

HOUSE BILL 897

C8

2lr0161

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
4 finance site acquisition, design, and construction of any portion of a certain sports
5 entertainment facility, subject to certain limitations; requiring the Authority to
6 submit a certain report, prepared in cooperation with the Office of the Comptroller
7 and the Department of Budget and Management, to the Governor and the General
8 Assembly; requiring the Authority to provide a certain financing plan to certain
9 committees of the General Assembly before seeking approval of the Board of Public
10 Works for a certain bond issuing or other borrowing; requiring the Authority to
11 obtain Board of Public Works approval for a certain agreement containing certain
12 terms; establishing the Sports Entertainment Facilities Financing Fund as a
13 continuing, nonlapsing fund; requiring the interest earnings of the Sports
14 Entertainment Facilities Financing Fund to be credited to the Fund; requiring the
15 Comptroller to distribute a certain amount from the State Lottery Fund to the Sports
16 Entertainment Facilities Financing Fund in a certain manner; exempting from the
17 sales and use tax certain construction material purchased for a sports entertainment
18 facility under certain circumstances; and generally relating to the Maryland
19 Stadium Authority and the financing and construction of sports entertainment
20 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.



- 1 Section 10–601(s) and (yy), 10–618(b), 10–620(d) and (e), 10–625(a)(2), and
2 10–628(c)(1)
3 Annotated Code of Maryland
4 (2018 Replacement Volume and 2021 Supplement)
- 5 BY adding to
6 Article – Economic Development
7 Section 10–601(yy) and (zz), 10–646.3, and 10–657.5
8 Annotated Code of Maryland
9 (2018 Replacement Volume and 2021 Supplement)
- 10 BY repealing and reenacting, without amendments,
11 Article – State Finance and Procurement
12 Section 6–226(a)(2)(i)
13 Annotated Code of Maryland
14 (2021 Replacement Volume)
- 15 BY repealing and reenacting, with amendments,
16 Article – State Finance and Procurement
17 Section 6–226(a)(2)(ii)144. and 145.
18 Annotated Code of Maryland
19 (2021 Replacement Volume)
- 20 BY adding to
21 Article – State Finance and Procurement
22 Section 6–226(a)(2)(ii)146.
23 Annotated Code of Maryland
24 (2021 Replacement Volume)
- 25 BY repealing and reenacting, with amendments,
26 Article – State Government
27 Section 9–120(b)(1)(vii) and (viii)
28 Annotated Code of Maryland
29 (2021 Replacement Volume)
- 30 BY adding to
31 Article – State Government
32 Section 9–120(b)(1)(viii)
33 Annotated Code of Maryland
34 (2021 Replacement Volume)
- 35 BY repealing and reenacting, with amendments,
36 Article – Tax – General
37 Section 11–243
38 Annotated Code of Maryland
39 (2016 Replacement Volume and 2021 Supplement)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That Section(s) 10–601(zz) through (eee), respectively, of Article – Economic Development
3 of the Annotated Code of Maryland be renumbered to be Section(s) 10–601(bbb) through
4 (ggg), respectively.

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

7 **Article – Economic Development**

8 10–601.

9 (s) “Facility” means:

- 10 (1) a structure or other improvement developed at Camden Yards;
11 (2) a convention facility;
12 (3) the Hippodrome Performing Arts facility;
13 (4) a sports facility;
14 (5) a Baltimore City public school facility;
15 (6) a racing facility;
16 (7) a public school facility; [or]
17 (8) the Hagerstown Multi–Use Sports and Events Facility; **OR**
18 **(9) A SPORTS ENTERTAINMENT FACILITY.**

19 **(YY) (1) “SPORTS ENTERTAINMENT FACILITY” MEANS A STRUCTURE OR**
20 **OTHER IMPROVEMENT IN THE STATE AT WHICH MINOR LEAGUE GAMES ARE PLAYED**
21 **OR OTHER NON–MAJOR LEAGUE SPORTING EVENTS ARE HELD.**

22 **(2) “SPORTS ENTERTAINMENT FACILITY” INCLUDES PARKING LOTS,**
23 **GARAGES, AND ANY OTHER PROPERTY ADJACENT AND DIRECTLY RELATED TO A**
24 **FACILITY DESCRIBED UNDER PARAGRAPH (1) OF THE SUBSECTION.**

25 **(3) “SPORTS ENTERTAINMENT FACILITY” DOES NOT INCLUDE:**

- 26 **(I) A FACILITY LOCATED AT CAMDEN YARDS;**
27 **(II) A SPORTS FACILITY; OR**

1 (III) A HIGH SCHOOL, COLLEGIATE, OR RECREATIONAL VENUE.

2 (ZZ) "SPORTS ENTERTAINMENT FACILITIES FINANCING FUND" MEANS THE
3 SPORTS ENTERTAINMENT FACILITIES FINANCING FUND ESTABLISHED UNDER §
4 10-657.5 OF THIS SUBTITLE.

5 [(yy)] (AAA) (1) "Sports facility" means:

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

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

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

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

15 (3) "SPORTS FACILITY" DOES NOT INCLUDE A SPORTS
16 ENTERTAINMENT FACILITY.

17 10-618.

18 (b) The Authority may:

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

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

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

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

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

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

25 [and]

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

28 (VII) A SPORTS ENTERTAINMENT FACILITY; AND

1 (2) construct or enter into a contract to construct a facility on a site it
2 acquires under this subsection.

3 10–620.

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

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

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

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

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

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

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

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

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

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

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

28 (e) (1) This subsection does not apply to the Camden Yards site, Baltimore
29 Convention site, Ocean City Convention site, Hippodrome Performing Arts site, any
30 Baltimore City public school site, any racing facility, the Hagerstown Multi–Use Sports and
31 Events Facility site, any supplemental facility site, [or] any public school site, **OR A**
32 **SPORTS ENTERTAINMENT FACILITY.**

1 (viii) public school facilities in the State – \$2,200,000,000; [and]

2 (ix) the Hagerstown Multi-Use Sports and Events Facility –
3 \$59,500,000; AND

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

5 **10-646.3.**

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

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

13 (2) THE REQUEST SHALL INCLUDE:

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

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

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

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

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

28 (E) THE AUTHORITY MAY NOT ISSUE BONDS TO FINANCE A SPORTS
29 ENTERTAINMENT FACILITY UNTIL THE AUTHORITY SECURES A WRITTEN
30 AGREEMENT WITH THE COUNTY IN WHICH THE SPORTS ENTERTAINMENT FACILITY
31 IS LOCATED, AS APPROVED BY THE BOARD OF PUBLIC WORKS, UNDER WHICH:

1 **(1) THE SOURCE OF FUNDING AND THE ORDER IN WHICH FUNDS WILL**
2 **BE SPENT IS DESCRIBED; AND**

3 **(2) THE COUNTY AGREES TO:**

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

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

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

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

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

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

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

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

1 BY THE AUTHORITY.

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

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

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

12 10-657.5.

13 (A) IN THIS SECTION, "FUND" MEANS THE SPORTS ENTERTAINMENT
14 FACILITIES FINANCING FUND.

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

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

19 (2) THE AUTHORITY SHALL:

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

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

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

28 (1) DEBT SERVICE ON AUTHORITY BONDS;

29 (2) DEBT SERVICE RESERVES UNDER A TRUST AGREEMENT;

1 **(3) ALL REASONABLE CHARGES AND EXPENSES RELATED TO**
2 **AUTHORITY BORROWING; AND**

3 **(4) ALL REASONABLE CHARGES AND EXPENSES RELATED TO THE**
4 **AUTHORITY'S ADMINISTRATION OF THE FUND AND MANAGEMENT OF THE**
5 **AUTHORITY'S OBLIGATIONS.**

6 **(E) THE FUND CONSISTS OF:**

7 **(1) MONEY DEPOSITED INTO THE FUND;**

8 **(2) TO THE EXTENT THAT THE PROCEEDS ARE NOT UNDER A TRUST**
9 **AGREEMENT, PROCEEDS FROM THE SALE OF BONDS CONCERNING SPORTS**
10 **ENTERTAINMENT FACILITIES;**

11 **(3) REVENUES COLLECTED OR RECEIVED FROM ANY SOURCE UNDER**
12 **THIS SUBTITLE RELATED TO SPORTS ENTERTAINMENT FACILITY PROJECTS;**

13 **(4) ANY INTEREST EARNINGS OF THE FUND; AND**

14 **(5) ANY ADDITIONAL MONEY MADE AVAILABLE FROM ANY PUBLIC**
15 **SOURCE FOR THE PURPOSES ESTABLISHED FOR THE FUND.**

16 **(F) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
17 **IN THE SAME MANNER AS OTHER STATE FUNDS.**

18 **(2) ANY INVESTMENT EARNINGS SHALL BE CREDITED TO THE FUND.**

19 **(3) NO PART OF THE FUND MAY REVERT OR BE CREDITED TO THE**
20 **GENERAL FUND OR ANY SPECIAL FUND OF THE STATE.**

21 **Article – State Finance and Procurement**

22 6–226.

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

29 (ii) The provisions of subparagraph (i) of this paragraph do not apply
30 to the following funds:

1 144. the Health Equity Resource Community Reserve Fund;
2 [and]

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

4 **146. THE SPORTS ENTERTAINMENT FACILITIES**
5 **FINANCING FUND.**

6 **Article – State Government**

7 9–120.

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

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

13 **(VIII) AFTER JUNE 1, 2022, TO THE SPORTS ENTERTAINMENT**
14 **FACILITIES FINANCING FUND ESTABLISHED UNDER § 10–657.5 OF THE ECONOMIC**
15 **DEVELOPMENT ARTICLE FROM THE MONEY THAT REMAINS IN THE STATE LOTTERY**
16 **FUND FROM THE PROCEEDS OF ALL LOTTERIES AFTER THE DISTRIBUTIONS UNDER**
17 **SUBSECTION (A) OF THIS SECTION AND ITEMS (I) THROUGH (VII) OF THIS**
18 **PARAGRAPH, AN AMOUNT EQUAL TO \$25,000,000 TO BE PAID IN TWO INSTALLMENTS**
19 **NOT LATER THAN NOVEMBER 1 AND JUNE 1 OF EACH FISCAL YEAR; AND**

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

23 **Article – Tax – General**

24 11–243.

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

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

30 (ii) “Construction material” includes building materials, building
31 systems equipment, landscaping materials, and supplies.

1 (3) “Hagerstown Multi–Use Sports and Events Facility” has the meaning
2 stated in § 10–601 of the Economic Development Article.

3 (4) **“SPORTS ENTERTAINMENT FACILITY” HAS THE MEANING STATED**
4 **IN § 10–601 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

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

6 (1) the construction material is purchased by a person solely for use in
7 furtherance of the provisions of Title 10, Subtitle 6 of the Economic Development Article
8 for the construction or redevelopment of:

9 (I) the Hagerstown Multi–Use Sports and Events Facility that is
10 managed by the Maryland Stadium Authority; **OR**

11 (II) **A SPORTS ENTERTAINMENT FACILITY THAT IS MANAGED BY**
12 **THE MARYLAND STADIUM AUTHORITY;**

13 (2) the sale is made on or after October 1, 2021; and

14 (3) the buyer provides the vendor with evidence of eligibility for the
15 exemption issued by the Comptroller.

16 (c) The Comptroller shall adopt regulations to implement this section.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
18 1, 2022.