

SENATE BILL 465

C8, C7

7lr1132
CF HB 1517

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~~ Zucker, Oaks, Kasemeyer, and Brochin**

Introduced and read first time: January 30, 2017

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 2017

CHAPTER _____

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 expenses for certain nonprofit entities; establishing the
8 Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account within the Fund;
9 providing that the Account consists of certain money from the Small, Minority, and
10 Women-Owned Businesses Account; prohibiting money in the Account from
11 exceeding a certain amount; requiring certain money in the Account to be transferred
12 to the Small, Minority, and Women-Owned Businesses Account under certain
13 circumstances; expanding the Fund to include certain ~~proceeds of video lottery~~
14 ~~terminals; requiring certain money in the Fund to be transferred to the Education~~
15 ~~Trust Fund under certain circumstances~~ money in the Account; authorizing the
16 Department of Commerce to provide a certain bridge loan under certain
17 circumstances; requiring the Department to establish a certain application process
18 and receive a certain written confirmation before providing a bridge loan; requiring
19 a bridge loan to be repaid within a certain period of time the Department to establish

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 a certain schedule and terms of repayment for a bridge loan; requiring the
 2 Comptroller to pay a certain amount from the proceeds of certain video lottery
 3 terminals to the Fund percentage, up to a certain amount, from the Small, Minority,
 4 and Women-Owned Businesses Account to the Nonprofit, Interest-Free, Micro
 5 Bridge Loan (NIMBL) Account; requiring the Department to report to the Governor
 6 and the General Assembly on or before a certain date on certain matters; altering
 7 certain definitions; making certain conforming changes; and generally relating to the
 8 Maryland Nonprofit Development Center Program.

9 BY repealing and reenacting, with amendments,

10 Article – Economic Development

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

13 Annotated Code of Maryland

14 (2008 Volume and 2016 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article – State Government

17 Section 9–1A–27(a)

18 Annotated Code of Maryland

19 (2014 Replacement Volume and 2016 Supplement)

20 BY repealing and reenacting, without amendments,

21 Article – State Government

22 Section 9–1A–27(b) and (c)

23 Annotated Code of Maryland

24 (2014 Replacement Volume and 2016 Supplement)

25 Preamble

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

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

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

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

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

1 **Article – Economic Development**

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

3 5–1201.

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

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

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

11 (d) “Program” means the Maryland [Not–For–Profit] **NONPROFIT** Development
12 Center Program established under § 5–1202 of this subtitle.

13 (e) “Qualifying [not–for–profit] **NONPROFIT entity”** means a [not–for–profit]
14 **NONPROFIT** entity:

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

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

17 (3) whose principal purpose is providing health, education, environmental,
18 agricultural, or social services through community–based programs.

19 5–1202.

20 (a) There is a Maryland [Not–For–Profit] **NONPROFIT** Development Center
21 Program in the Department.

22 (b) The Program shall foster, support, and assist the economic growth and
23 revitalization of qualifying [not–for–profit] **NONPROFIT** entities in the State by providing
24 training and technical assistance services **AND BRIDGE LOANS TO NONPROFIT ENTITIES**
25 ~~WAITING TO RECEIVE THE~~ **THAT HAVE RECEIVED WRITTEN CONFIRMATION OF**
26 **FUNDING FROM GOVERNMENT GRANTS OR CONTRACTS BUT HAVE NOT YET**
27 **RECEIVED THE FUNDING.**

28 5–1203.

29 The Program shall provide assistance to qualifying [not–for–profit] **NONPROFIT**
30 entities, including:

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

- 4 (i) [not-for-profit] NONPROFIT start-up;
- 5 (ii) budgeting and financial management;
- 6 (iii) facilities development and management;
- 7 (iv) board development;
- 8 (v) organizational development and strategic planning;
- 9 (vi) marketing;
- 10 (vii) federal and State contracting and grant making;
- 11 (viii) individual, corporate, and foundation fund-raising;
- 12 (ix) volunteer management;
- 13 (x) personnel management;
- 14 (xi) federal and State tax law and regulations;
- 15 (xii) federal and State law and regulations governing charitable
16 solicitations;
- 17 (xiii) federal and State regulations applicable to licensing or
18 accreditation;
- 19 (xiv) federal and State financing programs; and
- 20 (xv) information technology; and

21 (2) individual consultation and technical assistance to any qualifying
22 [not-for-profit] NONPROFIT entity that requests the service, including assistance on any
23 of the subjects identified in item (1) of this section.

24 5-1204.

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

1 (II) 1. WITHIN THE FUND, THERE IS A NONPROFIT,
 2 INTEREST-FREE, MICRO BRIDGE LOAN (NIMBL) ACCOUNT.

3 2. THE ACCOUNT CONSISTS OF MONEY RECEIVED
 4 UNDER § 9-1A-27 OF THE STATE GOVERNMENT ARTICLE.

5 3. THE MONEY IN THE ACCOUNT MAY NOT EXCEED
 6 \$1,000,000.

7 4. IF THE MONEY IN THE ACCOUNT EXCEEDS
 8 \$1,000,000, ANY MONEY IN EXCESS OF THAT AMOUNT SHALL BE TRANSFERRED TO
 9 THE SMALL, MINORITY, AND WOMEN-OWNED BUSINESSES ACCOUNT ESTABLISHED
 10 UNDER § 9-1A-35 OF THE STATE GOVERNMENT ARTICLE.

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

13 (3) The Fund consists of:

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

15 (ii) ~~MONEY RECEIVED UNDER § 9-1A-27 OF THE STATE~~
 16 ~~GOVERNMENT ARTICLE~~ IN THE NONPROFIT, INTEREST-FREE, MICRO BRIDGE
 17 LOAN (NIMBL) ACCOUNT; AND

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

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

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

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

29 5-1205.

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

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

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

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

8 (3) demonstrate current expenditures that:

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

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

14 (C) (1) **THE DEPARTMENT MAY PROVIDE A NO-INTEREST BRIDGE LOAN
15 FOR OPERATING EXPENSES OF UP TO \$25,000 TO A NONPROFIT ENTITY THAT IS
16 WAITING TO RECEIVE THE HAS RECEIVED WRITTEN CONFIRMATION OF FUNDING
17 FROM A GOVERNMENT GRANT OR CONTRACT BUT HAS NOT YET RECEIVED THE
18 FUNDING.**

19 (2) **THE DEPARTMENT SHALL ESTABLISH AN APPLICATION PROCESS
20 FOR BRIDGE LOANS PROVIDED UNDER THIS SUBSECTION.**

21 (3) **BEFORE PROVIDING A BRIDGE LOAN UNDER THIS SUBSECTION,
22 THE DEPARTMENT SHALL RECEIVE WRITTEN CONFIRMATION THAT THE NONPROFIT
23 ENTITY HAS BEEN AWARDED A GOVERNMENT GRANT OR CONTRACT BUT HAS NOT
24 YET RECEIVED THE FUNDING.**

25 ~~(4) **THE RECIPIENT OF A BRIDGE LOAN UNDER THIS SUBSECTION
26 SHALL REPAY THE BRIDGE LOAN WITHIN 60 DAYS OF RECEIPT OF THE FUNDING
27 ANTICIPATED FROM THE GOVERNMENT GRANT OR CONTRACT.**~~

28 (4) **THE DEPARTMENT SHALL ESTABLISH A SCHEDULE FOR
29 REPAYMENT FOR A BRIDGE LOAN THAT:**

30 (I) **IS REASONABLE BASED ON THE NATURE AND PAYMENT
31 SCHEDULE OF THE GOVERNMENT GRANT OR CONTRACT TO THE NONPROFIT ENTITY;
32 AND**

1 **(II) ASSURES REPAYMENT OF THE BRIDGE LOAN IS COMPLETED**
2 **NO LATER THAN THE DATE OF THE FINAL GRANT OR CONTRACT PAYMENT TO THE**
3 **NONPROFIT ENTITY.**

4 **Article – State Government**

5 9–1A–27.

6 (a) Except as provided in subsections (b) and (c) of this section and §
7 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by the
8 Commission, the Comptroller shall pay the following amounts from the proceeds of video
9 lottery terminals at each video lottery facility:

10 (1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming
11 Control Agency for costs as defined in § 9–1A–01 of this subtitle; and

12 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming
13 Control Agency for costs as defined in § 9–1A–01 of this subtitle;

14 (2) to the video lottery operation licensee, the percentage stated in the
15 accepted application for the location, not to exceed, except as provided in subsection (b) of
16 this section, 33%;

17 (3) 5.5% in local impact grants, in accordance with § 9–1A–31 of this
18 subtitle;

19 (4) 7% to the Purse Dedication Account established under § 9–1A–28 of this
20 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

21 (5) (i) until the issuance of a video lottery operation license in
22 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §
23 9–1A–29 of this subtitle and distributed in accordance with that section; and

24 (ii) on or after the issuance of a video lottery operation license in
25 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
26 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed a
27 total of \$20,000,000 to the Account annually;

28 (6) **(I)** 1.5% to the Small, Minority, and Women–Owned Businesses
29 Account established under § 9–1A–35 of this subtitle; **AND**

30 **(II) FROM THE AMOUNT PAID TO THE SMALL, MINORITY, AND**
31 **WOMEN–OWNED BUSINESSES ACCOUNT UNDER ITEM (I) OF THIS ITEM, UP TO 5%,**
32 **NOT TO EXCEED \$1,000,000, TO THE NONPROFIT, INTEREST–FREE, MICRO BRIDGE**
33 **LOAN (NIMBL) ACCOUNT ESTABLISHED UNDER § 5–1204 OF THE ECONOMIC**
34 **DEVELOPMENT ARTICLE;**

1 (7) (i) except as provided in item (ii) of this item, 6% to the video lottery
 2 operation licensee if the video lottery operation licensee owns or leases each video lottery
 3 terminal device and the associated equipment and software; and

4 (ii) 8% to the video lottery operation licensee in Anne Arundel
 5 County;

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

9 (i) marketing, advertising, and promotional costs required under §
 10 9-1A-23 of this subtitle; and

11 (ii) capital improvements at the video lottery facilities; ~~and~~

12 (9) ~~5% TO THE MARYLAND NONPROFIT DEVELOPMENT PROGRAM~~
 13 ~~FUND ESTABLISHED UNDER § 5-1204 OF THE ECONOMIC DEVELOPMENT ARTICLE,~~
 14 ~~NOT TO EXCEED A TOTAL OF \$1,000,000 TO THE ACCOUNT ANNUALLY; AND~~

15 ~~(10)~~ the remainder to the Education Trust Fund established under §
 16 9-1A-30 of this subtitle.

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

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

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

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

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

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

- 1 (i) 2% to the State Lottery and Gaming Control Agency for costs as
2 defined in § 9-1A-01 of this subtitle;
- 3 (ii) to the video lottery operation licensee, the percentage stated in
4 the accepted application for the location, not to exceed 50%;
- 5 (iii) 2.75% in local impact grants, in accordance with § 9-1A-31 of
6 this subtitle;
- 7 (iv) 2.5% to the Purse Dedication Account established under §
8 9-1A-28 of this subtitle;
- 9 (v) 0.75% to the Small, Minority, and Women-Owned Businesses
10 Account established under § 9-1A-35 of this subtitle; and
- 11 (vi) the remainder to the Education Trust Fund established under §
12 9-1A-30 of this subtitle.

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31,
17 2020, the Department of Commerce shall report to the Governor and, in accordance with §
18 2-1246 of the State Government Article, the General Assembly on the bridge loans issued
19 under the Maryland Nonprofit Development Center Program, including:

- 20 (1) the number of bridge loan applications the Department received;
- 21 (2) the number of bridge loans provided to nonprofit entities;
- 22 (3) the dollar amount of the bridge loans provided;
- 23 (4) the length of time the Department took to process bridge loan
24 applications and award funds;
- 25 (5) the length of time between when nonprofit entities receive bridge loans
26 and repay the bridge loans; and
- 27 (6) the availability of funds to meet bridge loan demands.

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