualifying  
12 [not-for-profit] **NONPROFIT** entity that requests the service, including assistance on any  
13 of the subjects identified in item (1) of this section.

14 5-1204.

15 (a) (1) There is a Maryland [Not-For-Profit] **NONPROFIT** Development  
16 Center Program Fund in the Department.

17 (2) The Fund is a special, nonlapsing fund that is not subject to reversion  
18 under § 7-302 of the State Finance and Procurement Article.

19 (3) The Fund consists of:

20 (i) money appropriated in the State budget to the Fund; [and]

21 (ii) **MONEY RECEIVED UNDER § 9-1A-27 OF THE STATE**  
22 **GOVERNMENT ARTICLE; AND**

23 **(III)** all other money accepted for the benefit of the Fund, including  
24 an additional \$50 fee to be paid for the processing of articles of incorporation of a nonstock  
25 corporation in accordance with § 1-203 of the Corporations and Associations Article.

26 (b) (1) The purpose of the Fund is to provide grant money **AND BRIDGE**  
27 **LOANS** to support the operations of the Program consistent with this subtitle.

1 (2) As provided in the State budget, the Fund also may be used by the  
2 Department of General Services to evaluate the participation of [not-for-profit]  
3 NONPROFIT entities in State procurement.

4 (C) WHEN THE FUND REACHES \$1,000,000, ANY MONEY IN EXCESS OF THAT  
5 AMOUNT SHALL BE TRANSFERRED TO THE EDUCATION TRUST FUND ESTABLISHED  
6 UNDER § 9-1A-30 OF THE STATE GOVERNMENT ARTICLE.

7 5-1205.

8 (a) The Department shall designate at least one private [not-for-profit]  
9 NONPROFIT entity to receive grants from the Maryland [Not-For-Profit] NONPROFIT  
10 Development Center Program Fund to implement the Program.

11 (b) In selecting a designee, the Department shall consider and give priority to  
12 organizations that:

13 (1) have experience in providing the scope of assistance and services  
14 required under § 5-1203 of this subtitle to qualifying [not-for-profit] NONPROFIT entities  
15 in the State;

16 (2) demonstrate the capacity to provide the assistance and services  
17 required under § 5-1203 of this subtitle on a statewide basis; and

18 (3) demonstrate current expenditures that:

19 (i) are equal to at least three times the amount of funding received  
20 under this section; and

21 (ii) have been received from other sources for the provision of  
22 assistance and services of the type required under § 5-1203 of this subtitle to  
23 [not-for-profit] NONPROFIT entities in the State.

24 (C) (1) THE DEPARTMENT MAY PROVIDE A NO-INTEREST BRIDGE LOAN  
25 OF UP TO \$25,000 TO A NONPROFIT ENTITY THAT IS WAITING TO RECEIVE THE  
26 FUNDING FROM A GOVERNMENT GRANT OR CONTRACT.

27 (2) THE DEPARTMENT SHALL ESTABLISH AN APPLICATION PROCESS  
28 FOR BRIDGE LOANS PROVIDED UNDER THIS SUBSECTION.

29 (3) BEFORE PROVIDING A BRIDGE LOAN UNDER THIS SUBSECTION,  
30 THE DEPARTMENT SHALL RECEIVE WRITTEN CONFIRMATION THAT THE NONPROFIT  
31 ENTITY HAS BEEN AWARDED A GOVERNMENT GRANT OR CONTRACT BUT HAS NOT  
32 YET RECEIVED THE FUNDING.



1 (8) beginning after the issuance of a video lottery operation license for a  
2 video lottery facility in Prince George's County, 8% to the video lottery operation licensee  
3 in Anne Arundel County and 7% to the licensee in Baltimore City for:

4 (i) marketing, advertising, and promotional costs required under §  
5 9-1A-23 of this subtitle; and

6 (ii) capital improvements at the video lottery facilities; [and]

7 (9) **5% TO THE MARYLAND NONPROFIT DEVELOPMENT PROGRAM**  
8 **FUND ESTABLISHED UNDER § 5-1204 OF THE ECONOMIC DEVELOPMENT ARTICLE,**  
9 **NOT TO EXCEED A TOTAL OF \$1,000,000 TO THE ACCOUNT ANNUALLY; AND**

10 (10) the remainder to the Education Trust Fund established under §  
11 9-1A-30 of this subtitle.

12 (b) (1) Beginning July 1, 2013, for a video lottery facility in Worcester County  
13 with less than 1,000 video lottery terminals, the percentage in subsection (a)(2) of this  
14 section is equal to 43% provided that each year an amount equivalent to 2.5% of the  
15 proceeds from video lottery terminals at the video lottery facility is spent on capital  
16 improvements at the video lottery facility.

17 (2) After the first 10 years of operations at a video lottery facility in  
18 Allegany County, the percentage:

19 (i) in subsection (a)(2) of this section is equal to 43% provided that  
20 each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the  
21 video lottery facility is spent on capital improvements at the video lottery facility; and

22 (ii) in subsection (a)(1) of this section is equal to 2%.

23 (3) For a video lottery facility in Prince George's County, the percentage in  
24 subsection (a)(2) of this section stated in the accepted application for the location may not  
25 exceed 38%.

26 (c) (1) For the first 10 years of operations at a video lottery facility in Allegany  
27 County, on a properly approved transmittal prepared by the Commission, the Comptroller  
28 shall pay the following amounts from the proceeds of video lottery terminals at a video  
29 lottery facility in Allegany County:

30 (i) 2% to the State Lottery and Gaming Control Agency for costs as  
31 defined in § 9-1A-01 of this subtitle;

32 (ii) to the video lottery operation licensee, the percentage stated in  
33 the accepted application for the location, not to exceed 50%;

1 (iii) 2.75% in local impact grants, in accordance with § 9–1A–31 of  
2 this subtitle;

3 (iv) 2.5% to the Purse Dedication Account established under §  
4 9–1A–28 of this subtitle;

5 (v) 0.75% to the Small, Minority, and Women–Owned Businesses  
6 Account established under § 9–1A–35 of this subtitle; and

7 (vi) the remainder to the Education Trust Fund established under §  
8 9–1A–30 of this subtitle.

9 (2) After the first 10 years of operations at a video lottery facility in  
10 Allegany County, the proceeds generated at the facility in Allegany County shall be  
11 allocated as provided in subsections (a) and (b) of this section.

12 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31,  
13 2020, the Department of Commerce shall report to the Governor and, in accordance with §  
14 2–1246 of the State Government Article, the General Assembly on the bridge loans issued  
15 under the Maryland Nonprofit Development Center Program, including:

16 (1) the number of bridge loan applications the Department received;

17 (2) the number of bridge loans provided to nonprofit entities;

18 (3) the dollar amount of the bridge loans provided;

19 (4) the length of time the Department took to process bridge loan  
20 applications and award funds;

21 (5) the length of time between when nonprofit entities receive bridge loans  
22 and repay the bridge loans; and

23 (6) the availability of funds to meet bridge loan demands.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 October 1, 2017.