

**Department of Legislative Services**  
 Maryland General Assembly  
 2023 Session

**FISCAL AND POLICY NOTE**  
**Enrolled - Revised**

House Bill 524

(Chair, Appropriations Committee)(By Request -  
 Departmental - Stadium Authority)

Appropriations

Budget and Taxation

**Maryland Stadium Authority - Camden Yards Sports Facilities Funds and Bus  
 Rapid Transit Fund**

This departmental bill establishes two supplemental financing funds in the Maryland Stadium Authority (MSA) for the purpose of allocating existing authorized lottery revenue distributions for debt service between existing Camden Yards facilities bonds and future bonds associated with the two stadiums. The bill also establishes the Bus Rapid Transit Fund (BRTF) in the Maryland Department of Transportation (MDOT), modifies which lottery revenues deposited for MSA debt service trigger lottery revenue distributions for bus rapid transit system grants, generally requires that a minimum of \$20.0 million of those grants go to Montgomery County each year, and makes related changes. The bill also adds two members to MSA, alters the definition of the Prince George’s County Blue Line Corridor (BLC), specifies that a BLC facility does not include a sports facility, as defined, and makes other minor changes. **The bill takes effect July 1, 2023.**

**Fiscal Summary**

**State Effect:** General fund revenues increase by \$14.2 million in FY 2024; special fund revenues and expenditures for MDOT decrease correspondingly. General fund revenues are otherwise unchanged. Overall MSA revenues and expenditures are unchanged, although lottery revenues are reallocated from a special fund to two nonbudgeted funds. Other changes in the bill do not materially affect State finances or operations. **This bill alters the allocation of mandated distributions beginning in FY 2024.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	\$14.2	\$0	\$0	\$0	\$0
SF Revenue	(\$14.2)	(-)	(-)	(-)	(-)
NonBud Rev.	\$0	-	-	-	-
SF Expenditure	(\$14.2)	(-)	(-)	(-)	(-)
NonBud Exp.	\$0	-	-	-	-
Net Effect	\$14.2	\$0.0	\$0.0	\$0.0	\$0.0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local revenues and expenditures for Montgomery County decrease by \$14.2 million in FY 2024. Beginning in FY 2025, grant revenues and expenditures for particular local governments may be affected. Both effects are discussed below. Other changes in the bill are not anticipated to materially affect local government finances or operations.

**Small Business Effect:** MSA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

---

## Analysis

### Bill Summary:

#### *Baseball and Football Sports Facilities*

*Baseball and Football Sports Facilities Supplemental Financing Funds:* The Camden Yards Baseball Sports Facility Supplemental Financing Fund and the Camden Yards Football Sports Facility Supplemental Financing Fund are established as continuing, nonlapsing, funds administered by MSA. The funds are structured identically, except that one is for the baseball facility, and one is for the football facility.

The purpose of each fund is to enable MSA to (1) use the fund as a revolving fund for implementing statutory provisions as they relate to the baseball or football sports facility, as applicable, and pay any related MSA expenses incurred related to each facility.

To the extent considered appropriate by MSA, the receipts of each fund must be pledged to and charged with the following as related to the applicable facility:

- payment of debt service on MSA bonds;
- all reasonable charges and expenses related to MSA's borrowing; and
- the management of MSA obligations.

The pledge is effective as provided in any applicable MSA resolution.

Each fund consists of (1) specified lottery revenues distributed under current law; (2) money appropriated for deposit in the fund; (3) proceeds from the sale of bonds concerning the applicable facility; (4) revenues collected or received from any source under

the bill related to the applicable facility; (5) interest earnings; and (6) any additional money made available from any source for the purposes established for the fund. No part of either fund may revert or be credited to the general fund or any special fund of the State.

*Lottery Revenue Distributions for Stadiums:* Under Chapter 60 of 2022, the Comptroller must distribute *up to* \$90.0 million annually from State lottery revenues to the Maryland Stadium Facilities Fund (MSFF). The bill limits transfers to MSFF to the amounts necessary to make remaining debt service payments on existing bonds. The bill then reallocates remaining available revenues to the two new facility supplemental financing funds based on the remaining terms of the outstanding bonds and the outstanding debt attributable to each stadium, eventually reaching \$45.0 million annually for each new fund beginning in fiscal 2040. Dollar amounts are shown in **Exhibit 1**. The fiscal 2024 budget as passed by the General Assembly includes \$14.2 million for MSFF.

**Exhibit 1**  
**Maximum Lottery Revenue Distributions under the Bill**  
**(\$ in Millions)**

	<u>MSFF</u>	<u>Football Fund</u>	<u>Baseball Fund</u>	<u>Maximum</u>
<b>Fiscal 2024 through 2026</b>	\$14.20	\$34.90	\$40.90	\$90.00
<b>Fiscal 2027 through 2039</b>	3.36	45.00	41.64	90.00
<b>Fiscal 2040 and Later</b>	0.00	45.00	45.00	90.00

Baseball Fund: Camden Yards Baseball Sports Facility Supplemental Financing Fund

Football Fund: Camden Yards Football Sports Facility Supplemental Financing Fund

MSFF: Maryland Stadium Facilities Fund (the existing fund)

Note: Values shown are *maximum amounts* in each fiscal year. The maximum annual distribution to MSFF under current law is also \$90.0 million.

Source: Department of Legislative Services

*Bus Rapid Transit System Grants*

*Bus Rapid Transit Fund:* BRTF is established in MDOT as a special, nonlapsing, fund to provide grants to eligible bus rapid transit system grantees, as defined. MDOT must administer the fund. BRTF consists of (1) revenue distributed to the fund through a modified existing distribution that reflects the addition of the stadium supplemental financing funds in the bill (the existing \$27.0 million annual limit is retained); (2) money appropriated in the State budget to the fund; (3) interest earnings or other income earned

from the investment of any money from the fund; and (4) any other money from any other source accepted for the benefit of the fund.

*Lottery Revenue Distributions for Bus Rapid Transit System Grants:* Generally, if a deposit or payment is made in accordance with the stadium facility distribution requirements as modified by the bill, an amount equal to the qualifying deposit or payment of lottery funds, up to \$27.0 million annually, must be distributed to BRTF. Which deposits trigger the distributions to BRTF depends on the fiscal year:

- For fiscal 2024 through 2026, the amount that must be distributed to BRTF is solely the amount deposited into the two supplemental financing funds.
- For fiscal 2027 through 2039, the amount that must be distributed to BRTF is equal to the total amount deposited into MSFF and the two supplemental financing funds.
- Beginning in fiscal 2040, the amount that must be distributed to BRTF is solely the amount deposited into the two supplemental financing funds.

Under current law, the distribution has the same \$27.0 million annual limit, but it is linked solely to MSFF and the funds must be distributed to MDOT, generally (and flow through the Transportation Trust Fund (TTF)).

The definition of “bus rapid transit system” is expanded to encompass another form of high efficiency fare collection (rather than just off-board fare collection, if a fare is charged). However, the definition of “eligible grantee” is narrowed by excluding any county or municipality with any of two additional ongoing or completed facility types: the Hagerstown Multi-Use Sports and Events Facility, and a sports entertainment facility. “Sports entertainment facility” under current law means a structure or other improvement in the State at which minor league games are played or other nonmajor league sporting events are held.

The bill further establishes a minimum distribution of \$20.0 million annually to Montgomery County, if the county is an eligible grantee for the funds, although there are different requirements depending on the number of eligible grantees. The bill also specifies eligible uses of the funds:

- financing and refinancing of the costs related to the construction, acquisition, improvement, equipping, rehabilitation, and expansion of bus rapid transit system projects;
- payment of debt service on bonds issued to finance bus rapid transit system projects;

- payment of all reasonable expenses and charges related to bond issuance and borrowing; and
- payment of costs relating to the management and operation of bus rapid transit system projects.

If an eligible grantee uses these funds for the payment of debt service on bonds issued to finance bus rapid transit system projects, the eligible grantee must issue bonds in accordance with an ordinance or resolution, which may specify all matters relating to the advertisement, sale, issuance, delivery, and payment of the bonds.

**Current Law:**

*Additional Funding for Camden Yards Baseball and Football Stadiums and Facilities*

Chapter 60 increased the amount of taxable or tax-exempt bonds that MSA may issue for sports facilities at Camden Yards from \$235.0 million to \$1.2 billion, split evenly between the baseball and football stadiums (and the sports facilities directly related to their operation), and allowed renovation as an additional purpose. The Act also required the Comptroller to distribute up to \$90.0 million (an increase from \$20.0 million) annually from State lottery revenues to MSFF.

MSA may exceed the \$600.0 million limits for each stadium if MSA obtains the authorization of the Board of Public Works (BPW) and notifies the Legislative Policy Committee (LPC) with accompanying justification.

*Maryland Stadium Facilities Fund*

MSFF is a special, nonlapsing fund. Money credited to the fund may be used, in accordance with approved and comprehensive financing plans, to:

- pay rent to MSA;
- with BPW’s approval, make grants or loans of up to \$1.0 million to MSA for its corporate purposes;
- with BPW’s approval, finance capital construction in lieu of issuing bonds; or
- financially support, through equity investment, loan, guarantee, or otherwise, full or partial private financing of any element of the Camden Yards facilities.

At the end of the fiscal year, funds exceeding \$24.0 million must be transferred as specified to the Dedicated Purpose Account of the State Reserve Fund. Any revenues transferred to the State Reserve Fund must be dedicated for use by MSA and may be transferred from the State Reserve Fund by an appropriation in the budget bill or, with the approval of LPC, by budget amendment. The unspent balance of any revenues for MSA in the State Reserve Fund must revert to the general fund two years after the end of the fiscal year in which the transfer was made.

### *Bus Rapid Transit System Grants*

Chapter 61 of 2022 established a bus rapid transit system grant program in MDOT, funded with lottery revenues. “Bus rapid transit system” means a bus line that operates on at least some portion of roadway dedicated to buses and offers off-board fare collection if a fare is charged.

Under the Act, if a deposit or payment is made to MSFF (the Baltimore stadium facility fund described above) from the State Lottery Fund, an amount equaling the deposit or payment, but not exceeding \$27.0 million, must be paid to MDOT for bus rapid transit system grants from the State Lottery Fund. MDOT must use these funds to award a grant to an “eligible grantee” – defined as a county or municipality that has a bus rapid transit system that operates in the county or municipality and has no ongoing or completed facility, as specified. If there is more than one eligible grantee, MDOT must distribute the funds on a *pro rata* basis based on the grantee’s share of the statewide population. MDOT must distribute grants to eligible grantees in a timely manner and may not impose any additional conditions on an eligible grantee on receipt of a grant.

### *Prince George’s County Blue Line Corridor Facilities – Financing and Operation*

Chapter 61 also authorized MSA to issue up to \$400.0 million in bonds for Prince George’s County BLC facilities, funded with lottery revenues, and subject to specified requirements. A “BLC facility” means a facility located within BLC that is a convention center; an arts and entertainment amphitheater; and any other functionally related structures, improvements, infrastructure, furnishings, or equipment of the facility, including parking garages. “BLC” is an area, as designated by public local law, in central Prince George’s County near the intersections of I-495 and Landover Road, Arena Drive, and Central Avenue.

Generally, to finance site acquisition, planning, design, and construction of a BLC facility, MSA must notify the fiscal committees of the General Assembly, provide them with a comprehensive financing plan, as specified, and obtain BPW approval of the proposed bond issue, the financing plan, and a required agreement with Prince George’s County.

### *State Lottery Fund*

Each month, after payments to lottery winners and agents and to the State lottery for operating expenses, the Comptroller must make payments from the State Lottery Fund for various purposes. Distributions affected by the bill are:

- up to \$90.0 million to MSFF per fiscal year; and
- contingent on funds being provided to MSFF, up to \$27.0 million per fiscal year to MDOT for the bus rapid transit system grant program.

### *Maryland Stadium Authority – Generally*

MSA was established in 1986 as an independent unit in the Executive Department to be responsible for the construction, operation, and maintenance of facilities for use by professional baseball and/or football teams. In 1992, legislation was enacted, which assigned to the authority the responsibility for expansion of the Baltimore City Convention Center. MSA's responsibility was further extended in 1995 when legislation was enacted to have MSA participate in and manage construction of the Ocean City Convention Center. Legislation in 1996 authorized MSA to participate with Montgomery County in the construction of a conference center, and in 2000, MSA was authorized to participate in construction of the Hippodrome Performing Arts Center in Baltimore City. Since then, MSA has been authorized to construct a variety of other projects and facilities. MSA may, in fact, manage any type of construction project for local governments and State agencies upon request and approval by the General Assembly.

**Background:** MSA advises that Chapter 60 did not account for existing debt service still due on outstanding bond financing for Camden Yards, which includes both stadiums. In order to achieve the goals of that Act, which are supported by the new lease agreement between MSA and the Baltimore Ravens Limited Partnership (and approved by BPW on January 6, 2023), two new funds must be established, one for each stadium. Each fund will then be used as security for any new debt issued for that stadium.

The outstanding stadium bonds are secured by a master lease/sub-lease structure by and between MSA and the State. The State "leases" Camden Yards from MSA in exchange for "rent" in an amount equal to debt service due on the bonds. The lottery revenue is deposited into MSFF, which is used to pay rent to MSA, and the master lease is pledged to the bondholders as security for the debt. MSA advises that the obligation of the State to pay rent under the master lease financing structure requires those bonds to be included as tax-supported debt in the calculation of the State's debt affordability.

To that end, the bill accomplishes four things related to the two stadiums:

- Authorized lottery revenues are allocated first to outstanding bonds and deposited into the existing MSFF, with the remaining balance allocated to each of the new stadium supplemental financing funds.
- The amount available to each new stadium supplemental financing fund is set on a sliding scale based on the remaining term of the outstanding bonds and the outstanding debt attributable to each stadium.
- When the outstanding bonds are paid, the full \$90.0 million is made available to divide equally between the two new stadium supplemental financing funds.
- The creation of the two funds allows MSA to issue debt for each facility as a revenue bond, which MSA advises is not tax-supported debt. MSA will pledge the amount of funds available in the new stadium supplemental financing funds as security to the bondholders.

**State Fiscal Effect:** The bill modifies which lottery revenue deposits trigger additional lottery revenue distributions for bus rapid transit system grants. From fiscal 2024 through 2026, deposits to MSFF, which under the bill reflect the payment of existing MSA debt service, no longer count as qualifying deposits for purposes of triggering equal distributions of lottery revenues to MDOT/BRTF. Instead, qualifying deposits are linked solely to the supplemental financing funds established by the bill, which will be used by MSA to pay debt service on bonds issued for new stadium spending.

The existing MSA debt service that will flow through MSFF under the bill is \$14.2 million in fiscal 2024. New MSA debt service associated with the football stadium is anticipated to be at least \$34.0 million beginning in fiscal 2025 – more than enough to reach the \$27.0 million BRTF distribution cap. Therefore, the bill increases general fund revenues by \$14.2 million in fiscal 2024, as lottery revenues accrue to the general fund instead of MDOT/BRTF. The bill otherwise has no effect on general fund revenues.

Special fund revenues and expenditures for MDOT decrease by \$14.2 million in fiscal 2024 due to the changes described above, but are otherwise unchanged in future years as funds are merely reallocated from TTF to BRTF. The bill also potentially reallocates funding among local governments beginning in fiscal 2025, as discussed below.

Overall MSA revenues and expenditures are unchanged, although lottery revenues are reallocated from MSFF (a special fund) to the two stadium supplemental financing funds (nonbudgeted funds) for payment of debt service. Special fund revenues and expenditures



for MSA decrease as nonbudgeted revenues and expenditures for MSA increase. Amounts in any year depend on the debt service payments on bonds issued for new stadium projects but may be *up to* \$75.8 million in fiscal 2024 through 2026 and *up to* \$86.6 million in fiscal 2027 and 2028 based on the limits in the bill. Based on the timing of anticipated MSA debt service, the effect is assumed to begin in fiscal 2025.

### **Local Fiscal Effect:**

#### *Fiscal 2024*

As described in more detail above, the bill modifies which lottery revenue deposits trigger additional lottery revenue distributions for bus rapid transit system grants. Based on anticipated MSA debt service for both existing and new stadium spending, this reduces available lottery funds for bus rapid transit system grants by \$14.2 million in fiscal 2024. Assuming Montgomery County would be the only eligible grant recipient in fiscal 2024, local revenues and expenditures for the county decrease accordingly in that year.

#### *Fiscal 2025 and Later*

Based on anticipated MSA debt service for both existing and new stadium spending, \$27.0 million is assumed to accrue to BRTF annually beginning in fiscal 2025 (and through at least fiscal 2038). Generally, the bill requires a minimum of \$20.0 million of BRTF revenues to be allocated to Montgomery County each year if the county is an eligible grantee under the program. There is no effect if the county is the only eligible grantee, as it would receive all of the funding under both current law and the bill. Likewise, there is no effect if Montgomery County is not an eligible grantee, as the distribution method is unchanged. However, in any year where Montgomery County is one of multiple eligible grantees, funds may be reallocated, depending on the number of grantees and their populations. Montgomery County has a population of about 1.05 million.

- *If Montgomery County Is One of Two Grantees:* Under the bill, the county receives exactly \$20.0 million, and the other grantee receives the remaining funds (up to \$7.0 million). Compared to an allocation by relative population, a second grantee with a large population would receive less funding, but a grantee with a small population would receive more funding. The break-even point is about 370,000 in population for the other grantee.
- *If Montgomery County Is One of Three or More Grantees:* Under the bill, the county receives at least \$20.0 million, and the total remaining funds are allocated by relative population. Depending on the relative populations of the other grantees, they may receive less funding due to the Montgomery County minimum. The break-even

point at the minimum funding for Montgomery County is about 370,000 in combined population for the other grantees.

The bill also excludes additional local governments from eligibility by including additional sports facilities to the list of exclusionary projects, which generally limits the potential pool of eligible grantees and may reallocate funds among jurisdictions. This effect may be offset somewhat by the expanded definition of “bus rapid transit system.”

**Additional Comments:** This analysis assumes that the intent of the change to the definition of BLC facility to exclude a sports facility applies to *the construction of a new professional stadium*, and not *the demolition of an existing professional stadium*. In either case, the definition of a “sports facility” is limited geographically to the Baltimore metropolitan region, which does not include Prince George’s County, so the exclusion likely has no effect. However, it is worth noting that the future demolition of FedEx Field has, at a minimum, been considered as part of BLC spending by MSA, although it is not incorporated in the current memorandum of understanding between MSA and Prince George’s County related to BLC spending.

---

### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Stadium Authority; Comptroller’s Office; Maryland State Lottery and Gaming Control Agency; Maryland Department of Transportation; Montgomery and Prince George’s counties; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2023  
rh/lgc Third Reader - March 30, 2023  
Revised - Amendment(s) - March 30, 2023  
Enrolled - May 4, 2023  
Revised - Amendment(s) - May 4, 2023  
Revised - Budget Information - May 4, 2023  
Revised - Correction - May 4, 2023

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Stadium Authority – Camden Yards Sports Facilities Funds and Bus Rapid Transit Fund

BILL NUMBER: HB 524

PREPARED BY: David Raith

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

**OR**

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

This is a technical amendment and is creating two new funds to be used as security for the bonds issued for each stadium. There is no impact to small business with this bill.